

HOVS

HOV SERVICES LIMITED

30th ANNUAL REPORT 2017 - 18

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CORPORATE INFORMATION

Registered Office & Head office	3 rd Floor, Sharda Arcade, Pune Satara Road, Bibwewadi, Pune - 411 037 Tel: (91 20) -2422 1460; Fax: (91 20) -2422 1470
Registrar & Share Transfer Agent	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. Bhavé & Co., Company Secretaries, Flat No. 9, Karan Aniket, Plot No. 37, Shri Varanasi Co-op Soc. Ltd, Off Banglore Mumbai Bangalore Bypass, Behind Atul Nagar, Warje, Pune- 411 058 Tel: (91 20)- 2520 4357/59
Internal Auditors	Arth & Associates, Chartered Accountants, Flat No. 102/103, Beena Apartments, Behind Chrysallis Institute, Opp. SBI Bank, S. B. Road, Pune- 411 016
VP- Corporate Affairs & Company Secretary & Compliance Officer	Mr. Bhuvanesh Sharma investor.relations@hovsltd.com
Website	www.hovsltd.com

THE BOARD OF DIRECTORS

Mr. 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
<i>*w.e.f July 5, 2018</i>	

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 adoption of Indian Accounting Standards for the impact of transition.

FINANCIAL 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

- HOVS LLC incorporated in Delaware under the laws of United States of America;
- HOV Environment LLC incorporated in Nevada State under the laws of United States of America;
- HOVS Holdings Limited incorporated under the Companies Ordinance of Hong Kong; and
- 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 Bhawe & 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 an environment free of sexual harassment and discrimination on the basis of gender. The Company has constituted Internal Complaints Committee pursuant to the Section 4 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 for protection against sexual harassment of women at work place. During the year there were no complaints of such manner.

Internal Control Systems and their adequacy

The Company'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 pre-defined credit period is mentioned in contract entered and the same is followed for receiving payments from customers.
- e) Operational risk: - The Company is exposed to risks of operational performance on account of costs. If the performance is lower than expected from the operators, it could have impact on profitability. So to mitigate such risks the Company had proper MIS in place.
- f) Investment risk: - The Company through its wholly owned subsidiary HOVS LLC holds investments 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 disclosure made by any employee in social media. In order to mitigate such risk the employees and Management including board members strictly adheres to the code of "Fair Disclosure Code" of the Company.
- 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 leaders and 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 and the 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 Committee Meetings 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 Committee Meetings 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 subsidiary companies 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.com/docs/HOVS%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	2 nd Interim Dividend	2010-11	26-Oct-2010	18-Nov-2010	₹ 45,826	18-Nov -2017	22-Nov -2017
4	3 rd 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
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It may be noted that both the unclaimed dividend and shares transferred to the IEPF including all benefits accruing, if any, in, such shares can be claimed back by the shareholder(s) 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:

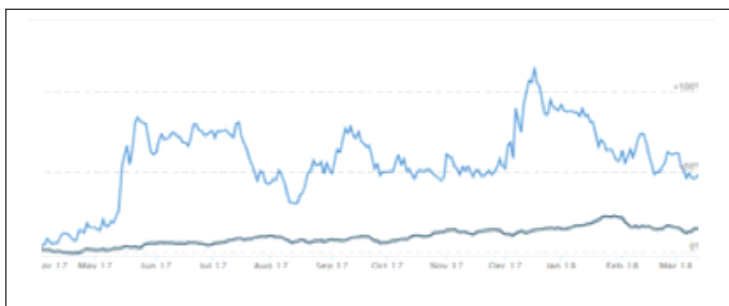
Monthly highs, lows and trading volume for FY ended March 31, 2018 is as below:

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

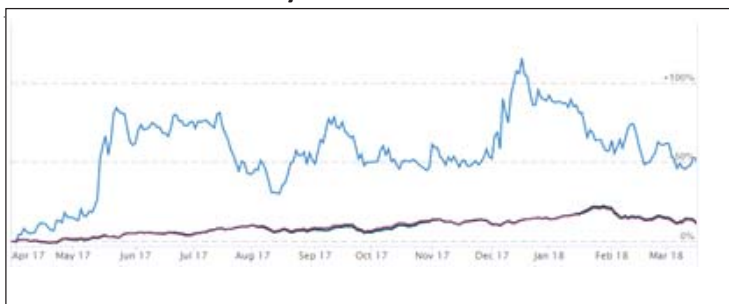
f) HOV Services Limited's Share prices versus the NSE Nifty

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 activities were 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
1 st Quarter Results	On or before August 14, 2018
2 nd Quarter Results	On or before November 14, 2018
3 rd Quarter Results	On or before February 14, 2019
4 th 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 Depository Limited 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	Balirsingh 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	MCM.	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 Section 134(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.