September 10, 2018

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

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

NSE symbol: HOVS

Subject: Submission of Annual Report FY 2017-18
Refer: 30th Annual General Meeting (AGM)

Dear Sir/Madam,

Pursuant to Regulation 34 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, please find attached herewith the copy of Annual Report for FY 2017-18. The 30th AGM was held on Monday, the September 10, 2018.

Kindly take the above on record.

Thanking you,

Yours faithfully,

HOV Services Limited

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

Encls: Annual Report FY 2017-18



HOV SERVICES LIMITED

30th ANNUAL REPORT 2017 - 18

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CORPORATE INFORMATION

Registered Office & Head office	3rd Floor, Sharda Arcade, Pune Satara Road, Bibwewadi, Pune - 411 037 Tel: (91 20) -2422 1460; Fax: (91 20) -2422 1470
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) – 2342 0814
Statutory Auditors	Bagaria & Co LLP, Chartered Accountants, 701, Stanford Building, A/o Mahindra Showroom, Junction of S.V. Road & Burfiwala Lane, Andheri (W), Mumbai 400058 Tel: (91 22)- 6250 5600
Secretarial Auditor	J. B. Bhave & Co., Company Secretaries, Flat No. 9, Karan Aniket, Plot No. 37, Shri Varanasi Co-op Soc. Ltd, Off Banglore Mumbai Bangalore Bypass, Behind Atul Nagar, Warje, Pune- 411 058 Tel: (91 20)- 2520 4357/59
Internal Auditors	Arth & Associates, Chartered Accountants, Flat No. 102/103, Beena Apartments, Behind Chrysallis Institute, Opp. SBI Bank, S. B. Road, Pune- 411 016
VP- Corporate Affairs & Company Secretary & Compliance Officer	Mr. Bhuvanesh Sharma investor.relations@hovsltd.com
Website	www.hovsltd.com

THE BOARD OF DIRECTORS

Mr. Sunil Rajadhyaksha	**Chairman & Executive Director**
Mr. Surinder Rametra	**Executive Director**
Mr. Vikram Negi	**Executive Director**
Mr. Baldev Raj Gupta	**Independent Director**
Mr. Harish Bhasin	**Independent Director**
Mr. Rohit Jain	**Independent Director**
*Mr. Harjit Singh Anand	**Independent Director**
Mrs. Lakshmi Kumar	**Independent Director**

**w.e.f July 5, 2018*

THE EXECUTIVE MANAGEMENT

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

With great pleasure, I welcome you to the 30th Annual General Meeting of Your Company.

This past year has been incredibly eventful for your Company.

First, we are pleased to state that, with your support and trust, your Company continues to reap the benefits of being an investor in Exela Technologies, Inc. ("Exela"), a global business process automation ("BPA") leader combining industry-specific and industry-agnostic enterprise software and solutions with decades of experience. Exela's BPA suite of solutions are deployed in banking, healthcare, insurance and other industries to support mission critical environments. Exela is a leader in work flow automation, attended and un-attended cognitive automation, digital mail rooms, print communications, and payment processing with deployments across the globe.

Second, we examined all aspects of our environment solutions business, and after considering various factors, in particular the substantial slowdown in the environment business due to budget constraints of various state government maritime boards, it was decided, in the best interest of our stakeholders to exit this business.

Third, we have inducted two new members, Mr. Rohit Jain and Mr. Harjit Singh Anand as independent directors to the Board of your Company. Both Mr. Jain and Mr. Anand bring years of invaluable experience to the Board.

Mr. Jain is the Managing Director and Head of India for Willis Towers Watson (WTW), a leading global advisory, broking and solutions company.

Mr. Anand recently served as Director of Delhi Metro Rail Corporation Ltd. (DMRC), one of the world's largest Metro system.

Finally, I would like to thank all of our Shareholders', Authorities and Regulators and every one of our HOVS family for their continuous dedication and support.

Together we can succeed!

Best regards and thank you all.

Sunil Rajadhyaksha

Chairman & Executive Director

Directors' Report

Your Directors are pleased to present the Thirtieth 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, 2018.

The financial statements were prepared in accordance with the Indian Accounting Standards (IND AS)as notified by the Ministry of Corporate Affairs applicable to the Company effective from April 1, 2017, transition date being April 1, 2016. The Company has followed guidance prescribed in IND AS 101 i.e. First-time adoptionof Indian Accounting Standards for the impact of transition.

FINANICAL RESULTS AND OPERATIONS:

₹ In Lakhs

Particulars	Consolidated		Standalone	
	For the year ended on March 31, 2018	For the year ended on March 31, 2017	For the year ended on March 31, 2018	For the year ended on March 31, 2017
INCOME				
Income from Operation	1359.95	1543.21	1254.55	1364.51
Other Income	420.32	100.79	106.31	106.15
	1780.27	**1644.00**	**1360.86**	**1470.66**
EXPENDITURE				
Staff Cost	911.96	1005.84	884.89	995.85
General and Administrative Expenses	428.02	529.46	269.12	284.88
	1339.98	**1535.30**	**1154.01**	**1280.73**
Profit/ (Loss) before Interest, Depreciation and Tax	**440.29**	**108.70**	**206.85**	**189.93**
Less: Interest	25.42	62.27	-	-
Less: Depreciation	106.62	85.40	9.76	17.92
Profit / (Loss) before Exceptional items	**308.25**	**(38.97)**	**197.09**	**172.01**
Exceptional Items	(0.38)	-	(1022.72)	-
Profit / (Loss) Before Tax	**307.87**	**(38.97)**	**(825.63)**	**172.01**
Less: Provisions for taxes				
Current Tax	(57.10)	(59.00)	(57.10)	(59.00)
Deferred Tax	(12.95)	0.03	(0.97)	0.03
Profit / (Loss) after Tax	**237.82**	**(97.94)**	**(883.70)**	**113.04**
Share of (Loss) from an Associate	-	(14457.91)	-	-
Profit/(Loss) for the year	**237.82**	**(14555.85)**	**(883.70)**	**113.04**
Other Comprehensive Income				
Items that will not be reclassified subsequently to Profit or Loss	61011.50	3.05	1.23	3.05
Total Comprehensive Income for the year	**61249.32**	**(14552.80)**	**(882.47)**	**116.09**

1. Results of Operations

For the financial year ended March 31, 2018 as follows:-

Consolidated Financial Performance:

- Consolidated total Income for the current year was ₹1780.27 Lakhs.
- EBIDT for the current year was ₹440.29 Lakhs.
- Net Profit for the year was ₹237.82 Lakhs.
- Total Comprehensive Income for the year was ₹61249.32 Lakhs.
- The basic and diluted Earnings Per Share (EPS) for the year was ₹1.90.

Standalone Financial Performance:

- Total Income for the current year was ₹1360.86 Lakhs.
- EBIDT for the current year was ₹206.85 Lakhs.
- Exceptional Loss for the current year was ₹1022.72 Lakhs.
- Net Loss for the year was ₹883.70 Lakhs.
- Total Comprehensive Income for the current year was ₹(882.46) Lakhs.
- The basic and diluted Earnings Per Share (EPS) as under:
  -EPS Before exceptional item ₹1.11
  - EPS After exceptional item ₹(7.05)

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, 2018.

3. 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.

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

4. Significant developments- Investment

As part of SourceHOV Business Combination which got completed on July 12, 2017, the Company's wholly owned subsidiary HOVS LLC as of March 31, 2018 received 31,390,646 common shares in Exela Technologies, Inc., through Ex-Sigma LLC a special purpose vehicle formed for SourceHOV Business Combination. The percentage of investment held by HOVS LLC in Exela Technologies, Inc., as of March 31, 2018 is 19.983% and therefore as per IND-AS, the investment has been accounted as Financial Instrument, i.e. FVOCI Equity Instruments. For details refer Note No. 5 of Consolidated Financial statements.

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, the Company had allotted 3,200 equity shares under ESOP Plans 2007. Consequently, after the allotment, the paid up share capital of the Company has gone up from 12,532,522 equity shares of ₹ 10/- aggregating to ₹ 125,325,220/- to equity shares 12,535,722 of ₹ 10 aggregating to ₹ 125,357,220/-.

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 provided 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 provided herewith as **"ANNEXURE- B"** to this report.

9. Human Resources

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. Particular of Employees and Related Disclosures

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 provided herewith as **"ANNEXURE-C"** to this report.

11. Directors Responsibility Statement

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

12. Financial Summary and Highlights

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

13. Board Meetings

During the financial year 4 (Four) Board Meetings were held the details of which are given in the Corporate Governance Report.

14. Directors and Key Managerial Personnel

Mr. Vikram Negi Executive Director is liable to retire by rotation at the 30th Annual General Meeting. Mr. Negi has confirmed his eligibility and willingness for re-appointment. Mr. Negi has requisite qualifications and experience and therefore, your Directors recommend that the proposed resolution relating to the re-appointment of Mr. Negi, be passed.

Mr. Rohit Jain, was appointed as an additional director effective September 1, 2017 by the Board of Directors and in terms of Section 161 of the Act 2013, he holds office until the date of ensuing Annual General Meeting. The Nomination and Remuneration Committee in its meeting held on May 29, 2018 had recommended for his appointment as an Independent Director, subject to the approval from shareholders at their ensuing 30th Annual General Meeting.

Mr. Nilesh Bafna was appointed as the Chief Financial Officer of the Company with effect from September 1, 2017 by the Board of Directors in their meeting held on August 31, 2017.

15. Declarations from Independent Directors

The Company has received declarations from all the Independent Directors confirming for meeting the criteria of independence as required under Section 149(7) of the Companies Act, 2013.

16. Meeting of Independent Directors

The meeting of Independent Directors was held on February 12, 2018 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 independent directors expressed satisfaction on the quality, quantity and timeliness of flow of information between the management and the Board.

The familiarisation program was arranged by the Company on February 12, 2018 for Independent Directors. The details of the familiarisation program was disclosed under Investor Relations section of the Company's website www.hovsltd.com.

17. Performance Evaluation

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

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

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

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

18. Internal Financial Controls

The Company has adequate procedures for ensuring the internal financial controls and the same are in place with reference to financial statements. The internal control system is reviewed by the Audit Committee with the management and Internal Auditors of the Company.

19. 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 provided herewith as **"ANNEXURE- E"** to this report.

20. Corporate Governance Report

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

21. Management Discussion and Analysis

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

22. Code of Conduct for Board and Senior Management

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

23. Auditors and Auditors' Report

Statutory Auditors:

M/s BAGARIA & Co., Chartered Accountants were appointed as Statutory Auditors for a period of 5 years, in 29th Annual General Meeting held on September 1, 2017 till the conclusion of the 34th AGM to be held in year 2022.

The Statutory Auditors' Report for FY 2017-18 does not contain any qualification, reservation or adverse remark.

Secretarial Audit Report:

M/s. J B Bhave & Co., Practicing Company Secretaries, Pune for conducting secretarial audit, the Secretarial Audit Report for FY 2017-18 is provided 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.

24. Extract of Annual Return

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

25. Committees of the Board

The Company has constituted the Audit Committee; Nomination and Remuneration Committee; Stakeholders Relationship Committee. The details of all the committee are disclosed in the Corporate Governance Report. The Board accepts all the recommendations of the Audit Committee.

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 provided as **"Annexure H"** forming a part of this report.

26. 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. 6 of Standalone Notes to Accounts; the particulars of Guarantees are mentioned in Note No. 13 & 12 respectively of Standalone and Consolidated Notes to Accounts; and the particulars of Investment are mentioned in Note No. 5 of both Consolidated and Standalone Notes to Accounts.

27. Compliance with Secretarial Standards

The Secretarial Standards issued by the Institute of Company Secretaries of India, as applicable to the Company, have been complied with.

28. Whistle Blower Policy

The Vigil Mechanism/Whistle Blower Policy is adopted, in order to establish a mechanism for directors and employees to report genuine concerns or grievances about unethical behaviour, actual or suspected frauds or violation of the Company's Code of Conduct. The Policy provides for commitment to the highest possible standards of ethical, moral and legal business conduct and its commitment to open communication and has 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.

29. General

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

b. On following points no reporting or disclosure is required as there were no transactionson 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.

30. 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 thanks the investors and shareholders for placing faith in the Company.

Your Directors express their sincere appreciation for the contributions made by employees at all levels in your Company for their hard work, co-operation and support.

For and on behalf of the Board of Directors

Sunil Rajadhyaksha
Chairman & Executive Director
(DIN: 00011683)

Date: May 29, 2018

DECLARATION REGARDING CODE OF CONDUCT

We hereby confirm that for the financial year ended March 31, 2018, 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, 2018

CEO AND CFO CERTIFICATION

The Board of Directors
HOV Services Limited

CERTIFICATE FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2018

We, to the best of our knowledge and belief, certify that:

a) We have reviewed financial statements and the cash flow statements of the Company for the financial year ended on March 31, 2018 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)

Nilesh Bafna
Chief Financial Officer

Date- May 29, 2018

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.

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	**Property, Plant and Equipment**	Net carrying amount as at March 31, 2018 stood at ₹ 29.01 lakhs as compared to ₹ 18.22 lakhs as at March 31, 2017.	Net carrying amount as at March 31, 2018 stood at ₹ 138.82 lakhs as compared to ₹ 168.06 lakhs as at March 31, 2017.
2	**Intangible Assets**	Net carrying amount as at March 31, 2018 stood at ₹ 2.38 lakhs as compared to ₹ 5.96 lakhs as at March 31, 2017.	Net carrying amount as at March 31, 2018 stood at ₹ 2.38 lakhs as compared to ₹ 63.12 lakhs as at March 31, 2017.
3	**Investments in subsidiaries and associate & Other investments**	Investment in subsidiaries stood at ₹ 6607.77 for the year March 31, 2018 as well as March 31, 2017.	Investment in associate is ₹ 2031.97 lakhs as at March 31, 2017. On divestment of investment in associate the fair value of this investment as on March 31, 2018 is ₹ 98724 lakhs.
4	**Trades Receivables**	Net Receivables as at March 31, 2018 amounted to ₹ 411.64 lakhs as compared to ₹ 393.67 lakhs as at end of previous year March 31, 2017. Trade receivables as a percentage of revenue from operations is 33 % as at March 31, 2018 as against 29 % as at March 31, 2017.	Net Receivables as at March 31, 2018 amounted to ₹ 431.25 lakhs as compared to ₹ 433.81 lakhs as at end of previous year March 31, 2017. Trade receivables as a percentage of revenue from operations is 33 % as at March 31, 2018 as against 29 % as at March 31, 2017.
5	**Cash and cash equivalents**	Cash and cash equivalents stood at ₹ 372.65 lakhs which is more by ₹ 173.05 lakhs compare to last year.	Cash and cash equivalents stood at ₹ 496.56 lakhs which is more by ₹ 230.74 lakhs compare to last year.
6	**total Current Assets**	As at March 31, 2018 current liabilities amount to ₹ 857.10 lakhs as compared to ₹ 1627.92 lakhs as at March 31, 2017.	As at March 31, 2018 current liabilities amount to ₹ 1097.10 lakhs as compared to ₹ 1746.33 lakhs as at March 31, 2017.
7	**Total Equity**	Total equity stood at ₹ 7911.22 lakhs as at March 31, 2018 as compared to ₹ 8790.28 lakhs as at March 31, 2017.	Total equity stood at ₹ 71629.61 lakhs as at March 31, 2018 as compared to ₹ 3403.22 lakhs as at March 31, 2017.

Sr. No.	Particulars	On Standalone basis	On Consolidated basis
8	**Equity share capital & Securities premium reserve:**	During the year, Share Capital and Securities Premium were ₹ 1253.57 lakhs and ₹ 6246.48 lakhs respectively.	During the year, Share Capital and Securities Premium were ₹ 1253.57 lakhs and ₹ 6246.48 lakhs respectively.
9	**Retained earnings**	Retained earnings as at March 31, 2018 amounting to ₹ 2822.85 lakhs.	Retained earnings as at March 31, 2018 amounting to ₹ 205.18 lakhs.
10	**General Reserves**	During the year there is no change in amount of general reserve from the previous year ended on March 31, 2017 which was ₹ 19541 lakhs.	No change same as previous year ended March 31, 2017 which was ₹ 19541 lakhs
11	**Capital Redemption Reserve**	During the year there is no change in CRR amount of ₹ 6.30 lakhs which was created on account of buy-back of equity share capital in year 2009.	During the year there is no change in CRR amount of ₹ 6.30 lakhs which was created on account of buy-back of equity share capital in year 2009.
12	**Total Other comprehensive income**	Other comprehensive income stood at ₹ 4.27 lakhs for the current year compared to ₹ 3.05 lakhs last year.	Other comprehensive income stood at ₹ 61014.55 lakhs for the current year compared to ₹ 3.05 lakhs last year.
13	**Trade payables**	Trade payables stood at ₹ 74.51 lakhs current year compared to ₹ 90.17 lakhs last year ended on March 31, 2017	Trade payables stood at ₹ 86.41 lakhs current year compared to ₹ 103.28 lakhs last year ended on March 31, 2017
14	**total Current Liabilities**	As at March 31, 2018 current liabilities amount to ₹ 309.61 lakhs as compared to ₹ 283.46 lakhs as at March 31, 2017.	As at March 31, 2018 current liabilities amount to ₹ 368.28 lakhs as compared to ₹ 1318.72 lakhs as at March 31, 2017.
15	**Sale of services**	For the year ended March 31, 2018, Revenue from Operations was ₹ 1254.55 lakhs	For the year ended March 31, 2018, Revenue from Operations was ₹ 1359.95 lakhs
16	**Operating Profit**	Reported Profit/ (Loss) before exceptional items and tax is of ₹ 197.09 lakhs for the year ended March 31, 2018.	Reported Profit/ (Loss before exceptional items and tax is of ₹ 308.25 for the year ended March 31, 2018.
17	**Exceptional items**	Exceptional expenses stood at ₹ 1022.72 lakhs for the current year ended on March 31, 2018	Exceptional expenses stood at ₹ 0.38 lakhs for the current year ended on March 31, 2018
18	**Net Profit/ (Loss) for the year**	HOVS recorded a net loss of ₹ 883.70 lakhs for the year ended March 31, 2018.	Recorded a net profit of ₹ 237.82 lakhs for the year ended March 31, 2018.
19	**Total Comprehensive Income**	HOVS recorded a total comprehensive loss of ₹ 882.47 lakhs for the year ended March 31, 2018.	Recorded a total comprehensive income of ₹ 61249.32 lakhs for the year ended March 31, 2018.

Revenues – standalone

Our total revenue in current year on a standalone basis decreased to ₹1360.86 Lakhs from ₹1470.66 Lakhs in the previous year. Our software export revenues aggregated to ₹1254.55 Lakhs, from ₹1364.51 Lakhs in the previous year.

Revenues – consolidated

Our total revenue in current year on a consolidated basis increased to ₹1780.27 Lakhs from ₹1644.00 Lakhs in the previous year. Our Income from operations aggregated to ₹1359.95 Lakhs, from ₹1543.21 Lakhs in the previous year.

Profits – standalone

Employee Benefit Expenses were at ₹884.89 Lakhs for year ended March 31, 2018 and were at ₹995.85 Lakhs for the year ended March 31, 2017. Other expenses were at ₹269.12 Lakhs for year ended March 31, 2018 and were at ₹284.88 Lakhs for the year ended March 31, 2017.

The EBITDA amounted to ₹206.85 Lakhs as against ₹189.93 Lakhs in the previous year.

The exceptional expenses amounted to ₹1022.72 Lakhs for the current year.

The Loss for the year was ₹883.70 Lakhs, as against Profit of ₹113.04 Lakhs in the previous year.

Total Comprehensive Loss for the year ₹882.47 Lakhs as against total comprehensive Income ₹116.09 Lakhs in the previous year.

Profits – consolidated

Employee Benefit Expenses were at ₹911.96 Lakhs for year ended March 31, 2018 and were at 1005.84 Lakhs for the year ended March 31, 2017.

Other expenses were at ₹428.02 Lakhs for year ended March 31, 2018 and were at ₹529.46 Lakhs for the year ended March 31, 2017.

The EBITDA amounted to ₹440.29 Lakhs as against ₹108.70 Lakhs in the previous year.

The Profits for the year is ₹237.82 Lakhs, as against Loss of ₹14555.85 Lakhs in the previous year.

Total Comprehensive Income for the year ₹61011.50 Lakhs as against total comprehensive Loss of ₹14552.80 Lakhs in the previous year.

Human Resources & Prevention of Sexual Harassment

The Human Resource is important asset of the Company. The Company maintained cordial relationship with the employees at all levels and provides and environment free of sexual harassment and discrimination on the basis of gender. The Company has constituted Internal Complaints Committee pursuant to the Section 4 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 for protection against sexual harassment of women at work place. During the year there were no complaints of such manner.

Internal Control Systems and their adequacy

The Company's management is responsible for establishing and maintaining internal controls. The management has established adequate internal control systems with checks and balances observed at all levels, covering not only, financial transactions but other department functions as well. The 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 Internal Auditor periodically do testing of the internal controls and monitors the effectiveness of internal controls and provide assurance of the adequacy and effectiveness of the internal controls to the Audit Committee and Board of Directors.

Risks and its mitigation

The risk management is a mechanism to identify risk, if any to business of the Company, which in the opinion of the Management need mitigation. The Management has identified the following key risks considering the operations relating to the businesses of the Company and continuously monitor and review to mitigate the key risks in manner stated herein below:-

a) Business model related risk: - The revenue of the Company is based on cost plus mark up for contracts with customers. The wage cost is major risks which may not be acceptable to customers due to change in minimum wages requirements. This could expose the Company to risks like price pressure, excessive dependency on select customers. In order to mitigate the risk, Management of the Company in continues endeavour keep appraised its customers about any change in cost factors well in advance.

b) Foreign currency fluctuation risk: - A substantial part of Revenue accrues in US Dollars and expenditure of the Company are incurred in the Indian Rupees. Therefore, there is risk exposure due to adverse fluctuation of exchange rate between the US Dollar and the Indian Rupees. In order to mitigate the risk the Management 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 from customers and to mitigate such risk predefined 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 in quoted shares. 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 been kept informed about necessary information on timely basis.

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

h) Legal, Compliance risk: - There is a risk on account of dynamic legal environment. Understanding regulations and statutory compliance is vital to mitigate such risk. The Management had created a robust compliance framework and at times takes help from professional firms in order to ensure compliance.

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

l) Cyber Security risk:- It possess risk for business in all aspects, right from phishing emails; vulnerable to hacking of IT systems; and clicking on links or downloading documents that turn out to be malware. Key steps to mitigate such risk is educating employees to aware of unwanted mails, implementation of antivirus software and proper patch management along with implementation of a strong IT policy.

Please refer to Note No. 32 & 29 respectively of Consolidated and Standalone financial statements for more detail on risk management and mitigation.

Opportunities, Outlook & Threats

We are positive to capture opportunities in growing emerging markets. 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 Management having strong domain knowledge and experience of leading business venture in technology space, the Company is well placed in building next generation technology, partnerships with the world's technology leadersand has set up very well for the future.

Report On Corporate Governance

The Directors present the Company's Report on Corporate Governance for the year ended March 31, 2018.

1. Company's Philosophy on Corporate Governance

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

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

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

2. Board of Directors

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

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

(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 Independent Directors served as Independent Director in more than seven listed companies and none of the Directors is having any relation with other directors of the Board.

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

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		Directorship	Committee Membership	Committee Chairmanship
Mr. Surinder Rametra	Promoter Executive	4	2	Yes	-	-	-
Mr. Sunil Rajadhyaksha	Promoter Executive	4	4	Yes	-	-	-
Mr. Vikram Negi	Executive	4	1	Yes	-	-	-
Mr. B R Gupta	Non-Executive Independent	4	4	Yes	2	1	2
Mr. Harish Bhasin	Non-Executive Independent	4	4	Yes	1	-	-
*Mr. Rohit Jain	Non-Executive Independent	2	1	Yes	1	-	-
Mrs. Lakshmi Kumar	Non-Executive Independent	4	3	Yes	-	-	-

**Appointed w.e.f September 1, 2017*

The details of Board Meetings held during the financial year ended March 31, 2018 are as under:

Sr. No.	Date of Board Meetings	Board Strength	No. of Directors Present
1	May 29, 2017	7	5
2	August 31, 2017	6	6
3	December 5, 2017	7	5
4	February 12, 2018	7	3

Shareholding of Directors as on March 31, 2018 is as below:

Sr. No.	Name of Director	Number of shares held
1	Mr. SunilRajadhyaksha, Chairman & Executive Director[1]	5,88,720
2	Mr. Surinder Rametra, Executive Director[1]	1,20,000
3	Mr. VikramNegi, ExecutiveDirector	63,556
4	Mr. B R Gupta, Independent Director	6,900
5	Mr. HarishBhasin, Independent Director	6,030
6	Mr. Rohit Jain, Independent Director[2]	Nil
7	Mrs. Lakshmi Kumar, Independent Director	Nil

[1] Mr. Parvinder Chadha, resigned from his office of Executive Director effective May 29, 2017.

[1] Promoters-refer page no 54 for shareholdings of Promoters.

[2] Mr. Rohit Jain appointed effective September 1, 2017.

(d) Details of Remuneration of all the Directors:

₹ in Lakhs

Sr. No.	Name of Director	Salary & Perquisites ₹	Bonus/ Commission ₹	Sitting Fees ₹
1	Mr. Sunil Rajadhyaksha	48.00	Nil	Nil
2	Mr. Surinder Rametra	Nil	Nil	Nil
3	Mr. Vikram Negi	Nil	Nil	Nil
4	Mr. B R Gupta	Nil	Nil	5.40
5	Mr. Harish Bhasin	Nil	Nil	5.40
6	Mr. Rohit Jain	Nil	Nil	0.50
7	Mrs. Lakshmi Kumar	Nil	Nil	3.60

Notes:

i) The remuneration and sitting fees amount in above table is for the financial year ended March 31, 2018.

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

iii) The shareholders in their 27th Annual General Meeting held on July 22, 2015 had appointed Mrs. Lakshmi Kumar as an Independent Director of the Company for 1st term of five years period from July 22, 2015 to July 21, 2020.

iv) 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.

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

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

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

3. Audit Committee

The Company had set up the Audit Committee 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.

All members of the Committee are financially literate. Mr. B R Gupta, who was the Chairman of the Audit Committee at the time of previous Annual General Meeting and has attended the 29th Annual General Meeting of the Company, held on September 1, 2017. 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.

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

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.

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, 2018 are as under:

Sr. No.	Meeting Date	May 29, 2017	August 21, 2017	December 05, 2017	February 12, 2018
1	Mr. B. R. Gupta	P	P	P	P
2	Mr. Harish Bhasin	P	P	P	P
3	Mrs. Lakshmi Kumar	P	P	P	A
4	Mr. Surinder Rametra	P	P	A	A

4. Nomination & Remuneration Committee

The Company had constituted the Nomination and Remuneration Committee in accordance with Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI (LODR), 2015.

Among 4 members of the Committee three members are independent directors. 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 Nomination & Remuneration Committee acts in terms of reference specified by the Board which, inter-alia, includes,

i) Identify persons who are qualified to become directors and who may be appointed in "senior management" and recommend to the board for their appointment and removal;

ii) Carry out formulation of criteria for evaluation of performance of independent directors andthe board of directors;

iii) 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) Whether to extend or continue the term of appointment of the independent director,on the basis of the report of performance evaluation of independent directors.

vii) Recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees ensuring the following while formulating the policy that:-

a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;

b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

The details of Nomination & Remuneration CommitteeMeetings and its attendance during the financial year ended March 31, 2018 are as under:

Sr. No.	Meeting Date	May 29, 2017	August 31, 2017	December 05, 2017	February 12, 2018
1	Mr. B. R. Gupta	P	P	P	P
2	Mr. Harish Bhasin	P	P	P	P
3	Mrs. Lakshmi Kumar	P	P	P	A
4	Mr. Sunil Rajadhyaksha	P	P	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 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 Company had constituted the Stakeholders Relationship Committee as per Section 178 and Regulation 20 of the SEBI (LODR), 2015 to look into the matters related with shareholders.

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 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 reporting year there were no complaints pending from the shareholders of the Company.

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 CommitteeMeetings and its attendance during the financial year ended March 31, 2018 are as under:

Sr. No.	**Meeting Date**	**May 29, 2017**	**December 05, 2017**
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.

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
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
2017	The Sheraton Grand Pune Bund Garden Hotel, Raja Bahadur Mill Road, Pune-411001	September 01, 2017	10.30 AM	No

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

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

During the reporting Financial Year, the Company has not conducted Postal Ballot. However, the results of postal ballot conducted on March 8, 2017 in FY 2016-17 were announced on April 8, 2017 and the details of the voting results was accordingly, published in the 29th Annual Report FY 2016-17.

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, as per as per the criteria given in Regulation 16 of SEBI (LODR) Regulations, 2015.

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

The updates of major decisions of the unlisted subsidiarycompanies are regularly presented before the Audit Committee and the Board.

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. The key matters which are regularly taken up in the Audit Committee and Board meeting includes i) Minutes of all the meetings of board of directors of the Indian subsidiary company held in previous quarter; ii) Review of the financial statements; and iii) major dealings and significant matters.

8. Disclosures Requirements

i) 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.

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

iii) The disclosure pertaining to the HOV Environment Solutions Private Limited is given in the Board's Report.

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

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

vi) 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.

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

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

ix) The details of the familiarization program disclose on the Company's website http://www.hovsltd.comdocsirHOVS%20FAMILIRIZATION%20OF%20PROGRAMME%20FOR%20ID%202018.pdf

x) No dividend was declared for the financial year ended March 31, 2018.

9. Unclaimed /unpaid Dividends

In accordance with applicable provisions of Section 124 and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 of Companies Act, 2013, as amended from time to time, 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 dividends as of March 31, 2018:

Sr. No.	Type of Dividend	Year	Date of Declaration/ approval	Payment Date	Unclaimed Dividend as on March 31, 2018(Rs.)	Due for transfer of unclaimed dividend to Investor Education and Protection Fund (IEPF)
1	Final Dividend	2010-11	03-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 dividends amount transferred during the FY 2016-17 to IEPF:

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	₹ 36,756	18-Feb-2017	6-March-2017

c) The details of the unclaimed dividends amount transferred during the FY 2017-18 to IEPF:

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	Final Dividend	2009-10	21-July-2010	30-July-2010	₹ 42,360	30-July-2017	4-Aug-2017
2	Interim Dividend	2010-11	29-July-2010	27-Aug-2010	₹ 39,566	27-Aug-2017	6-Sept-2017
3	2nd Interim Dividend	2010-11	26-Oct-2010	18-Nov-2010	₹ 45,826	18-Nov -2017	22-Nov -2017
4	3rd Interim Dividend	2010-11	27-Jan-2011	21-Feb-2011	₹ 59,020	21-Feb-2018	27-Feb -2018 & 11-April-2018*

**The unclaimed dividend amount of ₹ 59,020 was deposited with IEPF authority vide two different challans as, issued by the HDFC Bank Limited.*

10. Unclaimed shares

Pursuant to requirements under Regulation 39(4) read with Schedule VI of SEBI (Listing Obligations and Disclosure Requirements) Regulations,2015, (hereinafter referred to as "the SEBI (LODR) Regulations, 2015"), the details of the shares lying in the Unclaimed Suspense Account is as under:

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

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.

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

In accordance with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Amendment Rules, 2017, (the "Rules") as amended from time to time, inter-alia provides for transfer of shares in respect of which dividend remains unclaimed or unpaid for seven consecutive years or more to IEPF Account. Accordingly, during the year the Company had communicated to the concerned shareholder(s), individually under the Rules for taking appropriate action by them. The Company had also uploaded on its website www.hovsltd.com full details of concerned shareholders whose shares are liable to be transferred to the IEPF Authority. The details of the shares transferred under the Rules are as under:

No of shares transferred to IEPF	851

It may be noted that both the unclaimed dividend and shares transferred to the IEPF including all benefits accruing, if any, in, such shares can be claimed back by the shareholder(s) by making an application in Form IEPF-5. Detailed procedure and the required documentation for claiming the shares/dividend refund can be accessed at https://iepf.gov.in/IEPFA/refund.

In case the concerned shareholder(s) holding shares in physical form, if any, and whose shares are liable to be transferred to IEPF, such shareholder(s) may note that the Company will be issuing duplicate share certificate(s) in lieu of original share certificate held by them for the purpose of transfer of such shares to IEPF as per the Rules. The concerned shareholder(s) further note that the details uploaded on Company's website should be regarded and shall be deemed to be adequate notice for the purpose of issue of duplicate share certificate(s) for the purpose of transfer of shares to IEPF pursuant to the Rules.

Members whose shares have been transferred to IEPF may claim the shares For any queries on the above matter, concerned shareholders are requested to contact the Company's Registrar and Share Transfer Agents, M/s Karvy Computershare Private Limited, Mr. Mohd Mohsin Uddin, Senior Manager at Unit: HOV Services Limited, Karvy Selenium Tower B, Plot no 31-32, Gachibowli, Financial district, Nanakramguda Hyderabad 500 032. Tel: +91 40-67161562; email ID mohsin.mohd@karvy.com

12. 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.

13. Means of Communications

The Company's periodic financial results as well as other investor related information are made available to the shareholders by way of displaying under "Investor Relation" section on the web site of the Company at www.hovsltd.com. The financial results are published in Financial Express (all editions) and Loksatta, Pune (regional newspaper).

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 also made available on the Company's website.

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.

14. 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, 2018. The same is annexed to the Board's Report.

15. General Shareholder Information

a) Details of ensuing AGM:

Day and Date	Time	Venue
Monday, September 10, 2018	11: 00 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, 2018.

d) Listing on Stock Exchanges: The equity shares of the Company are listed in NSE and BSE, the details of the stock code are as under:-

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

e) Market price data:

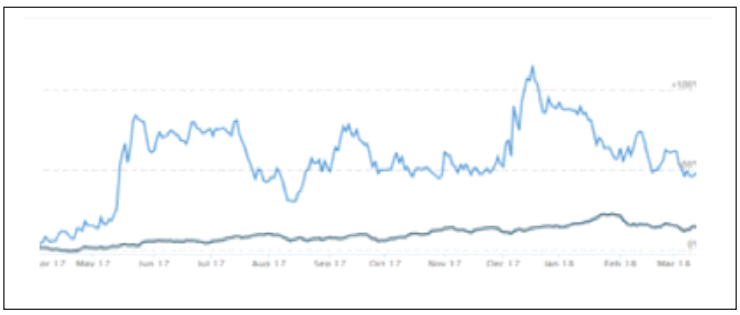
Monthly highs, lows and trading volume for FY ended March 31, 2018 is as below:

Month	NSE			BSE		
	High (₹)	Low (₹)	Trade Quantity	High (₹)	Low (₹)	Trade Quantity
Apr-17	220.65	178.75	5,39,876	220.90	177.35	10,46,465
May-17	349.95	199.50	16,40,718	350.50	196.00	23,79,442
Jun-17	332.95	279.00	55,726	327.00	280.00	1,12,025
Jul-17	338.15	250.00	62,713	339.65	252.00	1,60,947
Aug-17	289.95	225.00	37,762	288.90	225.60	1,73,522
Sep-17	329.00	253.05	84,361	325.00	252.05	2,21,725
Oct-17	294.85	252.25	44,108	297.50	255.00	1,24,977
Nov-17	308.00	258.00	65,751	306.00	260.00	2,57,446
Dec-17	397.00	271.25	8,99,333	396.60	270.05	11,23,011
Jan-18	353.00	272.00	24,456	352.00	270.25	75,306
Feb-18	315.05	262.00	25,588	314.60	262.35	1,38,889
Mar-18	297.00	221.00	59,806	293.00	218.00	1,26,968

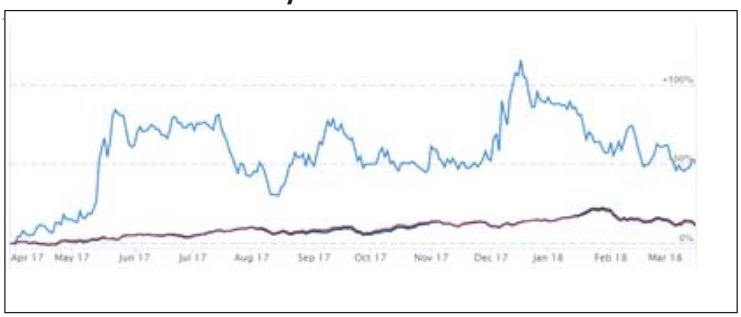
f) HOV Services Limited's Share prices versus the NSE Nifty

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 01-04-2017 to 31-03-2018

HOVS vis-à-vis BSE Sensex:



HOVS vis-à-vis NSE Nifty:



g) Registrar and Share Transfer Agent

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

h) Share Transfer System

The share transfer activitieswere carried out by the Company's Registrar and Share Transfer agent, who has effective systems for share transfers. 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.

i) Financial Calendar for the Financial Year 2018-19:

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, 2018
2nd Quarter Results	On or before November 14, 2018
3rd Quarter Results	On or before February 14, 2019
4th Quarter Results (Audited)	On or before May 30, 2019

j) Date of Book Closure: September 7, 2018 to September 10, 2018 (both days inclusive).

k) Distribution of Shareholding as of March 31, 2018

(i) **Distribution of Shares according to size of holding:**

Sr. No.	Category	No. of Cases	% of Cases	No. of Shares	% To Equity
1	1 - 5000	7,042	97.64	17,60,049	14.04
2	5001 - 10000	81	1.12	5,85,429	4.67
3	10001 - 20000	36	0.50	5,29,954	4.23
4	20001 - 30000	18	0.25	4,45,613	3.55
5	30001 - 40000	5	0.07	1,76,078	1.40
6	40001 - 50000	8	0.11	3,58,866	2.86
7	50001 - 100000	12	0.17	8,60,900	6.87
8	100001 and above	10	0.14	78,18,833	62.37
	Total	7,212	100.00	1,25,35,722	100.00

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

Sr.No.	Description	No. of Cases	Total Shares	% Equity
1	Banks	2	9,792	0.08
2	Clearing Members	36	43,513	0.35
3	Employees	7	25,891	0.21
4	Foreign Nationals	3	3,77,416	3.01
5	HUF	286	3,32,813	2.65
6	IEPF	1	851	0.01
7	Bodies Corporate	1	8,43,724	6.73
8	Bodies Corporates	214	9,47,828	7.56
9	NBFC	1	1,045	0.01
10	Non Resident Indians	57	1,05,161	0.84
11	Non Resident Indian Non Repatriable	18	2,56,806	2.05
12	Promoters	8	62,27,329	49.68
13	Resident Individuals	6,577	33,62,553	26.82
14	Trusts	1	1,000	0.01
	Total	7,212	1,25,35,722	100.00

(iii) **Top Ten Shareholders as of March 31, 2018**

Sr. No	Holder	Total shares	% to equity	Category
1	ADESI 234 LLC	30,00,985	23.94	PRO
2	HOF2 LLC	16,67,933	13.31	PRO
3	Chitale LLC	8,43,724	6.73	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.	3,59,539	2.87	LTD
7	Xin Cheng	2,23,950	1.79	FN
8	Karan Negi	1,48,817	1.19	NRN
9	Purvi Prabhatchandra Jain	1,70,919	1.36	PUB
10	Surinder Rametra	1,20,000	0.96	PRO

l) Dematerialization of shares and liquidity

As of March 31, 2018, 99.46% of the total issued capital of the Company was held in electronic form with National Securities DepositoryLimited and Central Depository Services (India) Limited.

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) 24221460
Fax: (91 20) 2422 1470
E-mail: investor.relations@hovsltd.com
Website: www.hovsltd.com

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF
HOV SERVICES LIMITED

1. This certificate is issued in accordance with our engagement letter dated September 1, 2017

2. This certificate contains details of compliance of conditions of corporate governance by **HOV Services Limited** ('the Company') for the year ended 31st March 2018 as stipulated in Regulations 17-27, clause (b) to (i) of Regulation 46 (2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations) and pursuant to the Listing Agreement of the Company with Stock exchanges.

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

3. The compliance with the terms and conditions contained in the corporate governance is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents.

Auditor's Responsibility

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

5. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended 31 March, 2018.

6. We conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India ("ICAI''). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

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

Opinion

8. In our opinion, and to the best of our information and according to explanations given to us, we certify that the Company has complied in all material respects with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.

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

Restriction on Use

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

For **Bagaria & Co**
Chartered Accountants
Firm Registration No: 113447W

Vinay Somani
Partner
Membership No. 143503

Place: Vashi
Date: May 29, 2018

Annexure - A to the Director's Report

Details of Employees Stock Options as on March 31, 2018.

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	**216,000**	**744,900**	**960,900**
Equity shares issued and allotted	**44,700**	**-**	**44,700**
Options in force	**76,450**	**9,000**	**85,450**
Balance options available	**278,850**	**691,000**	**969,850***

*Includes lapsed options eligible for further grants and granted.

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

Details of Options vested from:	Employees of the Company	Employees of the subsidiary Companies	Total
Grant in 2007	-	-	-
Grant in 2008	2,700	-	2,700
Grant in 2011	22,750	9,000	31,750
Grant in 2013	51,000	-	51,000
Total options vested	**76,450**	**9,000**	**85,450**

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	**42,500**	**918,400**	**960,900**
Equity shares Issued on exercise of options	**27,000**	**17,700**	**44,700**
Options outstanding	**50,500**	**34,950**	**85,450**

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

As of March 31, 2018

		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:	85,450
d.	Options Exercised:	44,700
e.	Total number of shares would be arising as a result of exercise of options:	85,450
f.	Options lapsed:	960,900
g.	Variation of terms of option:	NA
h.	Money realized by exercise of options:	Rs. 22,49,495
i.	Total number of options in force:	85,450

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 "Applicable Accounting Standards".	₹ (7.05)

Notes:

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

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

iii) Options issued to employees at an exercise price not less than closing price of the stock exchange where there is highest trading volume, prior to the date of meeting of the Compensation & Remuneration Committee in which options were granted. The options will vest in a phased manner within five years as 10% in each first to four years and balance 60% at the end of fifth year.

iv) As per ESOP Plan 2007, options granted shall be capable of being exercised within a period of five years from the date of vesting of the respective employee stock options. The un-exercised vested options will lapse upon the expiry of five years from the respective date of their vesting;

v) Based on recommendations of Nomination & Remuneration Committee of the Company, the HOVS ESOP Plan 2008 was discarded by the Board in its meeting held on May 13, 2016.

Annexure- B to the Board's Report

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

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

Conservation of Energy:

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

Technology Absorption:

The Company is constantly adopting modern technologies and upgrades, to serve better its clients, retain its employees and improve their productivity and performance. The Company has embark on a technologically efficient process which will enable higher productivity with lower costs.

Research and Development:

The Company has not undertaken any R&D activity in any specific area during the year under review, and hence no cost has been incurred towards the same.

Foreign Exchange Earnings and Outgo:

The majority of earnings of the Company are from the export of services since the Company has no domestic business. The foreign exchange earnings for the year ended on March 31, 2018 ₹1254 Lakhs.

Annexure- C to the Director's Report

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

i) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2017-18, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2017-18 are as under:

Sr. No.	Name of Director/KMP and Designation	% increase in Remuneration in the Financial Year 2017-18	Ratio of remuneration of each Director/ to median remuneration of employees
1	Sunil Rajadhyaksha, Whole-time Director	NIL	NIL
2	Surinder Rametra, Whole-time Director	NIL	NIL
3	Vikram Negi, Whole-time Director	NIL	NIL
4	Parvinder S Chadha*, Whole-time Director	NIL	NIL
5	Nilesh Bafna**, Chief Financial Officer	NIL	NA
6	Bhuvanesh Sharma, VP-Corporate Affairs, Company Secretary & Compliance Officer	NIL	NA

**Up to May 29, 2017.*
***Nilesh Bafna was appointed effective September 1, 2017.*

ii) The percentage increase in the median remuneration of employees in the financial year was (34.79%).

iii) As on March 31, 2018 the total numbers of employees on the rolls of the Company were 159.

iv) Average percentile increased in the salaries of the employees other than Managerial Personnel remain same as of previous year and there was no change in the salary of Managerial Personnel.

v) It is affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other employees.

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

Sr. No.	Name of the Employee	Designation of the employee	Remuneration received (CTC)	Qualification of the Employee	Experience of the Employee	Date of commencement of the employment	Age of the Employee (Years)	Last employment held before joining the Company	Percentage of equity shares held by the employee in the Company
1	Bhuvanesh Sharma	Vice President-Corporate Affairs & Company Secretary & Compliance Officer	30.72	B.Sc. Maths, MFA, CS, IP	18+ Years	1-Jan-15	46	BancTec TPS India Pvt. Ltd.	0%
2	Balbirsingh Batra	Vice President	30.00	Under Graduate	30+ Years	7-Jan-06	58	Oceans Connect	0.03%
3	Nilesh Bafna	Chief Financial Officer	28.69	B.Com., CA	15+ Years	21-Apr-06	41	Own Practice	0.02%
4	Shrirang Chitnis	Director, Applications Development	26.25	B.Sc. Microbiology	20+ Years	1-Jan-05	50	Codec Communications Pvt. Ltd.	0.03%
5	Mahesh Shah	Associate Vice President	24.84	BCE, Diploma in Ele. Contractor	20+ Years	1-Apr-05	40	Codec Communications Pvt. Ltd.	0.02%
6	A.D.Venkatesh	Assistant General Counsel	19.61	Bachelor Of Law	30+ Years	1-Jan-15	57	SourceHOV India Private Limited	0%
7	Vijaykumar Pawar	Project Manager	16.17	M.CM.	20+ Years	1-Jan-05	42	Codec Communications Pvt. Ltd.	0%
8	Dhananjay Sawant	Project Manager (Web and Content)	15.12	Diploma in Mechanical Engineering	17+ Years	12-Jul-07	42	Fulcrum Logic	0%
9	Kishor Jadhav	Senior Manager	12.71	Bachelor Of Commerce	30+ Years	1-Apr-05	56	Daewoo Anchor Electronics Ltd.	0%
10	Santosh Pawar	Manager- Systems	12.66	Bachelor Of Arts	14+ Years	8-Aug-03	39	Bay Area Credit Services Pvt. Ltd.	0%

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

Annexure- D to the Directors' Report

Directors' Responsibility Statement

Pursuant to provisions of Section 134(3)(c) and Section134(5) of the Act, your Directors'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 as of March 31, 2018 and of the profit and loss account of the Company for the year April 1, 2017 to March 31, 2018; and

c) That the directors have taken proper and sufficient care of the 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 fraud and other irregularities; and

d) That the directors have prepared the annual accounts on a going concern basis; and

e) That the directors had laid down internal financial controls to be followed by the Company and that such system were adequate and were operating effectively; and

f) That the directors had devised proper systems to ensure compliance with the provisions of all applicable laws that such systems were adequate and operating effectively.

Annexure- E to the Director's Report

FORM NO. AOC- 2

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

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

1. Details of contracts or arrangements or transactions not at arm's length basis: Not Applicable

2. Details of material contracts or arrangement or transactions at arm's length basis:-

	Name(s) of the related party	SourceHOV LLC	HOVG LLC (dba Bay Area Credit Services LLC)	Rule 14 LLC
(a)	Nature of relationship:	Part of Exela group companies*	Part of Exela group companies*	Related entity to Promoters
(b)	Nature of contracts/arrangements/ transactions:	Sale of Services	Sale of Services	Sale of Services
(c)	Duration of the contracts / arrangements/ transactions:	Month on Month Ongoing Basis	Month on Month Ongoing Basis	Contract ended on October 31, 2017
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	Software and IT enabled services & Data entry / Conversion Services	Software and IT enabled services	Software and IT enabled services
(e)	Date(s) of approval by the Board, if any:	NA (Approved by Audit Committee on February 12, 2018	NA (Approved by Audit Committee on February 12, 2018)	NA (Approved by Audit Committee on May 29, 2017)
(f)	Amount paid as advances, if any:	Nil	Nil	Nil

** An entity of investee 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, 2018

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members
M/S. HOV SERVICES LIMITED
Sharda Arcade, 3rd Floor,
Pune-Satara Road, Bibwewadi,
Pune 411037

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by HOV SERVICES LIMITED. (Hereinafter called "the Company").

Secretarial Audit was conducted for the year from April 1, 2017 to March 31, 2018, 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, 2018 ("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, 2018 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 participationat 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 made an application to obtain Central Government's approval during the year under report in respect of appointment of Mr. Vikram Negi as Whole-Time Director with effect from September 1, 2017; pursuant to Section 196, 197 and Schedule V Part I of the Companies Act 2013.

(ii) The Company has obtained Shareholders' approval in the Annual General Meeting held on September 1, 2017 for conversion of security/ guarantee provided by the Company to HDFC Bank Limited into loan to its subsidiary.

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

JAYAVANT BHAVE
PROPRIETOR
FCS No. 4266
CP No. 3068

Place: Pune
Date: May 23, 2018

Annexure- G to the Director's Report

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2018

[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	Other Information Technology and Computer services activities Software Development and Support Services, BPO business and Data Entry Services.	62099* 722/ 723/ 724	100%

**As per NIC Code-2008*

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr.No.	Name and Address of the company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	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)

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 31/03/2017				No. of Shares held at the end of the year 31/03/2018				% 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)	PROMOTER AND PROMOTER GROUP									
(1)	INDIAN									
(a)	Individual /HUF	25,422	-	25,422	0.20	25,422	-	25,422	0.20	0.00
(b)	Central Govern-ment/State Government(s)	-	-	-	0.00	-	-	-	0.00	0.00
(c)	Bodies Corporate	-	-	-	0.00	-	-	-	0.00	0.00
(d)	Financial Insti-tutions / Banks	-	-	-	0.00	-	-	-	0.00	0.00
(e)	Others	-	-	-	0.00	-	-	-	0.00	0.00
	Sub-Total A(1):	**25,422**	**-**	**25,422**	**0.20**	**25,422**	**-**	**25,422**	**0.20**	**0.00**
(2)	FOREIGN									
(a)	Individuals (NRIs/Foreign Individuals)	746,970	-	746,970	5.96	746,970	-	746,970	5.96	0.00
(b)	Bodies Corporate	5,454,937	-	5,454,937	43.53	5,454,937	-	5,454,937	43.52	-0.01
(c)	Institutions	-	-	-	0.00	-	-	-	0.00	0.00

Cat. Code	Category of Shareholders	No. of Shares held at the beginning of the year 31/03/2017				No. of Shares held at the end of the year 31/03/2018				% 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)
(d)	Qualified Foreign Investor	-	-	-	0.00	-	-	-	0.00	0.00
(e)	Others	-	-	-	0.00	-	-	-	0.00	0.00
	Sub-Total A(2) :	**6,201,907**	**-**	**6,201,907**	**49.49**	**6,201,907**	**-**	**6,201,907**	**49.47**	**-0.01**
	Total A=A(1)+A(2)	**6,227,329**	**-**	**6,227,329**	**49.69**	**6,227,329**	**-**	**6,227,329**	**49.68**	**-0.01**
(B)	PUBLIC SHAREHOLDING									
(1)	INSTITUTIONS									
(a)	Mutual Funds /UTI	-	-	-	0.00	-	-	-	0.00	0.00
(b)	Financial Institutions /Banks	12,901	-	12,901	0.10	9,792	-	9,792	0.08	-0.02
(c)	Central Government / State Government(s)	-	-	-	0.00	-	-	-	0.00	0.00
(d)	Venture Capital Funds	-	-	-	0.00	-	-	-	0.00	0.00
(e)	Insurance Companies	-	-	-	0.00	-	-	-	0.00	0.00
(f)	Foreign Institutional Investors	5,800	-	5,800	0.05	-	-	-	0.00	-0.05
(g)	Foreign Venture Capital Investors	-	-	-	0.00	-	-	-	0.00	0.00
(h)	Qualified Foreign Investor	-	-	-	0.00	-	-	-	0.00	0.00
(i)	Others	-	-	-	0.00	-	-	-	0.00	0.00
	Sub-Total B(1):	**18,701**	**-**	**18,701**	**0.15**	**9,792**	**-**	**9,792**	**0.08**	**-0.07**
(2)	NON-INSTITUTIONS									
(a)	Bodies Corporate	1,116,668	-	1,116,668	8.91	947,828	-	947,828	7.56	-1.35
(b)	Individuals									
	(i) Individuals holding nominal share capital upto Rs.1 lakh	2,112,703	4	2,112,707	16.86	2,093,334	4	2,093,338	16.70	-0.16
	(ii) Individuals holding nominal share capital in excess of Rs.1 lakh	1,379,741	-	1,379,741	11.01	1,627,919	-	1,627,919	12.99	1.98

Cat. Code	Category of Shareholders	No. of Shares held at the beginning of the year 31/03/2017				No. of Shares held at the end of the year 31/03/2018				% 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)
(c)	Others									
	CLEARING MEMBERS	32,618	-	32,618	0.26	43,513	-	43,513	0.35	0.09
	FOREIGN NATIONALS	377,416	-	377,416	3.01	377,416	-	377,416	3.01	0.00
	IEPF	-	-	-	0.00	851	-	851	0.01	0.01
	BODIES CORPORATE	904,274	-	904,274	7.22	843,724	-	843,724	6.73	-0.48
	NBFC	-	-	-	0.00	1,045	-	1,045	0.01	0.01
	NON RESIDENT INDIANS	73,978	67,588	141,566	1.13	37,573	67,588	105,161	0.84	-0.29
	NRI NON-REPATRIATION	221,502	-	221,502	1.77	256,806	-	256,806	2.05	0.28
	TRUSTS	-	-	-	0.00	1,000	-	1,000	0.01	0.01
(d)	Qualified Foreign Investor	-	-	-	0.00	-	-	-	0.00	0.00
	Sub-Total B(2) :	**6,218,900**	**67,592**	**6,286,492**	**50.16**	**6,231,009**	**67,592**	**6,298,601**	**50.25**	**0.08**
	Total B=B(1)+B(2) :	**6,237,601**	**67,592**	**6,305,193**	**50.31**	**6,240,801**	**67,592**	**6,308,393**	**50.32**	**0.01**
	Total (A+B) :	**12,464,930**	**67,592**	**12,532,522**	**100.00**	**12,468,130**	**67,592**	**12,535,722**	**100.00**	**0.00**
(C)	Shares held by custodians, against which									
	Depository Receipts have been issued									
(1)	Promoter and Promoter Group									
(2)	Public-	-	-	0.00	-	-	-	0.00	0.00	
	GRAND TOTAL (A+B+C) :	**12,464,930**	**67,592**	**12,532,522**	**100.00**	**12,468,130**	**67,592**	**12,535,722**	**100.00**	

ii) Shareholding of Promoters/Promoter Group

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	Adesi 234 LLC	30,00,985	23.95	0	30,00,985	23.95	0	0
2	HOF2 LLC	16,67,933	13.31	0	16,67,933	13.31	0	0
3	Stern Capital Partners LLC	6,94,246	5.54	0	6,94,246	5.54	0	0
4	Sunil Vasant Rajadhyaksha	5,88,720	4.7	0	5,88,720	4.7	0	0
5	Surinder Rametra	1,20,000	0.96	0	1,20,000	0.96	0	0
6	Sun Investment Partners LLC	91,773	0.73	0	91,773	0.73	0	0
7	Parvinder S Chadha	38,250	0.31	0	38,250	0.31	0	0
8	Rajadhyaksha Anil Vasant	25,422	0.2	0	25,422	0.2	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):

		Shareholding at the beginning of the Year		Changes during the year			Cumulative Shareholding during the Year	
Sr. No.	Name of the Share Holder	No of Shares	% of total shares of the company	Date	Increase/ Decrease in share holding	Reason	No of Shares	% of total shares of the company
1	Chitale LLC	904274	7.22	31/03/2017			904274	7.22
				08/09/2017	-5000	Transfer	899274	7.18
				15/09/2017	-25000	Transfer	874274	6.98
				13/10/2017	-20000	Transfer	854274	6.81
				15/12/2017	-25000	Transfer	829274	6.62
				31/03/2018			843724	6.73
2	E India Venture Holding Company Ltd	366418	2.92	31/03/2017			366418	2.92
				15/09/2017	-1000	Transfer	365418	2.92
				15/12/2017	-5879	Transfer	359539	2.87
				31/03/2018			359539	2.87
3	Xin Cheng	223950	1.79	31/03/2017			223950	1.79
				31/03/2018			223950	1.79
4	Karan Negi	148817	1.19	31/03/2017			148817	1.19
				31/03/2018			148817	1.19
5	Purvi Prabhatchandra Jain	122080	0.97	31/03/2017			122080	0.97
				30/06/2017	3684	Transfer	125764	1.00
				07/07/2017	4483	Transfer	130247	1.04
				21/07/2017	5674	Transfer	135921	1.08
				08/09/2017	-4	Transfer	135917	1.08
				22/09/2017	8	Transfer	135925	1.08
				15/12/2017	9008	Transfer	144933	1.16
				26/01/2018	216	Transfer	145149	1.16
				02/02/2018	6351	Transfer	151500	1.21
				09/02/2018	77	Transfer	151577	1.21
				16/02/2018	-2850	Transfer	148727	1.19
				02/03/2018	6135	Transfer	154862	1.24
				09/03/2018	2670	Transfer	157532	1.26
				16/03/2018	5389	Transfer	162921	1.30
				23/03/2018	324	Transfer	163245	1.30
				30/03/2018	7674	Transfer	170919	1.36
				31/03/2018			170919	1.36

		Shareholding at the beginning of the Year		Changes during the year			Cumulative Shareholding during the Year	
Sr. No.	Name of the Share Holder	No of Shares	% of total shares of the company	Date	Increase/ Decrease in share holding	Reason	No of Shares	% of total shares of the company
6	Nilesh Chandrakant Shah	50888	0.41	31/03/2017			50888	0.41
				21/04/2017	8949	Transfer	59837	0.48
				28/04/2017	12007	Transfer	71844	0.57
				05/05/2017	2429	Transfer	74273	0.59
				12/05/2017	14670	Transfer	88943	0.71
				19/05/2017	4717	Transfer	93660	0.75
				23/06/2017	500	Transfer	94160	0.75
				28/07/2017	500	Transfer	94660	0.76
				11/08/2017	520	Transfer	95180	0.76
				18/08/2017	1000	Transfer	96180	0.77
				26/01/2018	391	Transfer	96571	0.77
				02/02/2018	267	Transfer	96838	0.77
				09/02/2018	1005	Transfer	97843	0.78
				31/03/2018			98143	0.78
7	Ronald C Cogburn	88978	0.71	31/03/2017			88978	0.71
				31/03/2018			88978	0.71
8	Rishi Rajendra Shah	0	0.00	31/03/2017			0	0.00
				08/09/2017	50	Transfer	50	0.00
				15/09/2017	-50	Transfer	0	0.00
				17/11/2017	20000	Transfer	20000	0.16
				15/12/2017	13500	Transfer	33500	0.27
				22/12/2017	2000	Transfer	35500	0.28
				09/02/2018	5721	Transfer	41221	0.33
				16/02/2018	3050	Transfer	44271	0.35
				23/02/2018	6400	Transfer	50671	0.40
				02/03/2018	4000	Transfer	54671	0.44
				09/03/2018	3500	Transfer	58171	0.46
				16/03/2018	19001	Transfer	77172	0.62
				23/03/2018	8500	Transfer	85672	0.68
				31/03/2018	941	Transfer	86613	0.69
				31/03/2018			86613	0.69

		Shareholding at the beginning of the Year		Changes during the year			Cumulative Shareholding during the Year	
Sr. No.	Name of the Share Holder	No of Shares	% of total shares of the company	Date	Increase/ Decrease in share holding	Reason	No of Shares	% of total shares of the company
9	Motilal Oswal Securities Ltd	5584	0.04	31/03/2017			5584	0.04
				07/04/2017	517	Transfer	6101	0.05
				07/04/2017	-2917	Transfer	3184	0.03
				14/04/2017	4306	Transfer	7490	0.06
				14/04/2017	-1896	Transfer	5594	0.04
				21/04/2017	2180	Transfer	7774	0.06
				21/04/2017	-2314	Transfer	5460	0.04
				28/04/2017	1256	Transfer	6716	0.05
				28/04/2017	-4881	Transfer	1835	0.01
				05/05/2017	7352	Transfer	9187	0.07
				05/05/2017	-232	Transfer	8955	0.07
				12/05/2017	310	Transfer	9265	0.07
				12/05/2017	-6023	Transfer	3242	0.03
				19/05/2017	15880	Transfer	19122	0.15
				19/05/2017	-916	Transfer	18206	0.15
				26/05/2017	1689	Transfer	19895	0.16
				26/05/2017	-15515	Transfer	4380	0.03
				02/06/2017	6481	Transfer	10861	0.09
				02/06/2017	-94	Transfer	10767	0.09
				09/06/2017	15142	Transfer	25909	0.21
				09/06/2017	-799	Transfer	25110	0.20
				16/06/2017	-11623	Transfer	13487	0.11
				23/06/2017	7977	Transfer	21464	0.17
				30/06/2017	60	Transfer	21524	0.17
				30/06/2017	-1048	Transfer	20476	0.16
				07/07/2017	49	Transfer	20525	0.16
				07/07/2017	-6093	Transfer	14432	0.12
				14/07/2017	1539	Transfer	15971	0.13
				14/07/2017	-6713	Transfer	9258	0.07
				21/07/2017	2298	Transfer	11556	0.09
				21/07/2017	-1345	Transfer	10211	0.08
				28/07/2017	398	Transfer	10609	0.08
				28/07/2017	-527	Transfer	10082	0.08

		Shareholding at the beginning of the Year		Changes during the year			Cumulative Shareholding during the Year	
Sr. No.	Name of the Share Holder	No of Shares	% of total shares of the company	Date	Increase/ Decrease in share holding	Reason	No of Shares	% of total shares of the company
				04/08/2017	3994	Transfer	14076	0.11
				04/08/2017	-3829	Transfer	10247	0.08
				11/08/2017	37	Transfer	10284	0.08
				11/08/2017	-1577	Transfer	8707	0.07
				18/08/2017	1294	Transfer	10001	0.08
				18/08/2017	-125	Transfer	9876	0.08
				25/08/2017	42	Transfer	9918	0.08
				25/08/2017	-1358	Transfer	8560	0.07
				01/09/2017	30	Transfer	8590	0.07
				01/09/2017	-50	Transfer	8540	0.07
				08/09/2017	21135	Transfer	29675	0.24
				15/09/2017	5147	Transfer	34822	0.28
				15/09/2017	-975	Transfer	33847	0.27
				22/09/2017	8641	Transfer	42488	0.34
				22/09/2017	-26219	Transfer	16269	0.13
				06/10/2017	19478	Transfer	35747	0.29
				13/10/2017	627	Transfer	36374	0.29
				13/10/2017	-2998	Transfer	33376	0.27
				20/10/2017	706	Transfer	34082	0.27
				20/10/2017	-194	Transfer	33888	0.27
				27/10/2017	1590	Transfer	35478	0.28
				27/10/2017	-842	Transfer	34636	0.28
				31/10/2017	5011	Transfer	39647	0.32
				31/10/2017	-5029	Transfer	34618	0.28
				03/11/2017	11457	Transfer	46075	0.37
				03/11/2017	-16	Transfer	46059	0.37
				10/11/2017	10546	Transfer	56605	0.45
				10/11/2017	-4913	Transfer	51692	0.41
				17/11/2017	7036	Transfer	58728	0.47
				17/11/2017	-2229	Transfer	56499	0.45
				24/11/2017	2401	Transfer	58900	0.47
				24/11/2017	-4946	Transfer	53954	0.43
				01/12/2017	22973	Transfer	76927	0.61

		Shareholding at the beginning of the Year		Changes during the year			Cumulative Shareholding during the Year	
Sr. No.	Name of the Share Holder	No of Shares	% of total shares of the company	Date	Increase/ Decrease in share holding	Reason	No of Shares	% of total shares of the company
				01/12/2017	-1530	Transfer	75397	0.60
				08/12/2017	10912	Transfer	86309	0.69
				08/12/2017	-506	Transfer	85803	0.68
				15/12/2017	8019	Transfer	93822	0.75
				15/12/2017	-32610	Transfer	61212	0.49
				22/12/2017	33430	Transfer	94642	0.75
				22/12/2017	-9665	Transfer	84977	0.68
				29/12/2017	640	Transfer	85617	0.68
				29/12/2017	-6242	Transfer	79375	0.63
				05/01/2018	-2763	Transfer	76612	0.61
				12/01/2018	1558	Transfer	78170	0.62
				12/01/2018	-1471	Transfer	76699	0.61
				19/01/2018	22332	Transfer	99031	0.79
				19/01/2018	-22877	Transfer	76154	0.61
				26/01/2018	134	Transfer	76288	0.61
				26/01/2018	-303	Transfer	75985	0.61
				02/02/2018	-1690	Transfer	74295	0.59
				09/02/2018	215	Transfer	74510	0.59
				09/02/2018	-6231	Transfer	68279	0.54
				16/02/2018	1684	Transfer	69963	0.56
				16/02/2018	-225	Transfer	69738	0.56
				23/02/2018	1986	Transfer	71724	0.57
				23/02/2018	-7564	Transfer	64160	0.51
				02/03/2018	29	Transfer	64189	0.51
				02/03/2018	-2916	Transfer	61273	0.49
				09/03/2018	2046	Transfer	63319	0.51
				09/03/2018	-25756	Transfer	37563	0.30
				16/03/2018	120	Transfer	37683	0.30
				16/03/2018	-5096	Transfer	32587	0.26
				23/03/2018	6160	Transfer	38747	0.31
				23/03/2018	-135	Transfer	38612	0.31
				30/03/2018	9972	Transfer	48584	0.39
				30/03/2018	-100	Transfer	48484	0.39
				31/03/2018	15362	Transfer	63846	0.51
				31/03/2018			85835	0.68

		Shareholding at the beginning of the Year		Changes during the year			Cumulative Shareholding during the Year	
Sr. No.	Name of the Share Holder	No of Shares	% of total shares of the company	Date	Increase/ Decrease in share holding	Reason	No of Shares	% of total shares of the company
10	Indianivesh Securities Limited	16175	0.13	31/03/2017			16175	0.13
				07/04/2017	-12125	Transfer	4050	0.03
				14/04/2017	5	Transfer	4055	0.03
				21/04/2017	-4005	Transfer	50	0.00
				28/04/2017	112000	Transfer	112050	0.89
				28/04/2017	-50	Transfer	112000	0.89
				12/05/2017	100	Transfer	112100	0.89
				19/05/2017	550	Transfer	112650	0.90
				26/05/2017	-650	Transfer	112000	0.89
				02/06/2017	3600	Transfer	115600	0.92
				09/06/2017	-50600	Transfer	65000	0.52
				23/06/2017	50100	Transfer	115100	0.92
				30/06/2017	-3100	Transfer	112000	0.89
				07/07/2017	-112000	Transfer	0	0.00
				14/07/2017	54000	Transfer	54000	0.43
				28/07/2017	-191	Transfer	53809	0.43
				04/08/2017	201	Transfer	54010	0.43
				11/08/2017	-54000	Transfer	10	0.00
				18/08/2017	-10	Transfer	0	0.00
				22/09/2017	4000	Transfer	4000	0.03
				06/10/2017	5904	Transfer	9904	0.08
				13/10/2017	-9000	Transfer	904	0.01
				20/10/2017	-5904	Transfer	-5000	-0.04
				31/10/2017	200	Transfer	-4800	-0.04
				03/11/2017	10203	Transfer	5403	0.04
				17/11/2017	17215	Transfer	22618	0.18
				08/12/2017	27418	Transfer	50036	0.40
				08/12/2017	-27418	Transfer	22618	0.18
				22/12/2017	1700	Transfer	24318	0.19
				05/01/2018	-1100	Transfer	23218	0.19
				19/01/2018	35000	Transfer	58218	0.46
				19/01/2018	-800	Transfer	57418	0.46
				02/02/2018	57177	Transfer	114595	0.91

		Shareholding at the beginning of the Year		Changes during the year			Cumulative Shareholding during the Year	
Sr. No.	Name of the Share Holder	No of Shares	% of total shares of the company	Date	Increase/ Decrease in share holding	Reason	No of Shares	% of total shares of the company
				02/02/2018	-27418	Transfer	87177	0.70
				09/02/2018	27418	Transfer	114595	0.91
				09/02/2018	-27388	Transfer	87207	0.70
				16/02/2018	120	Transfer	87327	0.70
				23/02/2018	-150	Transfer	87177	0.70
				09/03/2018	900	Transfer	88077	0.70
				16/03/2018	-900	Transfer	87177	0.70
				23/03/2018	26	Transfer	87203	0.70
				23/03/2018	-9200	Transfer	78003	0.62
				30/03/2018	27603	Transfer	105606	0.84
				30/03/2018	-25800	Transfer	79806	0.64
				31/03/2018			84806	0.68

v) Shareholding of Directors and Key Managerial Personnel:

		Shareholding at the beginning of the Year		Changes during the year			Cumulative Shareholding during the Year	
Sr. No.	Name of the Share Holder	No of Shares	% of total shares of the company	Date	Increase/ Decrease in share holding	Reason	No of Shares	% of total shares of the company
1	Baldev Raj Gupta	8,000	0.06	31-03-17			8,000	0.06
				29-12-17	-896	Sale	7,104	0.06
				26-01-18	-204	Sale	6,900	0.06
				31-03-18			6,900	0.06
2	Harish Pishorilal Bhasin	8,000	0.06	31-03-17			8,000	0.06
				03-11-17	-500	Sale	7,500	0.06
				08-12-17	-1000	Sale	6,500	0.05
				15-12-17	-470	Sale	6,030	0.05
				31-03-18			6,030	0.05
3	Sunil Rajadhyaksha	588,720	4.7	31-03-17	No change during the year		588,72	4.69
				31-03-18			588,72	4.69

		Shareholding at the beginning of the Year		Changes during the year			Cumulative Shareholding during the Year	
Sr. No.	Name of the Share Holder	No of Shares	% of total shares of the company	Date	Increase/ Decrease in share holding	Reason	No of Shares	% of total shares of the company
4	Surinder Rametra	120,000	0.96	31-03-17	No change during the year		120,00	0.96
				31-03-18			120,00	0.96
5	Vikram Negi	63,556	0.51	31-03-17	No change during the year		63,556	0.51
				31-03-18			63,556	0.51
6	Lakshmi Kumar	0	0		No change during the year			0
7	Rohit Jain	0	0		No change during the year			0
8	Nilesh Jain	3,000	0.02	31-03-17	No change during the year		3,000	0.02
				31-03-18			3,000	0.02
9	Bhuvanesh Sharma	500	0	31-03-17	No change during the year		500	0
				31-03-18			500	0

V. INDEBTEDNESS

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

(Amount in Thousands)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indeb-tedness
Indebtedness at the beginning of the financial year as at April 1, 2017				
i) Principal Amount*	60,436	-	-	60,436
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	409	-	-	409
Total (i+ii+iii)	60,845	**-**	**-**	60,845
Change in Indebtedness during the financial year				
* Addition	-	-	-	-
* Reduction	8,241	-	-	8,241
Net Change	8,241	**-**	**-**	8,241
Indebtedness at the end of the financial year as at March 31, 2018				
i) Principal Amount*	52,195	-	-	52,195
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	342	-	-	342
Total (i+ii+iii)	52,537	**-**	**-**	52,537

***** *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 Lakhs)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		Mr. Sunil Rajadhyaksha WTD	Mr. Vikram Negi WTD	Mr. Surinder Rametra WTD	
1	Gross salary	48.00	-	-	48.00
	(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)	48.00	-	-	48.00
	Ceiling as per the Act				NA

B. Remuneration to other Directors

(Amount in Lakhs)

Sr. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Baldev Raj Gupta	Harish Bhasin	Lakshmi Kumar	Rohit Jain	
1	Independent Directors					
	Fee for attending board committee meetings	5.40	5.40	3.60	0.50	14.90
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (1)	**5.40**	**5.40**	**3.60**	**0.50**	**14.90**
2	Other Non-Executive Directors	NA	NA	NA	NA	NA
	Fee for attending board committee meetings	-	-	-	-	-
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (2)	**-**	**-**	**-**	**-**	**-**
	Total (B)=(1+2)	**5.40**	**5.40**	**3.60**	**0.50**	**14.90**
	Total Managerial Remuneration	NIL	NIL	NIL	NIL	NIL
	Overall Ceiling as per the Act					NA

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

(Amount in Lakhs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Mr. Bhuvanesh Sharma CS	Mr. Nilesh Bafna CFO*	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	26.96	14.41	41.37
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.32	0.19	0.51
	(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, car rentals	3.44	2.16	5.60
	Total	**30.72**	**16.61**	**47.33**

**Effective from September 1, 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 AUDITORS' REPORT

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") and its subsidiaries (collectively referred to as 'the Group'), which comprise the Consolidated Balance Sheet as at 31st March, 2018, the Consolidated Statement of Profit and Loss (including other comprehensive income),the consolidated statement of changes in equity and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

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 including other comprehensive income, changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards (Ind AS) 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,

(i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2018;

(ii) in the case of the Consolidated Statement of Profit and Loss, of the profit including other comprehensive income of the Group for the year ended on that date,

(iii) in the case of the Consolidated Statement of Changes of Equity ,of the changes in equity for the year ended on that date, and

(iv) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Other Matters:

(a) Opening balances have been considered based on the audited consolidated financial statements prepared under previous Generally Accepted Accounting Practices (Previous GAAP) issued by the other auditors whose un-qualified audit report dated May 29, 2017 have been furnished to us. The differences arising from transition from previous GAAP to Ind AS have been derived from such audited consolidated financial statements.

(b) We did not audit the financial statements of two subsidiaries, whose financial statements reflect total assets of Rs. 59,682 thousands as at March 31, 2018, total revenues of Rs. 10,541 thousands and net loss of Rs. 24,877 thousands for the year ended March 31, 2018, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

(c) The consolidated financial statements do not include the Group's share of profit or loss for the period from January 1, 2017 to July 12, 2017 (being effective date of transfer on which the Group ceases to have significant influence) in respect of an associate as the same was not prepared in view of the business combination. (Refer note 5.1).

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, consolidated statement of changes in Equity 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, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 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 does not have pending litigations which would impact its consolidated financial position. (Refer Note 37).

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

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

For BAGARIA and CO. LLP
Chartered Accountants
FRN - 113447W

Vinay Somani
Partner
M. No. 143503

Place: Vashi
Date: May 29 , 2018

'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 relied upon other auditors whose audited reports have been furnished to us by the Management for subsidiary incorporated in India (collectively referred to as 'the Group') as of March 31, 2018 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 broadly, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For BAGARIA and CO. LLP
Chartered Accountants
FRN - 113447W

Vinay Somani
Partner
M. No. 143503

Place: Vashi
Date: May 29, 2018

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2018

(Amounts in Thousands)

Particulars	Note No	As At March 31, 2018	As At March 31, 2017	As At April 1, 2016
Assets				
Non-current assets				
Property, plant and equipment	2	13,882	16,806	21,715
Investment property	3	93,277	95,158	97,039
Intangible assets	4	238	6,312	9,224
Goodwill on Consolidation		-	38	38
Financial assets				
Investment in associate	5	-	2,03,197	32,28,063
Other investment	5	98,72,426	-	-
Other financial assets	6	1,476	1,468	3,769
Income tax assets	7	2,147	4,145	5,964
Deferred tax assets	8	19,863	21,858	23,353
Other non-current assets	9	674	899	1,124
Total non-current assets		**1,00,03,983**	**3,49,881**	**33,90,289**
Current assets				
Financial assets				
Trade receivables	10	43,125	43,381	52,396
Cash & cash equivalents	11	49,656	23,074	12,205
Other bank balances	12	8,777	87,154	87,201
Other financial assets	13	3,901	11,580	9,640
Other current assets	14	4,251	9,444	25,564
Total current assets		**1,09,711**	**1,74,633**	**1,87,006**
Total assets		**1,01,13,693**	**5,24,514**	**35,77,295**
Equity and liabilities				
Equity				
Equity share capital	15	1,25,357	1,25,325	1,25,325
Other equity		70,37,604	2,14,996	32,49,182
Total equity		**71,62,961**	**3,40,321**	**33,74,507**
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	16	42,832	52,321	60,581
Deferred Tax Liabilities	17	28,71,072	-	-
Total non-current liabilities		**29,13,904**	**52,321**	**60,581**
Current liabilities				
Financial liabilities				
Borrowings	18	-	68,140	65,771
Trade payables	19	8,641	10,329	11,367
Other financial liabilities	20	14,616	45,319	52,150
Other current liabilities	21	4,099	2,295	7,775
Provisions	22	5,915	5,789	5,144
Current tax liabilities	23	3,557	-	-
Total current liabilities		**36,828**	**1,31,872**	**1,42,207**
Total equity and liabilities		**1,01,13,693**	**5,24,514**	**35,77,295**
Significant accounting policies	1			
The accompanying notes are an integral part of the consolidated financial statements				

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

Vinay Somani
Partner
M. No. 143503

Place : Vashi
Date : May 29, 2018

For and on behalf of the Board

Sunil Rajadhyaksha
Chairman & Executive Director
(DIN:00011683)

Surinder Rametra
Executive Director
(DIN:00019714)

Vikram Negi
Executive Director
(DIN:01639441)

Bhuvanesh Sharma
VP-Corporate Affairs &
Company Secretary

Nilesh Bafna
Chief Financial Officer

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

(Amounts in Thousands)

Particulars	Note No.	For the year ended March 31, 2018	For the year ended March 31, 2017
Income			
Revenue from operations	24	1,35,995	1,54,321
Other income	25	42,032	10,079
Total Income		**1,78,027**	**1,64,400**
Expenditure			
Employee benefits expense	26	91,196	1,00,584
Finance Cost	27	2,542	6,227
Depreciation and amortisation expenses	2,4	10,662	8,540
Other expenses	28	42,802	52,946
Total Expenditure		**1,47,202**	**1,68,297**
Profit before exceptional items		**30,825**	**(3,897)**
Exceptional items	43	(38)	-
Profit/(loss) before tax		**30,787**	**(3,897)**
Tax expense	29		
Current tax		(5,710)	(5,900)
Deferred tax		(1,295)	3
Profit/(loss) after tax		**23,782**	**(9,794)**
Share of Profit/(Loss) from an associate		-	(14,45,791)
Profit/(Loss) for the year		**23,782**	**(14,55,585)**
Other comprehensive income (OCI)			
Items that will not be reclassified to profit or loss			
Gain on Remeasurement of net defined benefit plans		170	435
Profit on divestment of stake in an associate in Business Combination		1,35,14,614	-
Changes in fair value of FVOCI equity instruments	5	(45,42,515)	-
Tax impact on above		(28,71,119)	(130)
Total other comprehensive income		**61,01,150**	**305**
Total comprehensive income		**61,24,932**	**(14,55,280)**
Earnings per share	36		
Basic & diluted Earning Per Share (Face value of Rs. 10 each) :			
Before exceptional items		1.90	(116.14)
After exceptional items		1.90	(116.14)
Significant accounting policies	1		
The accompanying notes are an integral part of the consolidated financial statements.			

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

Vinay Somani
Partner
M. No. 143503

Place : Vashi
Date : May 29, 2018

For and on behalf of the Board

Sunil Rajadhyaksha
Chairman & Executive Director
(DIN:00011683)

Surinder Rametra
Executive Director
(DIN:00019714)

Vikram Negi
Executive Director
(DIN:01639441)

Bhuvanesh Sharma
VP-Corporate Affairs &
Company Secretary

Nilesh Bafna
Chief Financial Officer

Consolidated Statement of Changes in Equity for the year ended March 31, 2018

(Amounts in Thousands)

EQUITY SHARE CAPITAL :

Particular	Balance as at April 1st, 2016	Changes in equity share capital during the year	Balance as at March 31st, 2017	Changes in equity share capital during the year	Balance as at March 31st, 2018
EQUITY SHARE CAPITAL	**1,25,325**	-	**1,25,325**	**32**	**1,25,357**

OTHER EQUITY :

Particulars	Reserve and Surplus						Other Comprehensive Income		Total
	Securities Premium Reserve on issue of equity shares	Capital Redemption Reserve-created on Buyback of equity shares	Capital reserve arising on consoli-dation	General Reserve transferred from retained earnings	Retained earnings	Foreign Exchange Translation Reserve-arising on translation of foreign operations	Remeasure-ments of net defined benefit plans	Equity Instruments	
Balances as at April 1, 2016	**6,24,339**	**630**	**72,68,165**	**19,541**	**(45,32,609)**	**(1,30,884)**		-	**32,49,182**
Profit/(Loss) for the year before OCI	-	-	-	-	(14,55,585)	-		-	(14,55,585)
Addition/(deletion) during the year	-	-	-	-	-	1,39,690			1,39,690
Other Comprehensive Income for the year	-	-	-	-	-	-	304		304
Equity adjustment to carrying value of investment in an associate	-	-	(17,18,597)	-	-	-		-	(17,18,597)
Balance as at March 31, 2017	**6,24,339**	**630**	**55,49,568**	**19,541**	**(59,88,194)**	**8,807**	**304**	**-**	**2,14,996**
Balance as at March 31, 2017	**6,24,339**	**630**	**55,49,568**	**19,541**	**(59,88,194)**	**8,807**	**304**	**-**	**2,14,996**
On allotment of equity shares under ESOP	309	-	-	-	-	-		-	309
Profit for the year before OCI	-	-	-	-	23,782	-		-	23,782
Addition/(deletion) during the year	-	-	-	-	-	238			238
Other Comprehensive Income for the year	-	-	-	-	-	-	123	61,01,028	61,01,150
Adjusted on divestment of an associate (Refer note 5)	-	-	(55,49,568)	-	62,46,697	-		-	6,97,129
Balance as at March 31, 2018	**6,24,648**	**630**	**-**	**19,541**	**2,82,285**	**9,045**	**427**	**61,01,028**	**70,37,604**
Significant accounting policies									
The accompanying notes are an integral part of the consolidated financial statements									

As per our report of even date

For **Bagaria and Co. LLP**
FRN - 113447W
Chartered Accountants

Vinay Somani
Partner
M. No. 143503

Place : Vashi
Date : May 29, 2018

For and on behalf of the Board

Sunil Rajadhyaksha
Chairman & Executive Director
(DIN:00011683)

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Vikram Negi
Executive Director
(DIN:01639441)

Bhuvanesh Sharma
VP-Corporate Affairs &
Company Secretary

Nilesh Bafna
Chief Financial Officer

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

(Amounts in Thousands)

		For the year ended March 31, 2018	For the year ended March 31, 2017
A	**Cash flow from Operating Activities:**		
	Net profit/(loss) before tax & before exceptional items	30,825	(3,897)
	Add: Adjustments for :		
	Depreciation & amortisation	12,543	10,421
	Loss on sale of Property, plant and equipment	127	-
	Interest income	(5,705)	(8,214)
	Rent income (net)	(2,463)	(1,356)
	Finance cost	2,542	6,227
	Excess provision/ Sundry Balances written back	(33,864)	-
	Foreign exchange (gain)/loss, net	549	240
	Operating profit before working capital changes	**4,554**	**3,421**
	Adjustments for changes in working capital :		
	Increase/(decrease) in trade receivable	2,259	12,956
	Increase/(decrease) in other receivables	91,586	14,974
	Increase/(decrease) in trade and other payable	49	(15,502)
	Cash generated from operations	**98,449**	**15,849**
	Taxes paid (net of refund)	498	(3,302)
	Net cash from/(used in) operating activities - A	**98,946**	**12,547**
B	**Cash flow from investing activities:**		
	Purchase of property, plant and equipment	(2,599)	(96)
	Sale of property, plant and equipment	775	-
	Rent income received (Net)	2,463	1,356
	Interest income	5,705	8,214
	Net cash from/(used in) investing activities - B	**6,344**	**9,474**
C	**Cash flow from financing activities:**		
	Finance cost	(2,542)	(6,227)
	Proceeds from issue of equity shares	341	-
	Proceeds/(repayments) of borrowings- net	(76,507)	(4,926)
	Net cash from/(used in) financing activities - C	**(78,708)**	**(11,152)**
	Net increase/(decrease) in cash and cash equivalents (A+B+C)	26,582	10,869
	Opening cash and cash equivalents	23,074	12,205
	Closing cash and cash equivalents	**49,656**	**23,074**
	Notes :	-	-

1 Divestment of stake in an associate and Business combination is non cash transaction and hence not reflected in above cash flow statement

2 Cash Flow from financing activities

Particulars	**Current borrowings**	**Long Term borrowings**
Balance as at April 1, 2016	**65,771**	**67,857**
Loan Taken / repaid	2,369	(7,295)
Balance as at March 31, 2017	**68,140**	**60,561**
Loan Taken / repaid	(68,140)	(8,366)
Balance as at March 31, 2018	**-**	**52,195**

As per our report of even date

For **Bagaria and Co. LLP**
FRN - 113447W
Chartered Accountants

Vinay Somani
Partner
M. No. 143503

Place : Vashi
Date : May 29, 2018

For and on behalf of the Board

Sunil Rajadhyaksha
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(DIN:01639441)

Bhuvanesh Sharma
VP-Corporate Affairs &
Company Secretary

Nilesh Bafna
Chief Financial Officer

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

1. SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES

Group Overview:

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.

The Consolidated Financial Statements relate to HOV Services Limited, (The Parent Group) and its subsidiaries, step down subsidiaries and associate. The name, country of incorporation and proportion of ownership interest are as under:

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, 2018	As at March 31, 2017
Subsidiaries :			
HOVS Holdings Limited	Hong Kong	100	100
HOVS, LLC	USA	100	100
HOV Environment LLC (Subsidiary of HOVS LLC)	USA	61.10	61.10
HOV Environment Solutions Private Limited (Wholly owned Subsidiary of HOV Environment LLC)	India	61.10	61.10
Associate :			
SourceHOV Holdings Inc.	USA	-	44.8

1.1 BASIS OF ACCOUNTING

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

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

- Certain financial assets and liabilities are measured at Fair value (refer accounting policy on financial instruments - Refer note 1.8 below

- Defined Benefit and other Long term Employee Benefits - Refer note 1.9 below

1.2 USE OF ESTIMATES AND JUDGEMENTS

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

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

All the assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle of twelve months and other criteria set out in Schedule III to the Companies Act, 2013.

1.3 **BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS**

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries and associates. The Parent Company prepares and report its consolidated financial statements in INR.

Subsidiaries:

Subsidiaries are all entities over which the group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

The group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of controls. Consolidation of a subsidiary begins when the group obtains control over the subsidiary and ceases when the group loses control of the subsidiary.

Consolidation procedure:

Subsidiary:

a) Combine, on line by line basis like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31 March. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Investment in Associate

Investment in associate is accounted for using the 'equity method' less accumulated impairment, if any.

Goodwill

Goodwill arising on an acquisition of a business is initially recognized at cost at the date of acquisition. After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any.

1.4 PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS

Property, Plant and Equipment

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

Intangible Assets

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

Depreciation/amortisation:

Parent and Indian Subsidiaries

a) Tangible Assets - Depreciation on property, plant and equipment 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.

Foreign Subsidiaries

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

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

1.5 IMPAIRMENT OF NON FINANCIAL ASSETS

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

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

1.6 REVENUE RECOGNITION

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

Rendering of services:

Revenue from sale of services are recognized when the services are rendered.

Other Income

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

1.7 FINANCIAL INSTRUMENTS

Financial assets - Initial recognition

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

Subsequent measurement

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

(a) the entity's business model for managing the financial assets and

(b) the contractual cash flow characteristics of the financial asset.

(a) Measured at amortised cost:

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

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

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

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

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

Equity Instruments:

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

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

Impairment

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

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

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

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

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

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

De-recognition

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

Financial Liabilities:

Initial Recognition and measurement

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

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

Subsequent measurement

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

Loans & Borrowings:

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

Financial Guarantee Contracts

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

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

De-recognition

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

Derivative financial instruments & hedge accounting

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

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

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

Cash flows hedge that qualify for the hedge accounting

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

Offsetting of financial instruments

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

1.8 FAIR VALUE MEASUREMENT:

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

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

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

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

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

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

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

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

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

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

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

1.9 EMPLOYEE BENEFITS

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

(a) Defined benefit plans such a gratuity and

(b) Defined contribution plans such as Provident fund

a) Defined-benefit plan:

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plan is the present value of defined benefit obligations at the end of the reporting period less fair value of plan assets. The defined benefit obligations is calculated annually by actuaries through actuarial valuation using the projected unit credit method.

The Group recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

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

(b) Net interest expense or income

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and fair value of plan assets. This cost is included in employee benefit expenses in the statement of the profit & loss.

Re-measurement comprising of actuarial gains and losses arising from

(a) Re-measurement of Actuarial(gains)/losses

(b) Return on plan assets, excluding amount recognized in effect of asset ceiling

(c) Re-measurement arising because of change in effect of asset ceiling

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

Ind AS 19 requires the exercise of judgment in relation to various assumptions including future pay rises, inflation and discount rates and employee and pensioner demographics. The Group determines the assumptions in conjunction with its actuaries, and believes these assumptions to be in line with best practice, but the application of different assumptions could have a

significant effect on the amounts reflected in the income statement, other comprehensive income and balance sheet. There may be also interdependency between some of the assumptions.

b) Defined-contribution plan:

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

c) Other employee benefits:

(a) Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the obligation as at the Balance sheet date determined based on an actuarial valuation.

(b) Undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the period when the employee renders the related services.

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

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

1.10 LEASES

A lease is classified at the inception date as a finance lease or an operating lease. Leases under which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss

Other leases are treated as operating leases, with payments are recognised as expense in the statement of profit & loss on a straight-line basis over the lease term.

1.11 FOREIGN CURRENCY TRANSACTIONS

a) Initial Recognition

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

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

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

c) Foreign currency translation

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

1.12 TAXES ON INCOME

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

Current tax is based on taxable profit for the year. Taxable profit is different from accounting profit due to temporary differences between accounting and tax treatments, and due to items that are never taxable or tax deductible. Tax provisions are included in current liabilities. Interest and penalties on tax liabilities are provided for in the tax charge. The Group offsets, the current tax assets and liabilities (on a year on year basis) where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis or to realise the assets and liabilities on net basis.

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

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

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

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

1.13 PROVISIONS AND CONTINGENCIES

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

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

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

1.14 CASH AND CASH EQUIVALENTS

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

1.15 CASH FLOW STATEMENT

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

1.16 BORROWING COST

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

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

1.17 EARNINGS PER SHARE

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

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

1.18 SEGMENT REPORTING

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

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

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

1.19 EXCEPTIONAL ITEMS

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

Recent Accounting pronouncements

Ind AS 115, Revenue from Contract with Customers

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers effective from April 1, 2018. The core principle of the new standard is that an entity should recognize revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service (ie an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

Control of an asset refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset. Control includes the ability to prevent other entities from directing the use of, and obtaining the benefits from, an asset.

Ind AS 21, Foreign currency transactions

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 effective from April 1, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

2

Property, Plant and Equipment	Plant & Equipment	Computers	Furniture and Fixtures	Vehicles	Office Equipment	Total
Gross carrying amount						
Balance as at April 1, 2016	**18,288**	**1,272**	**153**	**1,679**	**323**	**21,715**
Additions	-	-	-	-	-	-
Deductions/ Adjustment	(37)	-	-	-	-	(37)
Balance as at March 31, 2017	**18,251**	**1,272**	**153**	**1,679**	**323**	**21,678**
Accumulated Depreciation						
Balance as at April 1, 2016	**-**	**-**	**-**	**-**	**-**	**-**
Additions	4,640	561	23	304	114	5,642
Deductions/ Adjustment	(770)	-	-	-	-	(770)
Balance as at March 31, 2017	**3,870**	**561**	**23**	**304**	**114**	**4,872**
Net carrying amount as at April 1, 2016	**18,288**	**1,272**	**153**	**1,679**	**323**	**21,715**
Net carrying amount as at March 31, 2017	**14,381**	**711**	**130**	**1,375**	**209**	**16,806**
Gross carrying amount						
Balance as at March 31, 2017	**18,251**	**1,272**	**153**	**1,679**	**323**	**21,678**
Additions	-	-	-	2,545	54	2,599
Deductions/ Adjustment	5	-	-	(1,095)	-	(1,090)
Balance as at March 31, 2018	**18,256**	**1,272**	**153**	**3,129**	**377**	**23,187**
Accumulated Depreciation						
Balance as at March 31, 2017	**3,870**	**561**	**23**	**304**	**114**	**4,872**
Additions	3,868	256	23	375	100	4,622
Deductions/ Adjustment	5	-	-	(194)	-	(189)
Balance as at March 31, 2018	**7,743**	**817**	**46**	**485**	**215**	**9,305**
Net carrying amount as at March 31, 2017	**14,381**	**711**	**130**	**1,375**	**209**	**16,806**
Net carrying amount as at March 31, 2018	**10,513**	**455**	**108**	**2,644**	**163**	**13,882**

3

Particular	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Investment property			
Investment property (at cost)			
Leasehold office premises*	1,03,467	1,03,467	1,03,467
Less : Accumulated amortisation :			
Opening balance	8,309	6,428	4,547
Add : Amortisation for the year	1,881	1,881	1,881
Total Accumulated amortisation	10,190	8,309	6,428
Total	**93,277**	**95,158**	**97,039**

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(Amounts in Thousands)

4	Intangible Assets	Software Product*	Other Softwares	Goodwill	Total
	Gross carrying amount				
	Balance as at April 1, 2016	**400**	**1,027**	**7,797**	**9,224**
	Additions	-	96	-	96
	Deductions/ Adjustment	-	-	(176)	(176)
	Balance as at March 31, 2017	**400**	**1,123**	**7,621**	**9,144**
	Accumulated Depreciation				
	Balance as at April 1, 2016	**-**	**-**	**-**	**-**
	Additions	400	527	1,971	2,898
	Deductions/ Adjustment	-	-	(66)	(66)
	Balance as at March 31, 2017	**400**	**527**	**1,905**	**2,832**
	Net carrying amount as at April 1, 2016	**400**	**1,027**	**7,797**	**9,224**
	Net carrying amount as at March 31, 2017	**0**	**596**	**5,716**	**6,312**
	Gross carrying amount				
	Balance as at March 31, 2017	**400**	**1,123**	**7,621**	**9,144**
	Additions	-	-	-	-
	Deductions/ Adjustment	-	-	24	24
	Balance as at March 31, 2018	**400**	**1,123**	**7,646**	**9,168**
	Accumulated Depreciation				
	Balance as at March 31, 2017	**400**	**527**	**1,905**	**2,832**
	Additions	-	358	5,682	6,040
	Deductions/ Adjustment	-		58	58
	Balance as at March 31, 2018	**400**	**885**	**7,645**	**8,930**
	Net carrying amount as at March 31, 2017	**0**	**596**	**5,716**	**6,312**
	Net carrying amount as at March 31, 2018	**0**	**238**	**0**	**238**

*meant for license sale or otherwise

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(Amounts in Thousands)

	Particular	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
5	**Investments non current**			
	Trade - Unquoted			
	Investment in associate			
	- SourceHOV Holdings Inc, USA			
	No of Shares		64,715	64,715
	% of Holding		44.8%	44.8%
	Value of investment on the date of investment		58,33,760	58,33,760
	Add/(Less): Share of Profit/(Loss) from an associate		(42,27,708)	(27,81,917)
	Add/(Less): Equity adjustments for actuarial losses etc		(18,44,797)	(2,35,952)
	Add/(Less): Foreign exchange variation		4,41,942	4,12,172
	Investment in associate as on date of divestments	2,03,197	2,03,197	32,28,063
	Less : carrying value transferred to other investment on divestments	(2,03,197)	-	-
	Total value of investment in associate	**-**	**2,03,197**	**32,28,063**
	Other Investment (FVOCI)			
	Trade - Quoted (Listed on Nasdaq)			
	In Equity instruments			
	- Exela Technologies, Inc - USA*			
	No of Shares	3,13,90,646		
	% of Holding	19.98%		
	Fair value of investment acquired in business combination	1,44,14,941	-	-
	Add/(Less): Fair value loss recognised through OCI	(45,42,515)	-	-
	Fair value of investment	**98,72,426**	**-**	**-**
	Total	**98,72,426**	**2,03,197**	**32,28,063**
	Aggregate market value of quoted investments	98,72,426	-	-
	Aggregate value of unquoted investments	-	2,03,197	32,28,063

5.1 Pursuant to shareholders approval obtained on April 8, 2017, the Group has entered into business combination for divestment of stake in an associate and acquired stake in Exela Technologies Inc, USA as referred in note 5.2 below

5.2 As part of SourceHOV Business Combination which got completed on July 12, 2017, the Company's wholly owned subsidiary HOVS LLC as of March 31, 2018 received 31,390,646 common shares in Exela Technologies, Inc., through Ex-Sigma LLC a special purpose vehicle formed for SourceHOV Business Combination. The percentage of investment held by HOVS LLC in Exela Technologies, Inc., as of March 31, 2018 is 19.983% and therefore as per IND-AS, the investment has been accounted as Financial Instrument, i.e. FVOCI Equity Instruments.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(Amounts in Thousands)

	Particular	As at March 31 2018	As at March 31 2017	As at April 1 2016
6	**Other financial assets - Non current**			
	Deposits for premises and others	1,476	1,468	1,269
	Fixed deposits with banks	-	-	2,500
	Total	**1,476**	**1,468**	**3,769**
7	**Income tax assets**			
	Advance Tax and TDS	2,147	4,145	5,964
	(Net of provisions of Rs. Nil; as at March 31, 2017 Rs. 4,053 Thousands as at April 1, 2016 Rs. 5,690 Thousands)			
	Total	**2,147**	**4,145**	**5,964**
8	**Deferred tax assets**			
	Deferred tax asset (Refer Note 29)	1,674	3,017	3,143
	MAT credit receivable	18,189	18,841	20,210
	Total	**19,863**	**21,858**	**23,353**
9	**Other non current assets**			
	Prepaid expenses	674	899	1,124
	Total	674	899	1,124
10	**Trade receivables***			
	Unsecured, considered doubtful	9,014	3,398	1,499
	Less: Provision for doubtful debts	(9,014)	(3,398)	(1,499)
		-	-	-
	Unsecured, considered good	43,125	43,381	52,396
	Total	**43,125**	**43,381**	**52,396**
	*includes due from related parties	41,164	35,803	43,075
11	**Cash and cash equivalents**			
	Balance with banks in current accounts	1,249	3,306	9,644
	Cash on hand	7	18	61
	Fixed deposits with Banks	48,400	19,750	2,500
	Total	**49,656**	**23,074**	**12,205**
12	**Other bank balances**			
	Fixed Deposit with banks (earmarked)*	8,674	86,870	86,870
	Unpaid dividend accounts	82	268	319
	Trust account	21	16	12
	Total	**8,777**	**87,154**	**87,201**

***** Pledged with banks against guarantees issued and credit facilities taken by a step down subsidiary.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(Amounts in Thousands except no. of shares)

	Particular	As at March 31 2018	As at March 31 2017	As at April 1 2016
13	**Other financial assets - Current**			
	Deposits	592	592	1,038
	Rent receivable from a related party	-	-	955
	Expenses recoverable from related parties	2,433	5,974	4,088
	Interest accrued but not due on fixed deposits	876	5,014	3,559
	Total	**3,901**	**11,580**	**9,640**

14	**Other current assets**			
	Advances to suppliers	399	92	127
	GST and Service tax receivable	3,259	3,704	5,855
	Unbilled revenue	169	5,126	19,038
	Prepaid expenses	424	522	544
	Total	**4,251**	**9,444**	**25,564**

15	**Equity Share Capital**			
	Authorised			
	30000000 Equity Shares of Rs.10 each	3,00,000	3,00,000	3,00,000
	Total	**3,00,000**	**3,00,000**	**3,00,000**
	Issued, subscribed and paid up			
	Equity Shares of Rs. 10 each fully paid up	1,25,357	1,25,325	1,25,325
	Total	**1,25,357**	**1,25,325**	**1,25,325**

The reconciliation of the number of equity shares outstanding	As At March 31, 2018		As At March 31, 2017		As At April 1, 2016	
	Numbers	Amount	Numbers	Amount	Numbers	Amount
Equity Shares at the beginning of the year	12532522	1,25,325	12532522	1,25,325	12532522	1,25,325
Add: Equity shares issued during the year	3200	32	-	-	-	-
Equity Shares at the end of the year	**12535722**	**1,25,357**	**12532522**	**1,25,325**	**12532522**	**1,25,325**

Terms/rights attached to Equity shares :

The parent 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 parent Company and his voting right on a poll shall be in proportion to his share of the paid –up equity capital of the parent Company.

In the event of liquidation, the equity shareholders are entitled to receive the remaining assets of the parent Company after payments to preferential amounts secured and unsecured creditors, if any, in proportion to their shareholding.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(Amounts in Thousands except no. of shares)

The details of Shareholders holding more than 5% shares:

Name of the Shareholders	As At March 31, 2018		As At March 31, 2017		As At April 1, 2016	
	No. of Shares	% of Holding	No. of Shares	% of Holding	No. of Shares	% of Holding
ADESI 234, LLC	3000985	23.94%	3000985	23.95%	3000985	23.95%
HOF 2 LLC	1667933	13.31%	1667933	13.31%	1667933	13.31%
Chitale LLC	843724	6.73%	904274	7.22%	904274	7.22%
Stern Capital Partners LLC	694246	5.54%	694246	5.54%	694246	5.54%

In the Period of five years immediately preceding March, 2018:

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

Shares reserved for issue under options:

Employees Stock Option Plan (Plan 2007):

The shareholders in its Nineteenth Annual General meeting held on July 21, 2007 had approved to issue 1,100,000 equity shares of a face value of Rs.10 each with each such option conferring a right upon the employee to opt for one equity share of the parent Company, in terms of HOVS ESOP Plan 2007. Under the plan, 400,000 options were reserved for employees of the parent 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.

Particulars	As At March 31, 2018		As At March 31, 2017		As At April 1, 2016	
	Directors	Others	Directors	Others	Directors	Others
Options outstanding at the beginning of the year	52250	66150	52500	76350	65250	87300
Add: Options Granted during the year	-	-	-	-	-	-
Less: Options Lapsed	1750	28000	250	10200	250	4950
Less: Shares allotted on option exercised during the year	-	3200	-	-	12500	6000
Options outstanding at the end of the year	**50500**	**34950**	**52250**	**66150**	**52500**	**76350**

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

Particulars	As At March 31, 2018	As At March 31, 2017	As At April 1, 2016
Share price Rs	231.10	178.45	79.45
Range of Exercise Price	₹ 25.40 -186.15	₹ 25.40 -186.15	₹ 25.40 -186.15
Expected volatility %	13.97	25.48	21.09
Expected life of the options (years)	1-5 years	1-6 years	1-7 years
Expected Dividend %	Not applicable	Not applicable	Not applicable
Risk Free Interest Rate %	6.69	6.69	7.46
Range of call option value as on date of Grant	₹ 117.52-213.44	₹ 5.57-161.34	₹ 1.31-64.16

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(Amounts in Thousands)

16

Particular	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Borrowings			
Secured*			
Term loans from banks	42,832	52,321	60,581
Total	**42,832**	**52,321**	**60,581**

*(Secured by way of deposit of title deeds of investment property and hypothecation of vehicle)

17 Deferred Tax

Deferred Tax Liability	28,71,072	-	-
Total	**28,71,072**	**-**	**-**

18 Short Term Borrowings

Secured			
Cash Credit facilities from bank	-	68,140	65,771
Total	**-**	**68,140**	**65,771**

19 Trade payables

Micro, small and medium enterprises*	-	-	-
Others	8,641	10,328	11,367
Total	**8,641**	**10,328**	**11,367**

***** The Group has compiled this information based on the current information in its possession. As at March 31, 2018 no supplier has intimated the company about its status as a Micro or Small Enterprise or its registration with the appropriate authority under the Micro, Small and Medium Enterprises Development Act 2006.

20 Other financial liabilities

Current maturities of long term borrowings	9,363	8,240	7,276
Interest accrued but not due on borrowings	342	410	454
Security deposits towards office premises	1,996	1,844	9,166
Unpaid dividend	82	268	318
Advance from Associates	2,212	33,708	34,156
Other payables	621	849	780
Total	**14,616**	**45,319**	**52,150**

21 Other current liabilities

Statutory dues payable	1,785	2,295	2,226
Advances from Customers	-	-	5,526
Other Liabilities	2,314	-	23
Total	**4,099**	**2,295**	**7,775**

22 Provisions

Provision for employee benefits:			
Compensated Absences	1,307	1,649	1,720
Gratuity (refer note no. 35)	4,608	4,140	3,424
Total	**5,915**	**5,789**	**5,144**

23 Current tax liabilities

Provision for Income tax (net of advance tax paid of Rs 2,153 Thousand ; Last year Nil)	3,557	-	-
Total	**3,557**	**-**	**-**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(Amounts in Thousands)

24

Particular	For the year ended March 31, 2018	For the year ended March 31, 2017
Revenue from operations		
Software and IT enabled services	1,25,455	1,36,461
Environmental Solution Services	10,540	17,860
Total	**1,35,995**	**1,54,321**

25 Other income

Interest income	5,705	8,214
Excess provision/ Sundry Balances written back	33,864	-
Gain on Variation in Foreign Exchange Rates (Net)	-	509
Rent received	10,966	10,966
Less: expenses attributed to rental income :	-	-
Finance cost	(6,622)	(7,728)
Amortisation	(1,881)	(1,881)
Net rental income	2,463	1,356
Total	**42,032**	**10,079**

26 Employee benefits expense

Salaries and wages	81,058	91,477
Contributions to provident and other funds	7,742	7,603
Staff welfare expenses	2,396	1,504
Total	**91,196**	**1,00,584**

27 Finance Cost

Interest on Bank borrowings	2,542	6,227
Total	**2,542**	**6,227**

28 Other expenses

Rent	8,591	9,652
Repairs & maintenance - building	780	780
Repairs & maintenance - computers	85	240
Repairs & maintenance - others	534	293
Insurance	69	420
Rates and taxes	608	771
Power & fuel expenses	2,944	2,653
Membership & subscription fees	570	525
Travelling & conveyance expenses	3,552	3,515
Communication cost	1,149	1,321
Advertising & publicity expenses	243	155
Office upkeep & maintenance expenses	3,143	3,187
Legal & professional charges (refer note no. 41)	3,553	9,565
Directors sitting fees	1,490	1,350
Loss on variation in foreign exchange rates (net)	228	863
Provision for Bad and Doubtful Debts	5,616	1,899
Office, Administrative & Other Expenses	1,497	1,723
Environment Project Expenses	8,025	14,034
Loss on sale of property, plant and equipment (net)	127	-
Total	**42,802**	**52,946**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(Amounts in Thousands)

29

Particular	2017-18	2016-17
Income Taxes		
Tax expense recognised in the statement of profit and loss:		
Current tax	5,710	5,900
Deferred Tax	1,295	(3)
Total tax expense	**7,005**	**5,897**

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

Enacted income tax rate in India	27.55%	33.06%
Profit /(loss) before tax	30,787	(3,897)
Income tax as per above rate	8,482	(1,288)
Adjustments:		
Change in tax rates	1,287	210
Less Profit/(Losses) on which deferred tax not recognised	(2,764)	6,975
Income tax as per statement of profit and loss	**7,005**	**5,897**

The following movement is in deferred tax assets and liabilities during the year ended March 31, 2017 and March 31, 2018 is as under:

Particulars	As at April 1, 2016	(Credit)/ charge for the year	As at March 31, 2017
Deferred tax assets			
Amount allowable on payment basis-employee Benefits	2,216	(338)	1,878
Unabsorbed business loss	1,649	0	1,649
Total deferred tax asset	3,864	(338)	3,527
Deferred tax liability			
Differences in written down value of fixed assets	(721)	211	(510)
Total deferred tax liability	(721)	211	(510)
Total Deferred tax asset (net)	**3,143**	**(127)**	**3,017**

Particulars	As at March 31, 2017	(Credit)/charge for the year	As at March 31, 2018
Deferred tax assets			
Amount allowable on payment basis-employee benefits	1,878	(233)	1,646
Unabsorbed business loss	1,649	(1,649)	0
Total deferred tax asset	3,527	(1,881)	1,646
Deferred tax liability			
Differences in written down value of fixed assets	(510)	539	29
Total deferred tax liability	(510)	539	29
Total Deferred tax asset (net)	**3,017**	**(1,342)**	**1,674**

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

Particulars	As at March 31, 2017	(Credit)/charge for the year	As at March 31, 2018
Deferred tax liabilities			
Profit on divestment of stake in associate in Business Combination	-	4,324,677	4,324,677
Total deferred liability	-	4,324,677	4,324,677
Deferred tax assets			
Changes in fair value of FVOCI equity instruments	-	1,453,605	1,453,605
Total deferred tax liability	-	1,453,605	1,453,605
Total Deferred tax liabilities	**-**	**2,871,072**	**2,871,072**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(Amounts in Thousands)

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Particular	For the year ended March 31, 2018	For the year ended March 31, 2017
Segment Reporting :		
Segment Revenue :		
(a) Software and IT Enabled Services	1,25,455	1,36,461
(b) Environment Solutions Business	10,540	17,860
Revenue from operations	**1,35,995**	**1,54,321**
Segment Results Profit/(Loss) before tax and interest from segment :		
(a) Software and IT Enabled Services*	7,448	(14,39,304)
(b) Environment Solutions Business	(16,151)	(14,236)
(c) Unallocable (Net of Expenses)	42,032	10,079
Total	**33,329**	**(14,43,461)**
Less : Finance Cost	(2,542)	(6,227)
Provision for Tax	(7,005)	(5,897)
Total Profit/(Loss) after taxation	**23,782**	**(14,55,585)**
Add: Other Comprehensive Income	61,01,150	305
Total Comprehensive Income	**61,24,932**	**(14,55,280)**
Segment Assets :		
(a) Software and IT Enabled Services	1,11,192	3,92,519
(b) Environment Solutions Business	36,798	36,837
(c) Unallocable	99,65,703	95,158
Total Assets	**1,01,13,693**	**5,24,514**
Segment Liabilities :		
(a) Software and IT Enabled Services	18,345	53,939
(b) Environment Solutions Business	9,121	69,818
(c) Unallocable	29,23,266	60,436
Total Liabilities	**29,50,732**	**1,84,193**
Capital Employed :		
(a) Software and IT Enabled Services	92,848	3,38,580
(b) Environment Solutions Business	27,677	(32,981)
(c) Unallocable	70,42,436	34,722
Total Capital Employed	**71,62,961**	**3,40,321**

* The associate was engaged in the business of Software and IT Enabled services and accordingly, considered in the segment reporting for the year ended March 31, 2017.

Business segments :

Based on the "management approach" as defined in Ind-AS 108 - Operating Segments, the Executive Director/ Decision Maker evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by business segments. Accordingly, information has been presented along with these business segments. The accounting principles used in the preparation of the consolidated financial statements are consistently applied to record revenue and expenditure in individual segments.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

31 Financial Instruments

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

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

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

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

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

A Financial assets

(Amounts in Thousands)

Particular	Note No.	I nstruments carried at fair value		Instruments carried at amortised cost		Total fair value
		At cost	FVOCI Level 1	Carrying amount	Total carrying amount (A+B)	
As at April 1, 2016						
Investment	5	32,28,063	-	-	32,28,063	32,28,063
Trade receivables	10	-	-	52,396	52,396	52,396
Cash & cash equivalents	11	-	-	12,205	12,205	12,205
Other bank balances	12	-	-	87,201	87,201	87,201
Other financial assets	6 & 13	-	-	13,408	13,408	13,408
Total		**32,28,063**	**-**	**1,65,210**	**33,93,273**	**33,93,273**
As at March 31, 2017						
Investment	5	2,03,197	-	-	2,03,197	2,03,197
Trade receivables	10	-	-	43,381	43,381	43,381
Cash & cash equivalents	11	-	-	23,074	23,074	23,074
Other bank balances	12	-	-	87,154	87,154	87,154
Other financial assets	6 & 13	-	-	13,047	13,047	13,047
Total		**2,03,197**	**-**	**1,66,657**	**3,69,854**	**3,69,854**
As at March 31, 2018						
Investment	5	-	98,72,426	-	98,72,426	98,72,426
Trade receivables	10	-	-	43,125	43,125	43,125
Cash & cash equivalents	11	-	-	49,656	49,656	49,656
Other bank balances	12	-	-	8,777	8,777	8,777
Other financial assets	6 & 13	-	-	5,377	5,377	5,377
Total		**-**	**98,72,426**	**1,06,935**	**99,79,361**	**99,79,361**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(Amounts in Thousands)

B **Financial liabilities**

Particular	Note No.	Instruments carried at fair value		Instruments carried at amortized cost		
		FVTPL	Total carrying amount and fair value	Carrying amount	Total carrying amount	Fair value
As at April 1, 2016						
Non Current Borrowings	16	-	-	60,581	60,581	60,581
Current Borrowings	18	-	-	65,771	65,771	65,771
Trade payables	19	-	-	11,367	11,367	11,367
Other financial liabilities	20	-	-	52,150	52,150	52,150
Total		**-**	**-**	**1,89,868**	**1,89,868**	**1,89,868**
As at March 31, 2017						
Non Current Borrowings	16	-	-	52,321	52,321	52,321
Current Borrowings	18	-	-	68,140	68,140	68,140
Trade payables	19	-	-	10,329	10,329	10,329
Other financial liabilities	20	-	-	45,319	45,319	45,319
Total		**-**	**-**	**1,76,109**	**1,76,109**	**1,76,109**
As at March 31, 2018						
Non Current Borrowings	16	-	-	42,832	42,832	42,832
Trade payables	19	-	-	8,641	8,641	8,641
Other financial liabilities	20	-	-	14,616	14,616	14,616
Total		**-**	**-**	**66,089**	**66,089**	**66,089**

32 Risk Management

Financial risk management objectives and policies

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

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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

A. Credit risk

Credit risk arises from the possibility that the counter party may not be able to settle their obligations as agreed. To manage this, the Group periodically assesses financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivable. Individual credit period and limits are set accordingly.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis through each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of default occurring on asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forwarding-looking information to decide on this such as:

i) Actual or expected significant adverse changes in business

ii) Actual or expected significant changes in the operating results of the counterparty

iii) Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations

iv) Significant increase in credit risk on other financial instruments of the same counterparty.

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

Financial assets are written off when there is no reasonable expectations of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group categorises a loan or receivable for write off when a debtor fails to make contractual payments greater than one year past due.

Where loans or receivables have been written off, the Group continues engage in enforcement activity to attempt to recover the receivable due.

Where recoveries are made, these are recognized in profit or loss.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Expected credit loss for trade receivables under simplified approach

(Amounts in Thousands)

Due from the date of invoice	As At March 31, 2018	As At March 31, 2017	As At April 1, 2016
0-12 months	43,125	43,381	52,396
beyond 12 months	-	-	-
Total	**43,125**	**43,381**	**52,396**

B. Liquidity risk

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

Financing arrangements

Contractual maturity patterns of borrowings

Particulars	As At March 31, 2018		
	0-1 years	1-5 years	Total
Long term borrowings (Including current maturity of long tern debt)	9,363	42,832	52,195
Short Term Borrowings	-	-	-
Total	**9,363**	**42,832**	**52,195**

Particulars	As At March 31, 2017		
	0-1 years	1-5 years	Total
Long term borrowings (Including current maturity of long tern debt)	8,240	52,321	60,561
Short Term Borrowings	68,140	-	68,140
Total	**76,380**	**52,321**	**1,28,702**

Particulars	As At April 1, 2016		
	0-1 years	1-5 years	Total
Long term borrowings (Including current maturity of long tern debt)	7,276	60,581	67,857
Short Term Borrowings	65,771	-	65,771
Total	**73,047**	**60,581**	**1,33,627**

Contractual maturity patterns of Financial Liabilities

Particulars	As At March 31, 2018 0-12 Months	As At March 31, 2017 0-12 Months	As At April 1, 2016 0-12 Months
Trade Payable	8,641	10,329	11,367
Other financial liabilities	14,616	45,319	52,150
Total	23,257	55,648	63,517

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

C. Market risk-interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates.

In order to optimize the Group's position with regards to interest income and interest expenses and to manage the interest rate risk, Group performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

Exposure to interest rate risk

(Amounts in Thousands)

Particulars	As At March 31, 2018	As At March 31, 2017	As At April 1, 2016
Borrowings bearing variable rate of interest	52,195	60,561	67,857

Interest rate sensitivity

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

Particulars	2017-18	2016-17
50 bp increase- decrease in profits	(282)	(321)
50 bp decrease- Increase in profits	282	321

D. Market risk-foreign currency risk

The Group accrue all of its revenue in US Dollars and its expenditure is incurred in the Indian Rupees. Therefore. there is risk exposure due to adverse fluctuation of exchange rate between the US Dollar and the Indian Rupees. In order to mitigate the risk the management tracks foreign currency movement closely.

Foreign currency exposure

Particulars	2017-18		2016-17	
	In USD	(In INR)	In USD	(In INR)
Open Foreign Exchange Exposures - Receivable	633	43,125	607	39,369

Foreign currency risk sensitivity

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

Particulars	2017-18		2016-17	
	1% Increase	1% decrease	1% Increase	1% decrease
USD	412	(412)	394	(394)
Increase / (decrease) in profit or loss	**412**	**(412)**	**394**	**(394)**

Derivative financial instruments

The Group has not entered into any derivative financial instruments during the current year and previous year.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

33 Capital risk management

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

(Amounts in Thousands)

Particulars	As At March 31, 2018	As At March 31, 2017	As At April 1, 2016
Net Debt	52,195	1,28,702	1,33,627
Total Equity	71,62,962	3,40,321	33,74,507
Net Debt to Total Equity	**0.01**	**0.38**	**0.04**

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

Group's moderate capex plan over the medium term shall be largely funded through internal accruals and suppliers credit. The Group is committed to become virtual debt free Group in couple of years which shall further improve its capital structure.

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

34 First-time adoption of Ind AS

The Group has adopted Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs with effect from April 1, 2016, with a transition date of April 1, 2016. The adoption of Ind AS has been carried out in accordance with Ind AS 101, First-time Adoption of Indian Accounting Standards. Ind AS 101 requires that all Ind AS standards and interpretations that are issued and effective for the first Ind AS financial statements for the year ended March 31, 2018, be applied retrospectively and consistently for all financial years presented. However, in preparing these Ind AS financial statements, the Group has availed of certain exemptions and exceptions in accordance with Ind AS 101, as explained below. The resulting difference between the carrying values of the assets and liabilities in the financial statements as at the transition date under Ind AS and Previous GAAP have been recognised directly in equity (retained earnings or another appropriate category of equity). Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

A. Optional exemptions

a) Deemed cost

Ind AS 101 permits to measure all its property, plant & equipments at their previous GAAP carrying value i.e. being deemed cost represented by Gross Block reduced by accumulated depreciation on April 1, 2016.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

b) Investments

The Group present separate financial statement wherein Ind AS 27 requires it to measure its investment in associate either at cost or in accordance with the Ind AS 109. The Group at first time adoption has measured such investment at cost in accordance with the Ind AS 27, wherein it has option to measure the investments in its separate opening Ind AS balance sheet at cost as determined in accordance with Ind AS 27 or deemed cost. Deemed cost shall be fair value at the entity's date of transition to Ind AS in its separate financial statement or previous GAAP carrying amount as on that date. The Group has adopted deemed cost being previous GAAP carrying amount as on date of transition.

c) Investments property

Ind AS 101 permits to measure all its investment property at their previous GAAP carrying value i.e. being deemed cost represented by Gross Block reduced by accumulated depreciation on April 1, 2016.

B. Mandatory exceptions

a) Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies).

Ind AS estimates as at April 1, 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP.

The Group made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

-Investment in equity instruments carried at FVTPL or FVOCI; and

-Impairment of financial assets based on expected credit loss model.

b) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

c) <u>Transition to Ind AS - reconciliations</u>

The following reconciliations provide a quantification of the effect of significant differences arising from the transition from previous GAAP to Ind AS in accordance with Ind AS 101:

I. Reconciliation of Balance sheet as at April 1, 2016 and March 31, 2017

II. Reconciliation of Statement of Profit and Loss for the year ended March 31, 2017

III. Reconciliation of Equity as at April 1, 2016 and March 31, 2017

The presentation requirements under Previous GAAP differs from Ind AS and hence Previous GAAP information has been regrouped for ease of reconciliation with Ind AS.

The Regrouped Previous GAAP information is derived from the Financial Statements of the Company prepared in accordance with Previous GAAP.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

I Reconciliation of Balance sheet as at April 1, 2016 and March 31, 2017

(Amounts in Thousands)

Particulars	Refer notes	As At March 31, 2017 (Previous GAAP)	Ind AS Adjustments	As At March 31, 2017 (IND AS)	As At April 1, 2016 (Previous GAAP)	Ind AS Adjustments	As At April 1, 2016 (IND AS)
Assets							
Non-current assets							
Property, plant and equipment	**2**	16,806	-	**16,806**	21,715	-	**21,715**
Investment property	**3**	95,158	-	**95,158**	97,039	-	**97,039**
Intangible assets	**4**	6,312	-	**6,312**	9,224	-	**9,224**
Goodwill on Consolidation		38	-	**38**	38	-	**38**
Financial assets							
Investment in associate	**5**	2,03,197	-	**2,03,197**	32,28,063	-	**32,28,063**
Other financial assets	**6**	1,476	(8)	**1,468**	3,781	(12)	**3,769**
Income tax assets	**7**	4,145	-	**4,145**	5,964	-	**5,964**
Deferred tax assets	**8**	21,858	-	**21,858**	23,353	-	**23,353**
Other non-current assets	**9**	899	-	**899**	1,124	-	**1,124**
Total non-current assets		**3,49,889**	**(8)**	**3,49,881**	**33,90,301**	**(12)**	**33,90,289**
Current assets							
Financial assets							
Trade receivables	**10**	43,381	-	**43,381**	52,396	-	**52,396**
Cash & cash equivalents	**11**	23,074	-	**23,074**	12,205	-	**12,205**
Other bank balances	**12**	87,154	-	**87,154**	87,201	-	**87,201**
Other financial assets	**13**	11,580	-	**11,580**	9,640	-	**9,640**
Other current assets	**14**	9,444	-	**9,444**	25,564	-	**25,564**
Total current assets		**1,74,633**	**-**	**1,74,633**	**1,87,006**	**-**	**1,87,006**
Total assets		**5,24,522**	**(8)**	**5,24,514**	**35,77,307**	**(12)**	**35,77,295**
Equity and liabilities							
Equity							
Equity share capital	**15**	1,25,325	-	**1,25,325**	1,25,325	-	**1,25,325**
Other equity		2,14,992	4	**2,14,996**	32,49,180	2	**32,49,182**
Total equity		**3,40,317**	**4**	**3,40,321**	**33,74,505**	**2**	**33,74,507**
Liabilities							
Non-current liabilities							
Financial liabilities							
Borrowings	**16**	52,321	-	**52,321**	60,581	-	**60,581**
Deferred Tax Liabilities	**17**	-	-	**-**	-	-	**-**
Total non-current liabilities		**52,321**	**-**	**52,321**	**60,581**	**-**	**60,581**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(Amounts in Thousands)

Particulars	Refer notes	As At March 31, 2017 (Previous GAAP)	Ind AS Adjustments	As At March 31, 2017 (IND AS)	As At April 1, 2016 (Previous GAAP)	Ind AS Adjustments	As At April 1, 2016 (IND AS)
Current liabilities							
Financial liabilities							
Borrowings	**18**	68,140	-	**68,140**	65,771	-	**65,771**
Trade payables	**19**	10,329	-	**10,329**	11,367	-	**11,367**
Other financial liabilities	**20**	45,331	(12)	**45,319**	52,164	(14)	**52,150**
Other current liabilities	**21**	2,295	-	**2,295**	7,775	-	**7,775**
Provisions	**22**	5,789	-	**5,789**	5,144	-	**5,144**
Current tax liabilities	**23**	-	-	**-**	-	-	**-**
Total current liabilities		**1,31,884**	**(12)**	**1,31,872**	**1,42,221**	**(14)**	**1,42,207**
Total equity and liabilities		**5,24,522**	**(8)**	**5,24,514**	**35,77,307**	**(12)**	**35,77,295**

II Reconciliation of Statement of Profit and Loss for the year ended March 31, 2017

Particulars	For the year ended March 31, 2017			
	Refer notes	(Previous GAAP)	Ind AS Adjustments	(IND AS)
Income				
Revenue from operations	24	1,54,321	-	1,54,321
Other income	25	10,077	2	10,079
Total Income		**1,64,398**	**2**	**1,64,400**
Expenditure				
Employee benefits expense	26	1,00,149	435	1,00,584
Finance Cost	27	6,227	-	6,227
Depreciation and amortisation expenses	2,4	8,540	-	8,540
Other expenses	28	52,946	-	52,946
Total Expenditure		**1,67,862**	**435**	**1,68,297**
Profit before exceptional items		**(3,463)**	**(433)**	**(3,897)**
Exceptional items	43	-	-	-
Profit/(loss) before tax		**(3,463)**	**(433)**	**(3,897)**
Tax expense	29			
Current tax		(5,900)	-	(5,900)
Deferred tax		(127)	130	3

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(Amounts in Thousands)

Particulars	For the year ended March 31, 2017			
	Refer notes	(Previous GAAP)	Ind AS Adjustments	(IND AS)
Profit/(loss) after tax		**(9,490)**	**(303)**	**(9,794)**
Minority Interest		-	-	**-**
Profit/(Loss) for the year after Tax and minority interest		**(9,490)**	**(303)**	**(9,794)**
Share of Profit/(Loss) from an associate		(14,45,791)	-	(14,45,791)
Profit/(Loss) for the year		**(14,55,281)**	**(303)**	**(14,55,585)**
Other comprehensive income (OCI)				
Items that will not be reclassified to profit or loss				
Gain on Remeasurement of net defined benefit plans		-	435	435
Tax impact on above		-	(130)	(130)
Total other comprehensive income		**-**	**305**	**305**
Total comprehensive income		**(14,55,281)**	**2**	**(14,55,280)**

III Reconciliation of Equity

Particulars	As At March 31, 2017	As At April 1, 2016
Total equity under previous GAAP	**3,40,317**	**33,74,505**
Adjustments impact: gain/ (loss)		
Gain/(loss) on Fair Valuation of financial assets & liabilities		
at amortised cost	4	2
Tax impact on above adjustments	-	-
Total IND AS adjustment	**4**	**2**
Total equity under Ind AS	**3,40,321**	**33,74,507**

Notes to first time adoption

Note 1: Remeasurements of post employment benefit obligations

Under the previous GAAP, cost relating to post employment benefit obligations including actuarial gain/ losses were recognised in Profit & Loss. Under Ind AS, actuarial gain/losses on the net defined benefit liability are recognised in other comprehensive income instead of profit & loss.

Note 2: Security deposit

Under the previous GAAP, interest free lease security deposits (that are refundable in cash on completion of lease term) are recorded at transaction price.

Under Ind AS All financial assets are required to be recognised at fair value. Accordingly, the Group has fair valued the security deposits and the difference between the fair value and transaction value of the security deposit has been recognised as prepaid rent.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Note 3: Borrowings

Ind AS 109 requires transaction costs incurred towards borrowings to be deducted from the transaction value on initial recognition. These cost are recognised in profit & loss over the tenure of borrowings as a part of the interest expense by applying effective interest rate method.

Note 4: Deferred taxes

Under previous GAAP, deferred taxes were recognised based on Profit & loss approach i.e. tax impact on difference between the accounting income and taxable income. Under Ind AS, deferred tax is recognised by following balance sheet approach i.e. tax impact on temporary difference between the carrying value of asset and liabilities in the books and their respective tax base.

35 Disclosure pursuant to ind as - 19 "employee benefits"

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

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

(Amounts in Thousands)

A.

Balance sheet	**Defined benefit plans**		
Particular	**As at March 31, 2018**	**As at March 31, 2017**	**As at April 1, 2016**
Present value of plan liabilities	5,573	6,044	5,937
Fair value of plan assets	965	1,904	2,513
Asset/(Liability) recognised	(4,608)	(4,140)	(3,424)

B. Movements in plan assets and plan liabilities

	Present value of obligations	**Fair Value of Plan assets**
As at April 1, 2017	**6,044**	**1,904**
Current service cost	1,006	-
Past service cost	-	-
Interest cost	484	-
Interest income	-	152
Return on plan assets excluding amounts included in net finance income/cost	-	(117)
Actuarial (gain)/loss arising from changes in demographic assumptions	(7)	-
Actuarial (gain)/loss arising from changes in financial assumptions	71	-
Actuarial (gain)/loss arising from experience adjustments	(351)	-
Employer contributions	-	700
Benefit payments	(1,674)	(1,674)
As at March 31, 2018	**5,573**	**965**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(Amounts in Thousands)

Particular	Present value of obligations	Fair Value of Plan assets
As at April 1, 2016	5,937	2,513
Current service cost	1,171	-
Past service cost	-	-
Interest cost	475	-
Interest income	-	201
Return on plan assets excluding amounts included in net		
finance income/cost	-	(28)
Actuarial (gain)/loss arising from changes in demographic		
assumptions	-	-
Actuarial (gain)/loss arising from changes in financial		
assumptions	-	-
Actuarial (gain)/loss arising from experience adjustments	(463)	-
Employer contributions	-	294
Benefit payments	(1,076)	(1,076)
As at March 31, 2017	**6,044**	**1,904**

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

- active members - 100% (2016-17: 100%)

C. Statement of profit and loss

Employee benefit expenses:		
Current service cost	1,006	1,171
Interest cost/(income)	331	274
Total amount recognised in Statement of profit & loss	**1,338**	**1,445**
Remeasurement of the net defined benefit liability:		
Return on plan assets excluding amounts included in net finance		
income/(cost)	(287)	(463)
Actuarial gains/(losses) arising from changes in demographic assumptions	-	-
Actuarial gains/(losses) arising from changes in financial assumptions	-	-
Experience gains/(losses)	117	28
Total amount recognised in Other Comprehensive Income	**(170)**	**(435)**

D. Assumptions

With the objective of presenting the plan assets and plan liabilities of the defined benefits plans at their fair value on the balance sheet, assumptions under Ind AS 19 are set by reference to market conditions at the valuation date.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

The significant actuarial assumptions were as follows:

Particular	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Financial Assumptions			
Discount rate	7.86%	8.00%	8.00%
Expected rate of return on plan assets	7.86%	8.00%	8.50%
Salary escalation rate	5.00%	5.00%	5.00%
Attrition rate	8.00%	3.00%	3.00%

Demographic assumptions

Mortality in service : Indian Assured Lives Mortality (2006-08)

E. Sensitivity

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

(Amounts in Thousands)

Impact on defined benefit obligation	Increase / (Decrease) in liability	
	As at March 31, 2018	As at March 31, 2017
Projected benefit obligation on current assumptions	**5,573**	**6,044**
+1% Change in rate of discounting	(503)	(668)
–1% Change in rate of discounting	605	802
+1.00% Change in rate of Salary increase	617	755
–1.00% Change in rate of Salary increase	(520)	(691)
+1% Change in Attrition Rate	169	235
–1% Change in Attrition Rate	(197)	(272)

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

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

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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

(Amounts in Thousands)

Particulars	As at March 31, 2018	As at March 31, 2017
Projected Benefits Payable in Future Years From the		
Date of Reporting		
1st Following Year	1,344	528
2nd Following Year	135	183
3rd Following Year	150	395
4th Following Year	488	184
5th Following Year	158	188
Sum of Years 6 To 10	1,514	1,811
Sum of Years 11 and above	12,658	17,418

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

36

Earnings per share (EPS)	2017-18	2016-17
Net profit/(loss) as per statement of profit and loss before exceptional items	23,820	(14,55,585)
Net profit/(loss) as per statement of profit and loss after exceptional items	23,782	(14,55,585)
Weighted average number of equity shares	1,25,34,389	1,25,32,522
Add : effect of dilutive issue of options	70,452	54,902
Diluted weighted average number of equity shares	1,26,04,841	1,25,87,424
Nominal value of equity shares (in nos.)	10.00	10.00
Basic and diluted earning per equity share - before exceptional items	1.90	(116.14)
Basic and diluted earning per equity share - after exceptional items	1.90	(116.14)

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

Particulars	2017-18	2016-17
Fixed deposit pledged for issue of bank guarantee /loan on behalf of a step down subsidiary	Nil	85,820
Other bank guarantee	216	216

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

38 Commitments

a) The Group has acquired certain premises under lease arrangements which are renewable / cancellable at the Group'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 :

(Amounts in Thousands)

Particulars	2017-18	2016-17
- within one year	7,617	5,384
- later than one year and not later than five years	24,761	1,302

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

Particulars	2017-18	2016-17
- within one year	10,966	10,966
- later than one year and not later than five years	28,964	39,930

39 Disclosure on related party transactions

Names of related parties and description of relationship:

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

Associates :

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

Key Managerial Personnel (KMP) :

Mr. Sunil Rajadhyaksha (Chairman and Executive Director)
Mr. Parvinder S Chadha (Executive Director-upto May 29, 2017)
Mr. Surinder Rametra (Executive Director)
Mr.Vikram Negi (Executive Director from September 1, 2017)
Mr. Sriram Iyengar (Chief Financial Officer-upto February 3, 2017)
Mr. Nilesh Bafna (Chief Financial Officer from September 1, 2017)
Mr. Bhuvanesh Sharma (VP-Corporate Affairs and Company Secretary)

Relatives of KMP :

Mrs. Rekha Sharma (Relative of KMP)
Mrs. Latha Sriram (Relative of KMP)
Mrs. Deepali Bafna (From September 1, 2017)

Other related parties :

Mr. Baldev Raj Gupta (Non-Executive Director)
Mr. Harish Bhasin (Non-Executive Director)
Mrs. Lakshmi Kumar (Non-Executive Director)
Mr. Rohit Jain (Non-Executive Director from September 1, 2017)

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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

(Amounts in Thousands)

Name of the Party	Nature of Transactions	For the year ended March 31, 2018	For the year ended March 31, 2017
SourceHOV, LLC	Services provided	97,962	97,824
HOVG, LLC dba Bay Area Credit Service, LLC	Services provided	13,931	14,485
Rule 14 LLC	Services provided	13,562	-
BancTec TPS India Private Limited	Rent received	-	7,311
Transcentra FTS Private Limited	Rent received	10,966	3,655
	Reimbursement of expenses	1,575	-
HGM Fund	Reimbursement of expenses	581	1,886
Mr. Sunil Rajadhyaksha	Managerial remuneration	4,800	4,800
Mr. Baldev Raj Gupta	Sitting fees	540	480
Mr. Harish Bhasin	Sitting fees	540	570
Mrs. Lakshmi Kumar	Sitting fees	360	300
Mr. Rohit Jain	Sitting fees	50	-
Mr. Nilesh Bafna	Salary	1,460	-
Mr. Sriram Iyengar	Salary	-	3,850
Mr. Bhuvanesh Sharma	Salary	2,728	2,800
Mrs. Latha Sriram	Car rental	-	150
Mrs. Rekha Sharma	Car rental	261	165
Mrs. Deepali Bafna	Car rental	168	-

Name of the Party	Nature of Balances	As at March 31, 2018	As at March 31, 2017
SourceHOV, LLC	Trade receivables	23,602	23,808
	Unbilled revenue	168	1,393
HOVG, LLC dba Bay Area Credit Service, LLC	Trade receivables	5,854	5,835
HGM Fund	Other receivables	2,433	5,974
Rule 14 LLC	Trade receivables	11,708	-
	Other advances	2,211	-
Transcentra FTS Private Limited	Deposit payable	2,650	-
BancTec TPS India Private Limited	Deposit payable	-	2,650
Mr. Parvinder S Chadha	Remuneration payable	46	47
Mr. Sunil Rajadhyaksha	Remuneration payable	72	-
Mrs. Rekha Sharma	Car rental payable	24	15
Mrs. Deepali Bafna	Car rental payable	24	-

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Notes:

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

b) No amounts in respect of related parties have been written off/ written back during the year or has not made any provision been made for doubtful debts/ receivable.

40 Assets provided as security

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

(Amounts in Thousands)

Particulars	As At March 31, 2018	As At March 31, 2017	As At April 1, 2016
Investment Property	93,277	95,158	97,039
Financial Assets :			
Fixed deposit with banks	8,674	86,870	86,870
Property Plant and Equipment- Vehicle	363	473	583
Total	1,02,314	1,82,501	1,84,492

41	**Payment to auditors of Holding Company**	**2017-18**	**2016-17**
	(Excluding Taxes)		
	Audit fees	800	1,200
	Limited review and certification fees	375	435
	Reimbursement of expenses	85	87
	Total payment to auditors	**1,260**	**1,722**

42 In the opinion of the management, assets other than fixed assets and non-current investments have a value on realization in the ordinary course of business at least equal to the amount at which they are stated. The Accounts of certain Trade Receivables, Trade Payables, Non-operative Banks / Lenders 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.

43 In view of substantial slow down in activities of the environment business, the carrying value of Rs. 38 thousands has been impaired and disclosed as exceptional items.

Signature to Notes 1 - 43

For and on behalf of the Board

Sunil Rajadhyaksha
Chairman & Executive Director
(DIN:00011683)

Surinder Rametra
Executive Director
(DIN:00019714)

Vikram Negi
Executive Director
(DIN:01639441)

Bhuvanesh Sharma
VP-Corporate Affairs &
Company Secretary

Nilesh Bafna
Chief Financial Officer

Place : Vashi
Date : May 29, 2018

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018.

Name of the entity	Net Assets, *i.e.*, Total Assets minus total liabilities		Share in total comprehensive Income	
	As % of consolidated Net Assets	Amount in Lakhs	As % of consolidated Profit or Loss	Amount in Lakhs
Parent:				
HOV Services Limited	(12.59)%	(9,021.07)	(14.65)%	(8975.56)
Indian Subsidiaries:				
HOV Environment Solutions Private Limited	(1.33)%	(950.3)	(0.33)%	(199.18)
Foreign Subsidiaries:				
HOVS LLC	112.37%	80492.93	115.08%	70487.17
HOVS Holding Limited	1.40%	1001.31	0.00%	(1.53)
HOV Environment LLC	0.15%	106.75	(0.10)%	(61.58)

INDEPENDENT AUDITOR'S 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, 2018, the Statement of Profit and Loss (including other comprehensive income), Statement of Changes in Equity and 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 including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards (Ind AS) 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,

(i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2018;

(ii) in the case of the Statement of Profit and Loss, of the loss including other comprehensive income of the Company for the year ended on that date,

(iii) in the case of the Statement of Changes of Equity, of the changes in equity for the year ended on that date, and

(iv) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Other Matter

Opening balances have been considered based on the audited financial statements prepared under previous Generally Accepted Accounting Practices (Previous GAAP) issued by the other auditors whose unqualified audit report dated May 29, 2017 have been furnished to us. The differences arising from transition from previous GAAP to Ind AS have been derived from such audited financial statements.

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, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (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, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 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 34).

(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.

For BAGARIA and CO. LLP
Chartered Accountants
FRN - 113447W

Vinay Somani
Partner
M. No. 143503

Place: Vashi
Date: May 29, 2018

"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, 2018

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 36) 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 BAGARIA and CO. LLP
Chartered Accountants
FRN - 113447W

Vinay Somani
Partner
M. No. 143503

Place Vashi
Date: May 29, 2018

"Annexure B"

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, 2018 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 broadly, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India

For BAGARIA and CO. LLP
Chartered Accountants
FRN - 113447W

Vinay Somani
Partner
M. No. 143503

Place Vashi
Date: May 29,2018

BALANCE SHEET AS AT MARCH 31, 2018

(Amounts in Thousands)

Particulars	Note No	As At March 31, 2018	As At March 31, 2017	As At April 1, 2016
Assets				
Non-current assets				
Property, plant and equipment	2	2,901	1,822	2,687
Investment property	3	93,276	95,158	97,039
Intangible assets	4	238	596	1,427
Financial assets				
Investments in subsidiaries	5	660,777	660,777	660,777
Loans	6	-	12,392	11,369
Other financial assets	7	1,476	1,468	3,769
Income tax assets	8	-	3,131	4,682
Deferred tax assets	9	19,863	20,660	22,155
Other non-current assets	10	674	899	1,124
Total non-current assets		**779,205**	**796,902**	**805,028**
Current assets				
Financial assets				
Trade receivables	11	41,164	39,369	48,713
Cash & cash equivalents	12	37,265	19,960	7,167
Other bank balances	13	319	86,320	86,367
Other financial assets	14	2,828	12,364	10,037
Other current assets	15	4,134	4,779	5,224
Total current assets		**85,710**	**162,793**	**157,508**
Total assets		**864,915**	**959,695**	**962,536**
Equity and liabilities				
Equity				
Equity share capital	16	125,357	125,325	125,325
Other equity		665,765	753,703	742,094
Total equity		**791,122**	**879,028**	**867,419**
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	17	42,832	52,321	60,455
Total non-current liabilities		**42,832**	**52,321**	**60,455**
Current liabilities				
Financial liabilities				
Trade payables	18	7,451	9,017	9,719
Other financial liabilities	19	12,405	11,430	17,857
Other current liabilities	20	1,633	2,110	1,942
Provisions	21	5,915	5,789	5,144
Current tax liabilities	22	3,557	-	-
Total current liabilities		**30,961**	**28,345**	**34,662**
Total equity and liabilities		**864,915**	**959,695**	**962,536**
Significant accounting policies	1			
The accompanying notes are an integral part of the standalone financial statements.				

As per our report of even date

For **Bagaria and Co. LLP**
FRN - 113447W
Chartered Accountants

Vinay Somani
Partner
M. No. 143503

Place : Vashi
Date : May 29, 2018

For and on behalf of the Board

Sunil Rajadhyaksha
Chairman & Executive Director
(DIN:00011683)

Surinder Rametra
Executive Director
(DIN:00019714)

Vikram Negi
Executive Director
(DIN:01639441)

Bhuvanesh Sharma
VP-Corporate Affairs &
Company Secretary

Nilesh Bafna
Chief Financial Officer

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

(Amounts in Thousands)

Particulars	Note No.	For the year Ended March 31, 2018	For the year Ended March 31, 2017
Income			
Revenue from operations	23	125,455	136,451
Other income	24	10,631	10,615
Total Income		**136,086**	**147,066**
Expenditure			
Employee benefits expenses	25	88,489	99,585
Depreciation and amortisation expenses	2, 4	976	1,792
Other expenses	26	26,912	28,488
Total Expenditure		**116,377**	**129,865**
Profit before exceptional items		**19,709**	**17,201**
Exceptional items	41*	(102,272)	-
Profit/(loss) before tax		**(82,563)**	**17,201**
Tax expense	27		
Current tax		(5,710)	(5,900)
Deferred tax		(97)	3
Profit/(loss) after tax		**(88,370)**	**11,304**
Other comprehensive income (OCI)			
Items that will not be reclassified to profit or loss			
Gain on Remeasurement of net defined benefit plans		170	435
Tax impact on above		(47)	(130)
Total other comprehensive income		**123**	**305**
Total comprehensive income		**(88,247)**	**11,609**
Earnings per share	33		
Basic & diluted Earning Per Share (Face value of Rs. 10 each) :			
Before exceptional items		1.11	0.90
After exceptional items		(7.05)	0.90
Significant accounting policies	1		
The accompanying notes are an integral part of the standalone financial statements.			

As per our report of even date

For **Bagaria and Co. LLP**
FRN - 113447W
Chartered Accountants

Vinay Somani
Partner
M. No. 143503

Place : Vashi
Date : May 29, 2018

For and on behalf of the Board

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(DIN:01639441)

Bhuvanesh Sharma
VP-Corporate Affairs &
Company Secretary

Nilesh Bafna
Chief Financial Officer

Statement of Changes in Equity for the year ended March 31, 2018

(Amounts in Thousands)

EQUITY SHARE CAPITAL :

Particular	Balance as at April 1, 2016	Changes in equity share capital during the year	Balance as at March 31, 2017	Changes in equity share capital during the year	Balance as at March 31, 2018
EQUITY SHARE CAPITAL	**1,25,325**	-	**1,25,325**	**32**	**125,357**

OTHER EQUITY :

Particulars	Reserve and Surplus				Other Comprehensive Income- Remeasurements of net defined benefit plans	Total
	Securities Premium Reserve- on issue of equity shares	Capital Redemption Reserve -created on Buyback of equity shares	General Reserve- transferred from retained earnings	Retained earnings		
Balances as at April 1, 2016	**624,339**	**630**	**19,541**	**97,584**	-	**742,094**
Profit/(Loss) for the year before OCI	-	-	-	11,304	-	11,304
Other comprehensive Income	-	-	-	-	305	305
Balance as at March 31, 2017	**624,339**	**630**	**19,541**	**108,888**	**305**	**753,703**
					-	
Balance as at March 31, 2017	**624,339**	**630**	**19,541**	**108,888**	**305**	**753,703**
On allotment of equity shares under ESOP Plan 2007	309					309
Profit/(Loss) for the year before OCI	-	-	-	(88,370)		(88,370)
Other comprehensive Income	-	-	-		123	123
Balance as at March 31, 2018	**624,648**	**630**	**19,541**	**20,518**	**427**	**665,765**

Significant accounting policies **1**

The accompanying notes are an integral part of the Standalone financial statements

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

Vinay Somani
Partner
M. No. 143503

Place : Vashi
Date : May 29, 2018

For and on behalf of the Board

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(DIN:00011683)

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(DIN:01639441)

Bhuvanesh Sharma
VP-Corporate Affairs &
Company Secretary

Nilesh Bafna
Chief Financial Officer

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

(Amounts in Thousands)

		For the year Ended March 31, 2018	For the year Ended March 31, 2017
A	**Cash flow from Operating Activities:**		
	Net profit/(loss) before tax and exceptional items	19,709	17,201
	Add: Adjustments for		
	Depreciation & amortisation	2,857	3,673
	Loss on sale of Property, plant and equipment	127	-
	Interest income	(8,168)	(9,259)
	Rent income (Net)	(2,463)	(1,356)
	Finance cost	6,622	7,728
	Exceptional Items	-	-
	Foreign exchange (gain)/loss, net	156	863
	Operating profit before working capital changes	**18,841**	**18,850**
	Adjustments for changes in working capital :		
	Increase/(decrease) in trade receivable	(1,951)	8,481
	Increase/(decrease) in other receivables	96,400	690
	Increase/(decrease) in trade and other payable	(2,019)	(6,857)
	Cash generated from operations	**111,270**	**21,163**
	Taxes paid (net of refund)	1,630	(2,981)
	Net cash from/(used in) operating activities - A	**112,900**	**18,183**
B	**Cash flow from investing activities:**		
	Purchase of Property, plant and equipment	(2,599)	(96)
	Sale of Property, plant and equipment	775	-
	Rent income received (Net)	2,463	1,356
	Interest income	4,986	9,259
	Net cash from/(used in) investing activities - B	**5,624**	**10,519**
C	**Cash flow from financing activities:**		
	Finance cost	(6,622)	(7,728)
	Proceeds from issue of equity shares	341	-
	Loans given	(86,697)	(1,023)
	Proceeds/(repayments) of borrowings- net	(8,241)	(7,158)
	Net cash from/(used in) financing activities - C	**(101,219)**	**(15,909)**
	Net increase/(decrease) in cash and cash equivalents (A+B+C)	17,305	12,793
	Opening cash and cash equivalents	19,960	7,167
	Closing cash and cash equivalents	**37,265**	**19,960**

Notes :

Cash Flow from financing activities

Particulars	**Current borrowings**	**Long Term borrowings**
Balance as at April 1, 2016	**-**	**67,594**
Loan Taken/repaid	-	(7,158)
Balance as at March 31, 2017	**-**	**60,436**
Loan Taken/repaid	-	(8,241)
Balance as at March 31, 2018	**-**	**52,195**

As per our report of even date

For **Bagaria and Co. LLP**
FRN - 113447W
Chartered Accountants

Vinay Somani
Partner
M. No. 143503

Place : Vashi
Date : May 29, 2018

For and on behalf of the Board

Sunil Rajadhyaksha
Chairman & Executive Director
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Executive Director
(DIN:01639441)

Bhuvanesh Sharma
VP-Corporate Affairs &
Company Secretary

Nilesh Bafna
Chief Financial Officer

SIGNIFICANT ACCOUNTING POLICIES

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

1.1 BASIS OF ACCOUNTING

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

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

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

1.2 USE OF ESTIMATES AND JUDGEMENTS

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

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

All the assets and liabilities have been classified as current or non-current as per the company's normal operating cycle of twelve months and other criteria set out in Schedule III to the Companies Act, 2013.

1.3 PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS

Property, Plant and Equipment

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

Intangible Assets

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

Depreciation/amortisation:

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

Investment property is amortized over the period of lease.

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

1.4 IMPAIRMENT OF NON FINANCIAL ASSETS

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

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

1.5 REVENUE RECOGNITION

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

Rendering of services

Revenue from sale of services are recognized when the services are rendered.

Other Income

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

1.6 FINANCIAL INSTRUMENTS

Financial assets - Initial recognition

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

Subsequent measurement

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

(a) the entity's business model for managing the financial assets and

(b) the contractual cash flow characteristics of the financial asset.

(a) Measured at amortised cost:

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

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

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

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

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

Equity Instruments:

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

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

Impairment

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

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

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

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

For financial assets other than trade receivables, the Company recognises 12–month expected credit losses for all originated or acquired financial assets if at the reporting date the credit risk of the financial asset has not increased significantly since its initial recognition. The expected credit losses are measured as lifetime expected credit losses if the credit risk on financial asset increases

significantly since its initial recognition. If, in a subsequent period, credit quality of the instrument improves such that there is no longer significant increase in credit risks since initial recognition, then the Company reverts to recognizing impairment loss allowance based on 12 months ECL.

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

De-recognition

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

Financial Liabilities

Initial Recognition and measurement

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

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

Subsequent measurement

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

Loans & Borrowings:

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

Financial Guarantee Contracts

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

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

De-recognition

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

Derivative financial instruments & hedge accounting

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

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

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

Cash flows hedge that qualify for the hedge accounting

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

Offsetting of financial instruments

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

1.7 FAIR VALUE MEASUREMENT:

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

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

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

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

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

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

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

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

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

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

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

1.8 EMPLOYEE BENEFITS

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

(a) Defined benefit plans such a gratuity and

(b) Defined contribution plans such as Provident fund etc.

a) Defined-benefit plan:

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plan is the present value of defined benefit obligations at the end of the reporting period less fair value of plan assets. The defined benefit obligations is calculated annually by actuaries through actuarial valuation using the projected unit credit method.

The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

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

(b) Net interest expense or income

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and fair value of plan assets. This cost is included in employee benefit expenses in the statement of the profit & loss.

Re-measurement comprising of actuarial gains and losses arising from

(a) Re-measurement of Actuarial(gains)/losses

(b) Return on plan assets, excluding amount recognized in effect of asset ceiling

(c) Re-measurement arising because of change in effect of asset ceiling

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

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

b) Defined-contribution plan:

Under defined contribution plans, provident fund, the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. Defined

Contribution plan comprise of contributions to the employees' provident fund with the government, and certain state plans like Employees' State Insurance and Employees' Pension Scheme. The Company's payments to the defined contribution plans are recognised as expenses during the period in which the employees perform the services that the payment covers.

c) Other employee benefits:

(a) Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the obligation as at the Balance sheet date determined based on an actuarial valuation.

(b) Undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the period when the employee renders the related services.

1.9 LEASES

A lease is classified at the inception date as a finance lease or an operating lease. Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss

Other leases are treated as operating leases, with payments are recognised as expense in the statement of profit & loss on a straight-line basis over the lease term.

1.10 FOREIGN CURRENCY TRANSACTIONS

a) Initial Recognition

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

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

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

1.11 TAXES ON INCOME

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

Current tax is based on taxable profit for the year. Taxable profit is different from accounting profit due to temporary differences between accounting and tax treatments, and due to items that are never taxable or tax deductible. Tax provisions are included in current liabilities. Interest and penalties on tax liabilities are provided for in the tax charge. The Company offsets, the current tax assets and liabilities (on a year on year basis) where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis or to realise the assets and liabilities on net basis.

Deferred income tax is recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements. Deferred income tax asset are recognized to the extent that it is probable that taxable profit will be available against

which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized. Deferred tax assets are not recognised where it is more likely than not that the assets will not be realised in the future.

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

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

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

1.12 PROVISIONS AND CONTINGENCIES

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

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

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

1.13 CASH AND CASH EQUIVALENTS

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

1.14 CASH FLOW STATEMENT

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

1.15 BORROWING COST

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

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

1.16 EARNINGS PER SHARE

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

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

1.17 SEGMENT REPORTING

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

The Company has identified its Executive Director as CODM which assesses the operational performance and position of the Company and makes strategic decisions.

1.18 EXCEPTIONAL ITEMS

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

Recent Accounting pronouncements :

Ind AS 115, Revenue from Contract with Customers

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers effective from April 1, 2018. The core principle of the new standard is that an entity should recognize revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service (ie an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

Control of an asset refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset. Control includes the ability to prevent other entities from directing the use of, and obtaining the benefits from, an asset.

Ind AS 21, Foreign currency transactions

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 effective from April 1, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(Amounts in Thousands)

2	Property, Plant and Equipment	Computers	Furniture and Fixtures	Vehicles	Office Equipment	Total
	Gross carrying amount					
	Balance as at April 1, 2016	**1,272**	**7**	**1,095**	**313**	**2,687**
	Additions	-	-	-	-	-
	Deductions/ Adjustment	-	-	-	-	-
	Balance as at March 31, 2017	**1,272**	**7**	**1,095**	**313**	**2,687**
	Accumulated Depreciation					
	Balance as at April 1, 2016	**-**	**-**	**-**	**-**	**-**
	Additions	561	1	193	110	865
	Deductions/ Adjustment	-	-	-	-	-
	Balance as at March 31, 2017	**561**	**1**	**193**	**110**	**865**
	Net carrying amount as at April 1, 2016	**1,272**	**7**	**1,095**	**313**	**2,687**
	Net carrying amount as at March 31, 2017	**711**	**6**	**902**	**204**	**1,822**
	Gross carrying amount					
	Balance as at March 31, 2017	**1,272**	**7**	**1,095**	**313**	**2,687**
	Additions	-	-	2,545	54	2,599
	Deductions/ Adjustment	-	-	1,095	-	1,095
	Balance as at March 31, 2018	**1,272**	**7**	**2,545**	**367**	**4,191**
	Accumulated Depreciation					
	Balance as at March 31, 2017	**561**	**1**	**193**	**110**	**865**
	Additions	256	1	264	95	618
	Deductions/ Adjustment	-	-	193	-	193
	Balance as at March 31, 2018	**817**	**3**	**264**	**205**	**1,290**
	Net carrying amount as at March 31, 2017	**711**	**6**	**902**	**204**	**1,822**
	Net carrying amount as at March 31, 2018	**455**	**4**	**2,281**	**162**	**2,901**

3	Particular	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	Investment property			
	Investment property (at cost)			
	Leasehold office premises*	103,467	103,467	103,467
	Less : accumulated amortisation			
	Opening balance	(8,309)	(6,428)	(4,547)
	Add : Amortisation for the year	(1,882)	(1,881)	(1,881)
	Total Accumulated amortisation	(10,190)	(8,309)	(6,428)
	Total	**93,276**	**95,158**	**97,039**

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

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(Amounts in Thousands)

4	Intangible Assets	Software Product*	Other Softwares	Total
	Gross carrying amount			
	Balance as at April 1, 2016	**400**	**1,027**	**1,427**
	Additions	-	96	96
	Deductions/ Adjustment	-	-	-
	Balance as at March 31, 2017	**400**	**1,123**	**1,523**
	Accumulated Depreciation			
	Balance as at April 1, 2016	**-**	**-**	**-**
	Additions	400	527	927
	Deductions/ Adjustment	-	-	-
	Balance as at March 31, 2017	**400**	**527**	**927**
	Net carrying amount as at April 1, 2016	**400**	**1,027**	**1,427**
	Net carrying amount as at March 31, 2017	**0**	**596**	**596**
	Gross carrying amount			
	Balance as at March 31, 2017	**400**	**1,123**	**1,523**
	Additions	-	-	-
	Deductions/ Adjustment	-	-	-
	Balance as at March 31, 2018	**400**	**1,123**	**1,523**
	Accumulated Depreciation			
	Balance as at March 31, 2017	**400**	**527**	**927**
	Additions	-	358	358
	Deductions/ Adjustment			-
	Balance as at March 31, 2018	**400**	**885**	**1,284**
	Net carrying amount as at March 31, 2017	**0**	**596**	**596**
	Net carrying amount as at March 31, 2018	**0**	**238**	**238**

*meant for license sale or otherwise

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(Amounts in Thousands)

	Particular	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
5	**Investments - non current**			
	Unquoted			
	In subsidiaries			
	HOVS LLC, USA			
	No of Shares	1000	1000	1000
	% of Holding	100%	100%	100%
	Common stock (Face value of US $ 1)	45	45	45
	Add: Further invested as additional paid in capital	660,725	660,725	660,725
	Total investment in HOVS LLC	**660,770**	**660,770**	**660,770**
	HOVS Holdings Limited, Hongkong			
	No of Shares	1001	1001	1001
	% of Holding	100%	100%	100%
	Common stock (Face value of HKD 1)	7	7	7
	Total investment in HOVS Holdings Limited	**7**	**7**	**7**
	Total	**660,777**	**660,777**	**660,777**
	Aggregate value of quoted investments (cost)	-	-	-
	Aggregate value of unquoted investments	**660,777**	**660,777**	**660,777**

6 Loans - Non Current

Unsecured - to related party*			
Considered doubtful	99,089	-	**-**
Considered good	-	12,392	11,369
Less: provision for doubtful debts	(99,089)	-	-
Total	**-**	**12,392**	**11,369**

***** Due from HOV Environment Solutions Private Limited (step down subsidiary) (refer note no. 41)

7 Other financial assets - Non current

Deposits for premises and others	1,476	1,468	1,269
Fixed deposits with banks	-	-	2,500
Total	**1,476**	**1,468**	**3,769**

8 Income tax assets

Advance Tax and TDS	**-**	3,131	4,682
(Net of provisions of Rs. Nil; as at March 31, 2017 Rs. 4,053 Thousands as at April 1, 2016 Rs. 5,690 Thousands)			
Total	**-**	**3,131**	**4,682**

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(Amounts in Thousands)

	Particular	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
9	**Deferred tax assets**			
	Deferred tax asset (refer note no 27)	1,674	1,818	1,945
	MAT credit receivable	18,189	18,842	20,210
	Total	**19,863**	**20,660**	**22,155**
10	**Other non current assets**			
	Prepaid expenses	674	899	1,124
	Total	**674**	**899**	**1,124**
11	**Trade receivables**			
	(Due from related parties)			
	Unsecured :			
	Considered good	41,164	39,369	48,713
	Total	**41,164**	**39,369**	**48,713**
12	**Cash and cash equivalents**			
	Balance with banks in current accounts	660	195	4,633
	Cash on hand	4	15	34
	Fixed deposits with banks	36,600	19,750	2,500
	Total	**37,265**	**19,960**	**7,167**
13	**Other bank balances**			
	Deposit with banks (earmarked)*	216	86,036	86,036
	Unpaid dividend accounts	82	268	318
	Trust account	21	16	13
	Total	**319**	**86,320**	**86,367**

***** Pledged with banks against guarantees issued and credit facilities taken by a step down subsidiary.

14	**Other financial assets - Current**			
	Expenses recoverable from related parties	2,433	7,415	6,483
	Interest accrued but not due on fixed deposits	395	4,950	3,554
	Total	**2,828**	**12,364**	**10,037**
15	**Other current assets**			
	Advances to suppliers	316	92	127
	GST and Service tax receivable	3,248	2,803	2,966
	Unbilled revenue	168	1,393	1,730
	Prepaid expenses	402	491	400
	Total	**4,134**	**4,779**	**5,224**

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(Amounts in Thousands except no. of shares)

16

Equity Share Capital	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Authorised			
30000000 Equity Shares of Rs.10 each	300,000	300,000	300,000
Total	**300,000**	**300,000**	**300,000**
Issued, subscribed and paid up			
Equity Shares of Rs. 10 each fully paid up	125,357	125,325	125,325
Total	**125,357**	**125,325**	**125,325**

The reconciliation of the number of equity shares outstanding	As At March 31, 2018		As At March 31, 2017		As At April 1, 2016	
	Numbers	Amount	Numbers	Amount	Numbers	Amount
Equity Shares at the beginning of the year	12,532,522	125,325	12,532,522	125,325	12,532,522	125,325
Add: Equity shares issued during the year	3,200	32	-	-	-	-
Equity Shares at the end of the year	**12,535,722**	**125,357**	**12,532,522**	**125,325**	**12,532,522**	**125,325**

Terms/rights attached to Equity shares :

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

The details of Shareholders holding more than 5% shares:

Name of the Shareholders	As At March 31, 2018		As At March 31, 2017		As At April 1, 2016	
	No. of Shares	% of Holding	No. of Shares	% of Holding	No. of Shares	% of Holding
ADESI 234, LLC	3,000,985	23.94%	3,000,985	23.95%	3,000,985	23.95%
HOF 2 LLC	1,667,933	13.31%	1,667,933	13.31%	1,667,933	13.31%
Chitale LLC	843,724	6.73%	904,274	7.22%	904,274	7.22%
Stern Capital Partners LLC	694,246	5.54%	694,246	5.54%	694,246	5.54%

In the Period of five years immediately preceding March, 2018:

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

Shares reserved for issue under options:

Employees Stock Option Plan (Plan 2007):

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

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(Amounts in Thousands except no. of shares)

Particulars	As At March 31, 2018		As At March 31, 2017		As At April 1, 2016	
	Directors	Others	Directors	Others	Directors	Others
Options outstanding at the beginning of the year	52,250	66,150	52,500	76,350	65,250	87,300
Add: Options Granted during the year	-	-	-	-	-	-
Less: Options Lapsed/Forfeited	1,750	28,000	250	10,200	250	4,950
Less: Shares allotted on option exercised during the year	-	3,200	-	-	12,500	6,000
Options outstanding at the end of the year	**50,500**	**34,950**	**52,250**	**66,150**	**52,500**	**76,350**

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

Particulars	As At March 31, 2018	As At March 31, 2017	As At April 1, 2016
Share price Rs	231.10	178.45	79.45
Range of Exercise Price	₹ 25.40-186.15	₹ 25.40 -186.15	₹ 25.40 -186.15
Expected volatility %	13.97	25.48	21.09
Expected life of the options (years)	1-5 years	1-6 years	1-7 years
Expected Dividend %	Not applicable	Not applicable	Not applicable
Risk Free Interest Rate %	6.69	6.69	7.46
Range of call option value as on date of Grant	₹ 117.52-213.44	₹ 5.57-161.34	₹ 1.31-64.16

	Particular	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
17	**Borrowings**			
	Secured			
	Term loans from banks	42,832	52,321	60,455
	(Secured by way of deposit of title deeds of investment property)			
	Total	**42,832**	**52,321**	**60,455**

18 Trade payables

Micro, small and medium enterprises*	-	-	-
Others	7,451	9,017	9,719
Total	**7,451**	**9,017**	**9,719**

*The Company has compiled this information based on the current information in its possession. As at March 31, 2018 no supplier has intimated the company about its status as a Micro or Small Enterprise or its registration with the appropriate authority under the Micro, Small and Medium Enterprises Development Act 2006.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(Amounts in Thousands)

	Particular	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
19	**Other financial liabilities**			
	Current maturities of long term borrowings	9,363	8,115	7,139
	Interest accrued but not due on borrowings	342	409	453
	Security deposits towards office premises	1,996	1,844	9,166
	Unpaid dividend	82	268	318
	Other payables	621	794	780
	Total	**12,405**	**11,430**	**17,857**
20	**Other current liabilities**			
	Statutory dues payable	1,633	2,110	1,942
	Total	**1,633**	**2,110**	**1,942**
21	**Provisions**			
	Provision for employee benefits:			
	Compensated Absences	1,307	1,649	1,720
	Gratuity (Refer note 32)	4,608	4,140	3,424
	Total	**5,915**	**5,789**	**5,144**
22	**Current tax liabilities**			
	Provision for Income tax	3,557	-	-
	(Net of advance tax paid of Rs 2,152 Thousands; Last year Nil)			
	Total	**3,557**	**-**	**-**

	Particular	For the year ended March 31, 2018	For the year ended March 31, 2017
23	**Revenue from operations**		
	Software and IT enabled services	125,455	136,451
	Total	**125,455**	**136,451**
24	**Other income**		
	Interest income	8,168	9,259
	Rent received	10,966	10,966
	Less: expenses attributed to rental income :		
	Finance cost	(6,622)	(7,728)
	Amortisation	(1,881)	(1,881)
	Net rental income	2,463	1,356
	Total	**10,631**	**10,615**

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(Amounts in Thousands)

	Particular	For the year ended March 31, 2018	For the year ended March 31, 2017
25	**Employee benefits expense**		
	Salaries and wages	78,473	90,514
	Contributions to provident and other funds	7,620	7,567
	Staff welfare expenses	2,396	1,504
	Total	**88,489**	**99,585**

26 Other expenses

Rent	7,631	7,261
Repairs & maintenance - building	780	780
Repairs & maintenance - computers	85	181
Repairs & maintenance - others	518	293
Insurance	49	88
Rates and taxes	608	771
Power & fuel expenses	2,944	2,653
Membership & subscription fees	570	525
Travelling & conveyance expenses	2,909	3,070
Communication cost	1,149	1,321
Advertising & publicity expenses	243	155
Office upkeep & maintenance expenses	3,143	3,077
Auditors remuneration (refer note 39)	1,260	1,722
Legal & professional charges	1,960	2,841
Director's sitting fees	1,490	1,350
Loss on variation in foreign exchange rates (net)	156	863
Loss on sale of Property, plant and equipment	127	-
Miscellaneous expenses	1,290	1,537
Total	**26,912**	**28,488**

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(Amounts in Thousands)

27

Particular	2017-18	2016-17
Income Taxes		
Tax expense recognised in the statement of profit and loss:		
Current tax	5,710	5,900
Deferred Tax	97	(3)
Total tax expense	**5,807**	**5,897**

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

Enacted income tax rate in India	**27.55%**	**33.06%**
Profit /(loss) before tax	(82,563)	17,201
Income tax as per above rate	(22,746)	5,687
Adjustments:		
Change in tax rates	1,254	209
Deferred tax asset not recognised	27,299	-
Income tax as per statement of profit and loss	**5,807**	**5,897**

The following movement is in deferred tax assets and liabilities during the year ended March 31, 2017 and March 31, 2018 is as under:

Particulars	As at April 1, 2016	(Credit)/ charge for the year	As at March 31, 2017
Deferred tax assets			
Amount allowable on payment basis-employee Benefits	2,216	(338)	1,878
Provision for doubtful debts	-	-	-
Total deferred tax asset	2,216	(338)	1,878
Deferred tax liability			
Differences in written down value of Property, Plant and Equipment	(271)	211	(60)
Total deferred tax liability	(271)	211	(60)
Total Deferred tax asset (net)	**1,945**	**(127)**	**1,818**

Particulars	As at March 31, 2017	(Credit)/ charge for the year	As at March 31, 2018
Deferred tax assets			
Amount allowable on payment basis-employee benefits	1,878	(233)	1,646
Provision for doubtful debts	-	27,299	27,299
Total deferred tax asset	1,878	27,066	28,945
Deferred tax liability			
Differences in written down value of Property, Plant and Equipment	(60)	89	29
Total deferred tax liability	(60)	89	29
Deferred Tax assets not recognised	-	(27,299)	(27,299)
Total Deferred tax asset (net)	**1,818**	**(144)**	**1,674**

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

28 Financial Instruments

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

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

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

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

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

A Financial assets

(Amounts in Thousands)

Particular	Note No.	Instruments carried at fair value		Instruments carried at amortised cost		Total fair value
		At cost	FVTPL	Carrying amount	Total carrying amount	
As at April 1, 2016						
Investment in subsidiaries	5	660,777	-	-	660,777	660,777
Loans	6		-	11,369	11,369	11,369
Trade receivables	11	-	-	48,713	48,713	48,713
Cash & cash equivalents	12	-	-	7,167	7,167	7,167
Other bank balances	13	-	-	86,367	86,367	86,367
Other financial assets	14	-	-	13,806	13,806	13,806
Total		**660,777**	**-**	**167,422**	**828,199**	**828,199**
As at March 31, 2017						
Investment in subsidiaries	5	660,777	-	-	660,777	660,777
Loans	6	-	-	12,392	12,392	12,392
Trade receivables	11	-	-	39,369	39,369	39,369
Cash & cash equivalents	12	-	-	19,960	19,960	19,960
Other bank balances	13	-	-	86,320	86,320	86,320
Other financial assets	14	-	-	13,832	13,832	13,832
Total		**660,777**	**-**	**171,874**	**832,651**	**832,651**

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(Amounts in Thousands)

Particular	Note No.	Instruments carried at fair value		Instruments carried at amortised cost		Total fair value
		At cost	FVTPL amount	Carrying amount	Total carrying value	
As at March 31, 2018						
Investment in subsidiaries	5	660,777	-	-	660,777	660,777
Loans	6	-	-	-	-	-
Trade receivables	11	-	-	41,164	41,164	41,164
Cash & cash equivalents	12	-	-	37,265	37,265	37,265
Other bank balances	13	-	-	319	319	319
Other financial assets	14	-	-	4,304	4,304	4,304
Total		**660,777**	**-**	**83,051**	**743,828**	**743,828**

B

Financial liabilities Particular	Note No.	Instruments carried at fair value		Instruments carried at amortised cost		Total Fair value
		FVTPL	Total carrying amount and fair value	Carrying amount	Total carrying amount	
As at April 1, 2016						
Borrowings	17	-	-	60,455	60,455	60,455
Trade payables	18	-	-	9,719	9,719	9,719
Other financial liabilities	19	-	-	17,857	17,857	17,857
Total		**-**	**-**	**88,031**	**88,031**	**88,031**
As at March 31, 2017						
Borrowings	17	-	-	52,321	52,321	52,321
Trade payables	18	-	-	9,017	9,017	9,017
Other financial liabilities	19	-	-	11,430	11,430	11,430
Total		**-**	**-**	**72,768**	**72,768**	**72,768**
As at March 31, 2018						
Borrowings	17	-	-	42,832	42,832	42,832
Trade payables	18	-	-	7,451	7,451	7,451
Other financial liabilities	19	-	-	12,405	12,405	12,405
Total		**-**	**-**	**62,687**	**62,687**	**62,687**

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

29 Risk Management

Financial risk management objectives and policies

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

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

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

A. Credit risk

Credit risk arises from the possibility that the counter party may not be able to settle their obligations as agreed. To manage this, the Company periodically assesses financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivable. Individual credit period and limits are set accordingly.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis through each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of default occurring on asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forwarding-looking information to decide on this such as:

i) Actual or expected significant adverse changes in business

ii) Actual or expected significant changes in the operating results of the counterparty

iii) Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations

iv) Significant increase in credit risk on other financial instruments of the same counterparty.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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

Financial assets are written off when there is no reasonable expectations of recovery, such as a debtor failing to engage in a repayment plan with the Company. The Company categorises a loan or receivable for write off when a debtor fails to make contractual payments greater than one year past due.

Where loans or receivables have been written off, the Company continues engage in enforcement activity to attempt to recover the receivable due.

Where recoveries are made, these are recognized in profit or loss.

Expected credit loss for trade receivables under simplified approach

(Amounts in Thousands)

Due from the date of invoice	As At March 31, 2018	As At March 31, 2017	As At April 1, 2016
0-12 months	41,164	39,369	48,713
beyond 12 months	-	-	-
Total	**41,164**	**39,369**	**48,713**

B. Liquidity risk

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

Financing arrangements

Contractual maturity patterns of borrowings

Particulars	0-1 years	1-5 years	Total
Long term borrowings (Including current maturity of long tern debt)			
As at March 31, 2018	9,363	42,832	**52,195**
As at March 31, 2017	8,115	52,321	**60,436**
As at April 1, 2016	7,139	60,455	**67,594**

Contractual maturity patterns of Financial Liabilities

Particulars	As At March 31, 2018 0-12 Months	As At March 31, 2017 0-12 Months	As At April 1, 2016 0-12 Months
Trade Payable	7,451	9,017	9,719
Other Financial liabilities	-	-	-
Total	7,451	9,017	9,719

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

C. Market risk-interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates.

In order to optimize the Company's position with regards to interest income and interest expenses and to manage the interest rate risk, Company performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

Exposure to interest rate risk

(Amounts in Thousands)

Particulars	As At March 31, 2018	As At March 31, 2017	As At April 1, 2016
Borrowings bearing variable rate of interest	52,195	60,436	67,594

Interest rate sensitivity

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

Particulars	2017-18	2016-17
50 bp increase- decrease in profits	282	320
50 bp decrease- Increase in profits	282	320

D. Market risk-foreign currency risk

The Company accrue all of its revenue in US Dollars and its expenditure is incurred in the Indian Rupees. Therefore. there is risk exposure due to adverse fluctuation of exchange rate between the US Dollar and the Indian Rupees. In order to mitigate the risk the management tracks foreign currency movement closely.

Foreign currency exposure

Particulars	2017-18		2016-17	
	In USD	(In INR)	In USD	(In INR)
Open Foreign Exchange Exposures - Receivable	633	41,164	607	39,369

Foreign currency risk sensitivity

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

Particulars	2017-18		2016-17	
	1% Increase	1% decrease	1% Increase	1% decrease
USD	412	(412)	394	(394)
Increase / (decrease) in profit or loss	**412**	**(412)**	**394**	**(394)**

Derivative financial instruments

The Company has not entered into any derivative financial instruments during the current year and previous year.

Notes forming part of financial statements for the year ended March 31, 2018

30 Capital risk management

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

(Amount in Thousands)

Particulars	As At March 31, 2018	As At March 31, 2017	As At April 1, 2016
Net Debt	52,195	60,436	67,594
Total Equity	7,91,122	8,79,028	8,67,419
Net Debt to Total Equity	**0.07**	**0.07**	**0.08**

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

Company's moderate capex plan over the medium term shall be largely funded through internal accruals and suppliers credit. The Company is committed to become virtual debt free company in couple of years which shall further improve its capital structure.

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

31 First-time adoption of Ind AS

The Company has adopted Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs with effect from April 1, 2016, with a transition date of April 1, 2016. The adoption of Ind AS has been carried out in accordance with Ind AS 101, First-time Adoption of Indian Accounting Standards. Ind AS 101 requires that all Ind AS standards and interpretations that are issued and effective for the first Ind AS financial statements for the year ended March 31, 2018, be applied retrospectively and consistently for all financial years presented. However, in preparing these Ind AS financial statements, the Company has availed of certain exemptions and exceptions in accordance with Ind AS 101, as explained below. The resulting difference between the carrying values of the assets and liabilities in the financial statements as at the transition date under Ind AS and Previous GAAP have been recognised directly in equity (retained earnings or another appropriate category of equity). Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

A. Optional exemptions

a) Deemed cost

Ind AS 101 permits to measure all its property, plant & equipments at their previous GAAP carrying value i.e. being deemed cost represented by Gross Block reduced by accumulated depreciation on April 1, 2016.

Notes forming part of financial statements for the year ended March 31, 2018

b) Investments in subsidiaries

The Company present separate financial statement wherein Ind AS 27 requires it to measure its investment in subsidiaries and associate either at cost or in accordance with the Ind AS 109. The Company at first time adoption has measured such investment at cost in accordance with the Ind AS 27, wherein it has option to measure the investments in its separate opening Ind AS balance sheet at cost as determined in accordance with Ind AS 27 or deemed cost. Deemed cost shall be fair value at the entity's date of transition to Ind AS in its separate financial statement or previous GAAP carrying amount as on that date. The Company has adopted deemed cost being previous GAAP carrying amount as on date of transition.

c) Investments in property

Ind AS 101 permits to measure all its investment property at their previous GAAP carrying value i.e. being deemed cost represented by Gross Block reduced by accumulated depreciation on April 1, 2016.

B. Mandatory exceptions

a) Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies). Ind AS estimates as at April 1, 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

-Investment in equity instruments carried at FVTPL or FVOCI; and

-Impairment of financial assets based on expected credit loss model.

b) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

c) Transition to Ind AS - reconciliations

The following reconciliations provide a quantification of the effect of significant differences arising from the transition from previous GAAP to Ind AS in accordance with Ind AS 101:

I. Reconciliation of Balance sheet as at April 1, 2016 and March 31, 2017

II. Reconciliation of Statement of Profit and Loss for the year ended March 31, 2017

III. Reconciliation of Equity as at April 1, 2016 and March 31, 2017

The presentation requirements under Previous GAAP differs from Ind AS and hence Previous GAAP information has been regrouped for ease of reconciliation with Ind AS.

The Regrouped Previous GAAP information is derived from the Financial Statements of the Company prepared in accordance with Previous GAAP.

Notes forming part of financial statements for the year ended March 31, 2018

I Reconciliation of Balance sheet as at April 1, 2016 and March 31, 2017

(Amount in Thousands)

Particulars	Refer notes	As At March 31, 2017 (Previous GAAP)	Ind AS Adjustments	As At March 31, 2017 (IND AS)	As At April 1, 2016 (Previous GAAP)	Ind AS Adjustments	As At April 1, 2016 (IND AS)
ASSETS							
Non - current assets							
Property, plant & equipment	**2**	1,822	-	**1,822**	2,687	-	**2,687**
Investment property	**3**	95,158	-	**95,158**	97,039	-	**97,039**
Intangible assets	**4**	596	-	**596**	1,427	-	**1,427**
Financial assets							
Investments in subsidiaries	**5**	6,60,777	-	**6,60,777**	6,60,777	-	**6,60,777**
Loans	**6**	12,392	-	**12,392**	11,369	-	**11,369**
Other financial assets	**7**	1,476	(8)	**1,468**	3,781	(12)	**3,769**
Income tax assets	**8**	3,131	-	**3,131**	4,682	-	**4,682**
Deferred tax assets	**9**	20,660	-	**20,660**	22,155	-	**22,155**
Other non-current assets	**10**	899	-	**899**	1,124	-	**1,124**
Total non - current assets		**7,96,910**	**(8)**	**7,96,902**	**8,05,040**	**(12)**	**8,05,028**
Current assets							
Financial assets							
Trade receivables	**11**	39,369	-	**39,369**	48,713	-	**48,713**
Cash & cash equivalents	**12**	19,960	-	**19,960**	7,167	-	**7,167**
Other bank balances	**13**	86,320	-	**86,320**	86,367	-	**86,367**
Other financial assets	**14**	12,364	-	**12,364**	10,037	-	**10,037**
Other current assets	**15**	4,779	-	**4,779**	5,224	-	**5,224**
Total current assets		**1,62,793**	**-**	**1,62,793**	**1,57,508**	**-**	**1,57,508**
Total assets		**9,59,703**	**(8)**	**9,59,695**	**9,62,548**	**(12)**	**9,62,536**
Equity and liabilities							
Equity							
Equity share capital	**16**	1,25,325	-	**1,25,325**	1,25,325	-	**1,25,325**
Other equity		7,53,699	4	**7,53,703**	7,42,092	2	**7,42,094**
Total equity		**8,79,024**	**4**	**8,79,028**	**8,67,417**	**2**	**8,67,419**
Liabilities							
Non-current liabilities							
Financial liabilities							
Borrowings	**17**	52,321	-	**52,321**	60,455	-	**60,455**
Total non - current liabilities		**52,321**	**-**	**52,321**	**60,455**	**-**	**60,455**

Notes forming part of financial statements for the year ended March 31, 2018

(Amount in Thousands)

Particulars	Refer notes	As At March 31, 2017 (Previous GAAP)	Ind AS Adjustments	As At March 31, 2017 (IND AS)	As At April 1, 2016 (Previous GAAP)	Ind AS Adjustments	As At April 1, 2016 (IND AS)
Current liabilities							
Financial liabilities							
Trade payables	**18**	9,017	-	**9,017**	9,719	-	**9,719**
Other financial liabilities	**19**	11,442	(12)	**11,430**	17,871	(14)	**17,857**
Other current liabilities	**20**	2,110	-	**2,110**	1,942	-	**1,942**
Provisions	**21**	5,789	-	**5,789**	5,144	-	**5,144**
Total current liabilities		**28,357**	**(12)**	**28,345**	**34,677**	**(14)**	**34,662**
Total equity and liabilities		**9,59,703**	**(8)**	**9,59,695**	**9,62,548**	**(12)**	**9,62,536**

II Reconciliation of Statement of Profit and Loss for the year ended March 31, 2017

Particulars	For the year ended March 31, 2017			
	Refer notes	(Previous GAAP)	Ind AS Adjustments	(IND AS)
Income				
Revenue from operations	23	1,36,451	-	1,36,451
Other income	24	10,614	2	10,615
Total Income		**1,47,065**	**2**	**1,47,066**
Expenditure				
Employee benefits expenses	25	99,150	435	99,585
Depreciation and amortisation expenses	2,4	1,792	-	1,792
Other expenses	26	28,488	-	28,488
Total Expenditure		**1,29,430**	**435**	**1,29,865**
Profit/(loss) before tax		**17,635**	**(433)**	**17,201**
Tax expense	27			
Current tax		(5,900)	-	(5,900)
Deferred tax		(127)	130	3
Profit/(loss) after tax		**11,608**	**(303)**	**11,304**
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Gain on Remeasurement of net defined benefit plans		-	435	435
Tax impact on above		-	(130)	(130)
Total other comprehensive income		**-**	**304**	**305**
Total comprehensive income		**11,608**	**2**	**11,609**

Notes forming part of financial statements for the year ended March 31, 2018

III Reconciliation of Equity

(Amount in Thousands)

Particulars	As At March 31, 2017	As At April 1, 2016
Total equity under previous GAAP	**8,79,024**	**8,67,417**
Adjustments impact: gain/ (loss)		
Gain/(loss) on Fair Valuation of financial assets & liabilities at amortised cost	4	2
Total IND AS adjustment	4	2
Total equity under Ind AS	**8,79,028**	**8,67,419**

Notes to first time adoption

Note 1: Remeasurements of post employment benefit obligations

Under the previous GAAP, cost relating to post employment benefit obligations including actuarial gain/losses were recognised in Profit & Loss. Under Ind AS, actuarial gain/losses on the net defined benefit liability are recognised in other comprehensive income instead of profit & loss.

Note 2: Security deposit

Under the previous GAAP, interest free lease security deposits (that are refundable in cash on completion of lease term) are recorded at transaction price. Under Ind AS All financial assets are required to be recognised at fair value. Accordingly, the Company has fair valued the security deposits and the difference between the fair value and transaction value of the security deposit has been recognised as prepaid rent.

Note 3: Borrowings

Ind AS 109 requires transaction costs incurred towards borrowings to be deducted from the transaction value on initial recognition. These cost are recognised in profit & loss over the tenure of borrowings as a part of the interest expense by applying effective interest rate method.

Note 4: Deferred taxes

Under previous GAAP, deferred taxes were recognised based on Profit & loss approach i.e. tax impact on difference between the accounting income and taxable income. Under Ind AS, deferred tax is recognised by following balance sheet approach i.e. tax impact on temporary difference between the carrying value of asset and liabilities in the books and their respective tax base.

Notes forming part of financial statements for the year ended March 31, 2018

32 Disclosure pursuant to ind as - 19 "employee benefits"

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

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

(Amount in Thousands)

A.

Balance sheet	**Defined benefit plans**		
Particular	**As at March 31, 2018**	**As at March 31, 2017**	**As at April 1, 2016**
Present value of plan liabilities	5,573	6,044	5,937
Fair value of plan assets	965	1,904	2,513
Asset/(Liability) recognised	(4,608)	(4,140)	(3,424)

B.

Movements in plan assets and plan liabilities	**Present value of obligations**	**Fair Value of Plan assets**
As at April 1, 2017	**6,044**	**1,904**
Current service cost	1,006	-
Past service cost	-	-
Interest cost	484	-
Interest income	-	152
Return on plan assets excluding amounts included in net finance income/cost	-	(117)
Actuarial (gain)/loss arising from changes in demographic assumptions	(7)	-
Actuarial (gain)/loss arising from changes in financial assumptions	71	-
Actuarial (gain)/loss arising from experience adjustments	(351)	-
Employer contributions	-	700
Benefit payments	(1,674)	(1,674)
As at March 31, 2018	**5,573**	**965**

Notes forming part of financial statements for the year ended March 31, 2018

(Amount in Thousands)

Particular	Present value of obligations	Fair Value of Plan assets
As at April 1, 2016	5,937	2,513
Current service cost	1,171	-
Past service cost	-	-
Interest cost	475	-
Interest income	-	201
Return on plan assets excluding amounts included in net finance income/cost	-	(28)
Actuarial (gain)/loss arising from changes in demographic assumptions	-	-
Actuarial (gain)/loss arising from changes in financial assumptions	-	-
Actuarial (gain)/loss arising from experience adjustments	(463)	-
Employer contributions	-	294
Benefit payments	(1,076)	(1,076)
As at March 31, 2017	**6,044**	**1,904**

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

- active members - 100% (2016-17: 100%)

C. Statement of profit and loss

Employee benefit expenses:

Current service cost	1,006	1,171
Interest cost/(income)	331	274
Total amount recognised in Statement of profit & loss	**1,338**	**1,445**
Remeasurement of the net defined benefit liability:		
Return on plan assets excluding amounts included in net finance income/(cost)	(287)	(463)
Actuarial gains/(losses) arising from changes in demographic assumptions	-	-
Actuarial gains/(losses) arising from changes in financial assumptions	-	-
Experience gains/(losses)	117	28
Total amount recognised in Other Comprehensive Income	**(170)**	**(435)**

Notes forming part of financial statements for the year ended March 31, 2018

D. Assumptions

With the objective of presenting the plan assets and plan liabilities of the defined benefits plans at their fair value on the balance sheet, assumptions under Ind AS 19 are set by reference to market conditions at the valuation date.

The significant actuarial assumptions were as follows:

Particular	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Financial Assumptions			
Discount rate	7.86%	8.00%	8.00%
Expected rate of return on plan assets	7.86%	8.00%	8.50%
Salary escalation rate	5.00%	5.00%	5.00%
Attrition rate	8.00%	3.00%	3.00%

Demographic assumptions

Mortality in service : Indian Assured Lives Mortality (2006-08)

E. Sensitivity

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

(Amount in Thousands)

Impact on defined benefit obligation	Increase / (Decrease) in liability	
	As at March 31, 2018	As at March 31, 2017
Projected benefit obligation on current assumptions	**5,573**	**6,044**
+1% Change in rate of discounting	(503)	(668)
–1% Change in rate of discounting	605	802
+1.00% Change in rate of Salary increase	617	755
–1.00% Change in rate of Salary increase	(520)	(691)
+1% Change in Attrition Rate	169	235
–1% Change in Attrition Rate	(197)	(272)

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

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

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

Notes forming part of financial statements for the year ended March 31, 2018

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

(Amount in Thousands)

Particulars	As at March 31, 2018	As at March 31, 2017
Projected Benefits Payable in Future Years From the Date of Reporting		
1st Following Year	1,344	528
2nd Following Year	135	183
3rd Following Year	150	395
4th Following Year	488	184
5th Following Year	158	188
Sum of Years 6 To 10	1,514	1,811
Sum of Years 11 and above	12,658	17,418

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

33	**Earnings per share (EPS)**	**2017-18**	**2016-17**
	Net profit/(loss) as per statement of profit and loss before exceptional items	13,902	11,304
	Net profit/(loss) as per statement of profit and loss after exceptional items	(88,370)	11,304
	Weighted average number of equity shares	1,25,34,389	1,25,32,522
	Add : effect of dilutive issue of options	70,452	54,902
	Diluted weighted average number of equity shares	1,26,04,841	1,25,87,424
	Nominal value of equity shares (in Rs)	10.00	10.00
	Basic and diluted earning per equity share - before exceptional items	1.11	0.90
	Basic and diluted earning per equity share - after exceptional items	(7.05)	0.90

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

Particulars	2017-18	2016-17
Fixed deposit pledged for issue of bank guarantee /loan on behalf of a step down subsidiary	-	85,820
Other bank guarantee	216	216

Notes forming part of financial statements for the year ended March 31, 2018

35 Commitments

a) 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

(Amount in Thousands)

Particulars	2017-18	2016-17
- within one year	7,617	5,384
- later than one year and not later than five years	24,761	1,302

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

Particulars	2017-18	2016-17
- within one year	10,966	10,966
- later than one year and not later than five years	28,964	39,930

36 Disclosure on related party transactions

Names of related parties and description of relationship:

Parties where controls exists: subsidiaries/step down subsidiaries

HOVS Holdings Limited

HOVS LLC

HOV Environment Solutions Private Limited

HOV Environment, LLC

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

Associates :

HGM Fund

HOVG,LLC dba Bay Area Credit Service, LLC

BancTec TPS India Private Limited

SourceHOV,LLC

TransCentra FTS Private Limited

Rule 14 LLC

Key Managerial Personnel (KMP) :

Mr. Sunil Rajadhyaksha (Chairman and Executive Director)

Mr. Parvinder S Chadha (Executive Director-upto May 29, 2017)

Mr. Surinder Rametra (Executive Director)

Mr.Vikram Negi (Executive Director from September 1, 2017)

Mr. Sriram Iyengar (Chief Financial Officer-upto February 3, 2017)

Mr. Nilesh Bafna (Chief Financial Officer from September 1, 2017)

Mr. Bhuvanesh Sharma (VP-Corporate Affairs and Company Secretary)

Relatives of KMP :

Mrs. Rekha Sharma (Relative of KMP)

Mrs. Latha Sriram (Relative of KMP)

Mrs. Deepali Bafna (From September 1, 2017)

Other related parties :

Mr. Baldev Raj Gupta (Non-Executive Director)

Mr. Harish Bhasin (Non-Executive Director)

Mrs. Lakshmi Kumar (Non-Executive Director)

Mr. Rohit Jain (Non-Executive Director from September 1, 2017)

Notes forming part of financial statements for the year ended March 31, 2018

During the year, the following transactions were carried out with the above related parties in the ordinary course of business and outstanding balances as on March 31, 2018

(Amount in Thousands)

Name of Party	Nature of Transactions	For the year ended March 31, 2018	For the year ended March 31, 2017
SourceHOV, LLC	Services provided	97,962	97,824
HOVG, LLC dba Bay Area Credit Service, LLC	Services provided	13,931	14,485
Rule 14 LLC	Services provided	13,562	-
BancTec TPS India Private Limited	Rent received	7,311	
Transcentra FTS Private Limited	Rent received	10,966	3,655
HOV Environment Solutions	Interest received	-	1,137
Private Limited*	Loan given	86,697	-
HOVS, LLC	Services provided	-	24,142
HGM Fund	Reimbursement of expenses	581	1,886
Mr. Sunil Rajadhyaksha	Managerial remuneration	4,800	4,800
Mr. Baldev Raj Gupta	Sitting fees	540	480
Mr. Harish Bhasin	Sitting fees	540	570
Mrs. Lakshmi Kumar	Sitting fees	360	300
Mr. Rohit Jain	Sitting fees	50	-
Mr. Nilesh Bafna	Salary	1,460	-
Mr. Sriram Iyengar	Salary	-	3,850
Mr. Bhuvanesh Sharma	Salary	2,728	2,800
Mrs. Latha Sriram	Car rental	-	150
Mrs. Rekha Sharma	Car rental	261	165
Mrs. Deepali Bafna	Car rental	168	-

Name of the Party	Nature of Balances	As at March 31, 2018	As at March 31, 2017
HOVS, LLC	Investments	6,60,770	6,60,770
	Trade receivables	-	9,726
	Other receivables	-	1,441
HOVS Holdings Limited	Investments	7	7
SourceHOV, LLC	Trade receivables	23,602	23,808
	Unbilled revenue	168	1,393
HOV Environment Solutions	Loan receivables	99,089	12,392
Private Limited	Guarantee given	-	85,820
	Provision for doubtful debts	99,089	-

Notes forming part of financial statements for the year ended March 31, 2018

(Amount in Thousands)

Name of the Party	Nature of Balances	As at March 31, 2018	As at March 31, 2017
HOVG, LLC dba Bay Area Credit Service, LLC	Trade receivables	5,854	5,835
HGM Fund	Other receivables	2,433	5,974
Rule 14 LLC	Trade receivables	11,708	-
Transcentra FTS Private Limited	Deposit payable	2,650	-
BancTec TPS India Private Limited	Deposit payable	-	2,650
Mr. Parvinder S Chadha	Remuneration payable	46	47
Mr. Sunil Rajadhyaksha	Remuneration payable	72	-
Mrs. Rekha Sharma	Car rental payable	24	15
Mrs. Deepali Bafna	Car rental payable	24	-

Notes:

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

b)* During the year the company has made provision of Rs. 99,089 thousands towards loan receivable including interest thereon from a subsidiary (HOV Environment Solutions Private Limited) in view of the substantial slow down in its business activities.

c) No amounts in respect of related parties have been written off/ written back during the year or has not made any provision been made for doubtful debts/ receivable except as disclosed above.

37 In terms of Ind As 108 "Operating Segments", segment information has been provided in the notes to Consolidated Financial Statements.

38 Assets provided as security

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

Particulars	As At March 31, 2018	As At March 31, 2017	As At April 1, 2016
Investment Property	93,277	95,158	97,039
Financial Assets :			
Fixed deposit with banks	216	86,036	86,036
Total	93,493	1,81,194	1,83,076

Notes forming part of financial statements for the year ended March 31, 2018

(Amount in Thousands)

39	**Payment to auditors**	**2017-18**	**2016-17**
	(Excluding Taxes)		
	Audit fees	800	1,200
	Limited review and certification fees	375	435
	Reimbursement of expenses	85	87
	Total payment to auditors	**1,260**	**1,722**

40 In the opinion of the management, assets other than fixed assets and non-current investments have a value on realization in the ordinary course of business at least equal to the amount at which they are stated. The Accounts of certain Trade Receivables, Trade Payables, Non-operative Banks / Lenders 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.

41* "Exceptional Items" for the year ended March 31,2018 represents provision made towards receivable including interest thereon from a subsidiary in view of the substantial slow - down in its business activities.

Signature to Notes 1 - 43

For and on behalf of the Board

Sunil Rajadhyaksha
Chairman& Executive Director
(DIN:00011683)

Surinder Rametra
Executive Director
(DIN:00019714)

Vikram Negi
Executive Director
(DIN:01639441)

Bhuvanesh Sharma
VP-Corporate Affairs &
Company Secretary

Nilesh Bafna
Chief Financial Officer

Place : Vashi
Date : May 29, 2018

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 Lakhs			
	Financial year ending on	March 31, 2018	March 31, 2018	March 31, 2018	March 31, 2018
	Currency	US$	US$	US$	INR
	Exchange rate on last day of financial year	65.0441	65.0441	65.0441	1
1	Share Capital	9,576.96	0.08	585.40	1.00
2	Reserves	70,915.97	1,001.23	(478.65)	(951.30)
3	Total Assets	99,084.45	1,001.31	237.37	359.45
4	Total Liabilities	99,084.45	1,001.31	237.37	359.45
5	Details of Investment	98,724.26	-	-	-
	(Except Investment in subsidiaries)				
6	Turnover	-	-	-	112.60
7	Profit before taxation	338.65	(1.53)	(61.58)	(187.19)
8	Provision for taxation			-	
9	Profit after taxation	338.65	(1.53)	(61.58)	(199.18)
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 : Not Applicable

For and on behalf of the Board

	Sunil Rajadhyaksha Chairman& Executive Director (DIN:00011683)	**Surinder Rametra** Executive Director (DIN:00019714)	**Vikram Negi** Executive Director (DIN:01639441)
	Bhuvanesh Sharma VP-Corporate Affairs & Company Secretary	**Nilesh Bafna** Chief Financial Officer	
Place : Vashi Date : May 29, 2018			

Notice of 30th Annual General Meeting

NOTICE is hereby given that the Thirtieth Annual General Meeting (the "AGM") of the members of HOV Services Limited will be held on September 10, 2018, the Monday at 11:00 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 standalone financial statements of the Company for the financial year ended March 31, 2018 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, 2018.

2. Appointment of Director

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

"RESOLVED THAT pursuant to the provisions of Section 152 of the Companies Act, 2013, Vikram Negi, who retires by rotation at this meeting and being eligible has offered himself for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation."

SPECIAL BUSINESS:

3. Appointment of Mr. Rohit Jain (DIN: 00008596) as Independent Director of the Company

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

"RESOLVED THAT pursuant to provisions of Section 149, 152 and other applicable provisions, if any, and rules framed there under, read with Schedule IV of the Companies Act, 2013 (the Act) and provisions of Securities Exchange Board of India(Listing Obligations and Disclosure Requirements) Regulations, 2015 Mr. Rohit Jain (DIN: 00008596), who was appointed as an Additional Director of the Company by the Board of Directors with effect from September 1, 2017 and who holds office until the date of this Annual General Meeting in terms of Section 161 of the Act 2013 be and is hereby appointed as an Independent Director of the Company with effect from September 10, 2018 up to September 9, 2023".

"RESOLVED FURTHER THAT any of the key managerial personnel of the Company, be and is hereby authorized, to do all such acts, deeds, matters or things as may be necessary or desirable to give effect to this resolution."

4. Approval of Payment by the Members for Service of Documents

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

"RESOLVED THATpursuant to provisions of Section 20 of the Companies Act, 2013, Rule 35 of the Companies (Incorporation) Rules, 2014 (Including any modification or re-enactment thereof, for the

time being in force) and other applicable provisions, if any, of the Act, whereby a document may be served on any member by the Company by sending it to him/her by post or by registered post or by speed post or by courier or by delivering to his office or address, or by such electronic or other mode as may be prescribed, the consent of the members be and is hereby accorded to charge from the member the fee in advance equivalent to the estimated /actual expenses of delivery of the documents, pursuant to any request made by the shareholder for delivery of such document to him/her, through a particular mode of services mentioned above, provided such request along with requisite fee has been duly received by the Company at least one week in advance of the dispatch ofdocument by the Company and that no such request shall be entertained by the Company post the dispatch of such document by the Company to the shareholder."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, any director or Company Secretary of the Company be and are hereby severally authorized to do all acts, deeds, matters and things as they may in their absolute discretion deem necessary, proper or desirable and to settle any question, difficulty, doubt that may arise in respect of the matter aforesaid and further to do all acts, deeds, matters and things as may be necessary, proper or desirable or expedient to give effect to the above resolution."

5. 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 2018-19 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."

6. Appointment of Mr. Harjit SinghAnand (DIN:01549385) as Independent Director of the Company

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

"RESOLVED THAT pursuant to provisions of Section 149, 152 and other applicable provisions, if any, and rules framed there under, read with Schedule IV of the Companies Act, 2013 (the Act) and provisions of Securities Exchange Board of India(Listing Obligations and Disclosure Requirements) Regulations, 2015 Mr. Harjit Singh Anand (DIN: 01549385), who was appointed as an Additional Director

of the Company by the Board of Directors with effect from July 5, 2018 and who holds office until the date of this Annual General Meeting in terms of Section 161 of the Act 2013 be and is hereby appointed as an Independent Director of the Company with effect from September 10, 2018 up to September 9, 2023".

"RESOLVED FURTHER THAT any of the key managerial personnel of the Company, be and is hereby authorized, to do all such acts, deeds, matters or things as may be necessary or desirable to give effect to this resolution."

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

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

Place: Pune
Date: July 5, 2018

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. 3 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 **September 7, 2018 to September 10, 2018 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 2017-18 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 September 9, 2018.

    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 30th AGM is given at the end of this Notice as per the requirement of the Secretarial Standards-2 on "General Meeting."

15. Pursuant to the Companies (Amendment) Act 2017, the section 139 of the Companies Act, 2013 have been amended and notified effective May 7, 2018 dispensing with the requirements toplace the matter relating to statutory auditor appointments' ratification by members at every annual general meeting. Therefore, the agenda of taking ratification for appointment of M/s BAGARIA & Co., Chartered Accountants is not included in the Notice.

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

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

Place: Pune
Date: July 5, 2018

EXPLANATORY STATEMENT

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

Pursuant to the 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. 3 to 6 of the accompanying Notice of 30th Annual General Meeting:

Item No. 3

Mr. Rohit Jain was appointed as additional director by the Board of Directors of the Company effective September 1, 2017 who shall hold office up to the 30th AGM. The nomination and Remuneration committee in its meeting held on May 29, 2018 had given recommendations to the Board of Directors for the appointment of Mr. Rohit Jain as an Independent Director. Mr. Rohit Jain being eligible and offering his candidature for appointment, is proposed to be appointed as an Independent Director for 1st term of five consecutive years from September 10, 2018 to September 9, 2023. A notice proposing his candidature for appointment for the office of Director of the Company has been received to the Company. In the opinion of the Board, Mr. Rohit Jain fulfills the conditions as specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Directorand the Board considered that his association will be of immense benefit to the Company.

Except for Mr. Rohit Jain, being an appointee, none of the directors, except as stated above, Key Managerial Personnel of HOVS and their relatives are concerned or interested, financially or otherwise, in the aforesaid resolutions, except to the extent of their shareholding, if any, in HOVS.

Accordingly, the Board recommends the resolution set forth in Item No. 3 in relation to appointment of Mr. Rohit Jain as an Independent Director, for the approval by the shareholders of the Company.

Item No. 4

Approval of Shareholders for reimbursement of expenses for service of documents

As per the provisions of sections 20 of the Companies Act, 2013, a document may be served on any member by sending it to him/her by post or by registered post or by speed post or by courier or by delivering to his/her office or address, or by such electronic or other mode as may be prescribed. Any member may request for delivery of any document through a particular mode, for which he or she or corporate member shall pay such fees in advance as may be determined by the Company in its Annual General Meeting.

None of the directors, and Key Managerial Personnel of HOVS and their relatives are concerned or interested, financially or otherwise, in the aforesaid resolutions, except to the extent of their shareholding, if any, in HOVS.

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

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

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

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

The Promoter / Promoter Directors of the Company,as mentioned above will not vote 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. 5 for approval of the Members in the best interest of the Company.

Item No. 6

Mr. Harjit Singh Anand, with recommendations from Nomination and Remuneration Committee was appointed, by the Board of Directors as an additional director by circular resolution, effective July 5, 2018 and who shall hold office up to the date of the 30thAGM. Mr. Harjit being eligible and offer his candidature for appointment, is proposed to be appointed as an Independent Director for 1st term of five consecutive years from September 10, 2018 to September 9, 2023. A notice proposing his candidature for appointment for the office of Director of the Company has been received to the Company. In the opinion of the Board, Mr. Harjit Singh Anand fulfills the conditions as specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director and the Board considered that his association will be of immense benefit to the Company.

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

Accordingly, the Board recommends the resolution set for thin Item No. 6 in relation to appointment of Mr. Harjit Singh Anand as an Independent Director, for the approval by the shareholders 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 and Clause 1.2.5 of Secretarial Standards-2 on General Meetings, for directors seeking appointment/ re-appointment are as below:

Name of the Director	Mr. Vikram Negi	Mr. Rohit Jain	Mr. Harjit Singh Anand
DIN	01639441	00008596	01549385
Date of Birth and Age	January 24, 1976 42 Years	March 5, 1974 44 Years	December 4, 1954 63 Years
Date of first Appointment on the Board	13/02/2017 (Appointed as an Additional Director) Appointed on September 1, 2017 as Whole-time Director designated as Executive Director for a period of five years.	01/09/2017	05/07/2018 (Appointed as an Additional Director)
Qualifications	MBA (Finance and IT) from Kogod School of Business, American University, Washington DC, USA and B. Com (Hons) from St. Xavier's College, Kolkata, India	Mr. Rohit Jain is a chartered Accountant and holds Bachelor of Commerce and Bachelor of Law Degree from the university of Delhi, apart from a post Graduate Diploma in Business Administration.	Completed Electrical Engineering degree from "Punjab EngineeringCollege, Chandigarh (PEC)" in 1976.
Experience	+17 Years	14 Years	40 years
Expertise	Expertise in successfully managing large deals, cross boarder teams and operational and financial processes and strong background in M&A, Finance, Treasury and Operations and possess a broad range of interpersonal and advisory skills.	Has expertise in insurance sector, cross functional experience in entrepreneurship, corporate governance, leadership and financial controls.	Has over 40 years of experience in Senior Executive management positions in Indian Railways, IRCON International ltd. (IRCON) and Delhi Metro Rail Corporation Ltd. (DMRC) and in different fields including rolling stock operations, maintenance and commissioning.

Number of Meetings of the Board attended during the Year	1 out of 1	1 out of 4	NA
Shareholding in Company	63,556	Nil	Nil
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	No relation	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. No remuneration drawn in previous year.	As per Nomination and Remuneration Policy of the Company and as determined by Board of Directors of the Company. Paid Sitting fees for attending meetings.	As per Nomination and Remuneration Policy of the Company and as determined by Board of Directors of the Company. No remuneration drawn.
List of Directorship/ Membership/ Chairmanship of Committees of other Board:			
Public/Listed Companies Directorship	NIL	NIL	NIL
Private Companies Directorship	NIL	2	NIL
Membership/ Chairmanship of Committees	NIL	NIL	NIL

Justification for individual appointed as Independent Director:

Mr. Rohit Jain

"Mr. Rohit Jain has 20 years of expertise in the finance sector, while working with Big 4 accounting firms and large Indian companies in the same field. In the last 20 years, he launched new lines of business, led merger integrations and gained cross functional experience in entrepreneurship, corporate governance, leadership and process controls. Currently, he serves as the Head of large multi-national consulting company in India. With his association, the company will be benefited in his area of expertise and beyond."

Mr. Harjit Singh Anand

"Mr. Harjit has over 40 years in Senior Executive management positions in Indian Railways, IRCON International ltd. (IRCON) and Delhi Metro Rail Corporation Ltd. (DMRC).

In his last 40 years, he has experience of over 20 years on Indian Railways in different fields including rolling stock operations, maintenance and commissioning of over fifty CNC machines for Rail Coach Factory/ Kapurthala. He undertook numerous turnkey electrical construction contracts for Railway Traction, power

supply works, EHT substations (up to 400kV), Electrical works for Refineries etc. in India and overseas (Turkey, UK, Ireland, Ethiopia, Bangladesh, Afghanistan and Syria). Joined DMRC in May'2006 and worked as Director (Rolling Stock) from Jun'07 to Dec'17. Involved in procurement and commissioning of over 2200 modern metro cars against International Competitive Bidding at a total cost of over 2.9 billion USD.

Mr. Harjit Singh Anand is an esteemed industry veteran and his experience and expertise will provide invaluable benefits to the Company."

Brief resume of directors getting appointed/re-appointed

1. Mr. Vikram Negi

Mr. Vikram possess 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.

2. Mr. Rohit Jain

Mr. Rohit is the Head of India for Willis Towers Watson (WTW), a leading global advisory, broking and solutions company, which helps its clients around the world turn risk into a path of growth through its presence in 140 countries via its 40,000 employees. Before this, he was the Managing Director & CEO of Almondz Insurance Brokers, a leading insurance intermediary in India. In his last 14 years with this company, he launched new lines of business, led merger integrations and gained cross functional experience in entrepreneurship, corporate governance, leadership and financial controls. Rohit was successfully able to close a joint venture of Almondz with WTW in which the latter picked up 49% equity in the insurance business.

Prior to Almondz, he worked with EY India in corporate advisory and assurance services for over 6 years. With the opening up of insurance sector in India, he spotted an opportunity to be a part of this upcoming industry and promoted this insurance brokerage company, which has shaped up to become one of the topmost companies in its field in the country.

Rohit is a Chartered Accountant and holds Bachelor of Commerce and Bachelor of Law degree from The University of Delhi, apart from a Post Graduate Diploma in Business Administration.

3. Mr. Harjit Singh Anand

Mr. Harjit completed Electrical Engineering degree from "Punjab Engineering College, Chandigarh (PEC)" in 1976, worked as a lecturer in PEC for a year. Joined "Indian Railways Service of Electrical Engineers (IRSEE)" inNov'1977. Have experience of over 20 years on Indian Railways in different fields including rolling stock operations, maintenance and commissioning of over fifty CNC machines for Rail Coach Factory/Kapurthala. Worked in IRCON International Ltd. Up to 2006 and undertook numerous turnkey electrical construction contracts for Railway Traction, power supply works, EHT substations (up to 400kV), Electrical works for Refineries etc. in India and overseas (Turkey, UK, Ireland, Ethiopia, Bangladesh, Afghanistan and Syria). Joined DMRC in May'2006 and worked as Director (Rolling Stock) from Jun'07 to Dec'17. Involved in procurement and commissioning of over 2200 modern metro cars against International Competitive Bidding at a total cost of over 2.9 billion USD.

Presently, working as President in 'CAF India Private Limited.' Overall experience of over forty years in Senior Executive management positions in Indian Railways, IRCON International ltd. (IRCON) and Delhi Metro Rail Corporation Ltd. (DMRC).

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 24221460, Fax: 91 20 24221470

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

30th Annual General Meeting – September 10, 2018

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 30th Annual General Meeting of the members of HOV Services Limited to be held on September 10, 2018 at 11.00 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.

No.	Resolution	Vote *(Optional see Note 2)* (Please mention no. of shares)	
		For	Against
Ordinary Business			
1	Consider and adopt:		
	a) the audited financial statements for the financial year ended March 31, 2018 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, 2018.		
2	Re-appointment of Mr. Vikram Negi (DIN: 01639441), who retires by rotation and, being eligible, seeks re-appointment.		
Special Business			
3	Appointment of Mr. Rohit Jain (DIN: 00008596) as an Independent Director of the Company.		
4	Approval of Payment by the Members for Service of Documents		
5	Contract of services for revenue in ordinary course of business of the Company with SourceHOV LLC.		
6	Appointment of Mr. Harjit Singh Anand (DIN: 01549385) as an Independent Director of the Company		

Signed this …….. day of …… 2018.

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 for or against 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 24221460, Fax: 91 20 24221470

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

30th Annual General Meeting – September 10, 2018

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 30th Annual General Meeting of the Company at the Sheraton Grand Pune Bund Garden Hotel, Raja Bahadur Mill Road, Pune - 411001, India, September 10, 2018 at 11:00 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. 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 (I) 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. September 3, 2018.

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. September 3, 2018 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	**Thursday, September 6, 2018 at 9:00 AM IST**
Date and time of end of voting by electronic means	**Sunday, September 9, 2018 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.

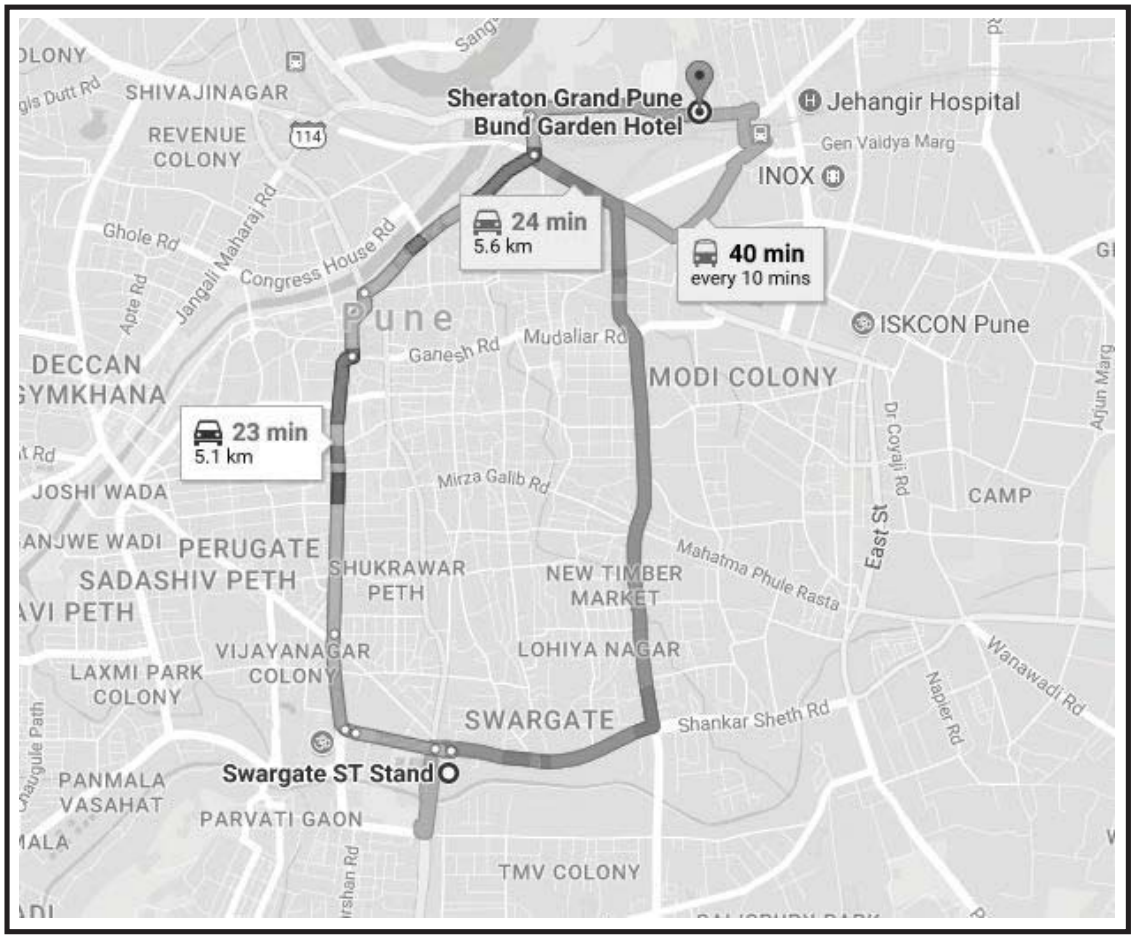
10. The scrutinizer shall immediately after the conclusion of voting at the AGM, count the votes cast at the AGM and thereafter unblock the votes cast through e-voting in the presence of at least two witnesses not in employment of the Company. The Scrutinizer shall submit a consolidated Scrutinizer's Report of the total votes cast in favour 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 favour the resolutions shall be deemed to be passed on the date of the Meeting i.e. September 10, 2018.

12. The Results of the voting will be declared at the registered office of the Company by placing the same along with the Scrutinizer's 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 field 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).

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
DECCAN
GYMKHANA
MODI COLONY
23 min
5.1 km
JOSHI WADA
Mirza Galib Rd
Dr Coyaji Rd
East St
CAMP
Arjun Marg
ANJWE WADI
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

Notes :

Notes :

HOV Services Limited

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

Day and Date	**:**	**Monday, September 10, 2018**
Time	**:**	**11:00 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