



HOV Services Limited

CIN: L72200PN1989PLC014448

3rd Floor, Sharda Arcade, Pune Satara Road, Bibwewadi, Pune-411037, India,

Tel: 91 20 24231623, Fax: 91 20 24221470

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

27th Annual General Meeting – July 22, 2015

NOTICE OF THE 27TH ANNUAL GENERAL MEETING, BOOK CLOSURE AND E-VOTING INFORMATION

Notice is hereby given that the 27th Annual General Meeting (27th AGM) of the Company will be held on Wednesday, July 22, 2015 at 10:30 A.M. at Le Meridien, Raja Bahadur Mill Road, Pune-411001, Maharashtra to transact the Business as set out in the Notice of the AGM.

Electronic copies of the Notice of the 27th AGM and Annual Report for the financial year 2014-15 have been sent to all the Shareholders whose email IDs are registered with the Company's Registrar & Share Transfer Agents, Karvy Computershare Private Limited (Karvy)/ Depository Participant(s). Physical copies of the Notice of the 27th AGM and Annual Report for FY 2014-15 have been sent to all other Shareholders at their registered address in the permitted mode.

The Register of Members and the Share Transfer Books of the Company will remain closed from July 16, 2015 to July 22, 2015, both days inclusive for the purpose of the 27th AGM of the Company.

As per Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Clause 35B of the Listing Agreement, the Company is providing to its Shareholders the facility to cast their vote by electronic means on all the resolutions set forth in the Notice. The details as required pursuant to the provisions of the Companies Act, 2013 and Rules are given here under:

(i)	Date of completion of sending of Notices	June 26, 2015
(ii)	Date and time of commencement of voting by electronic means	Saturday, July 18, 2015 at 9.00 AM IST
(iii)	Date and time of end of voting by electronic means	Tuesday, July 21, 2015 at 5.00 PM IST
(iv)	Cut-off date	July 15, 2015
(v)	Voting through electronic means shall not be allowed beyond	Tuesday, July 21, 2015 at 5.00 PM IST
(vi)	The Notice of 27 th AGM and the Annual Report for FY 2014-15 are available on the Company's website and on KARVY's website	www.hovsltd.com https://evoting.karvy.com
(vii)	Contact details of the person responsible to address the grievances connected with the voting by electronic means	Mr. Mohd Mohsin Uddin Manager Address: Karvy Computershare Pvt. Ltd., Karvy Selenium, Tower B, Plot number 31 & 32, Financial District Gachibowli, Hyderabad 500 032 Email id: evoting@karvy.com Telephone No. 040 - 67162222

A person whose name appears in the Register of Members/ Beneficial Owners as on the cut-off date i.e. July 15, 2015 only shall be entitled to avail the facility of e-voting as well as voting in the 27th AGM.

The members may attend the meeting even after casting their votes by e-voting but shall not be entitled to cast their votes again.

Any person who becomes member after the dispatch of the Notice of the 27th AGM and holding share as on the cutoff date i.e. July 15, 2015 may obtain the User ID and password by sending a request at evoting@karvy.com. The procedure for obtaining User ID and password is also provided in the Notice of the 27th AGM which is available on the Company's website and Karvy's website.

The facility for voting at the 27th AGM shall be made available by way of ballot and members attending the meeting who have not cast their vote by e-voting shall be able to vote at the 27th AGM by ballot.

For electronic voting instructions, Shareholders may go through the instructions sent with the Notice of 27th AGM and in case of any queries/grievances connected with electronic voting, Shareholders may refer the Frequently Asked Questions (FAQs) and e-voting User Manual for Shareholders available at the download section of <https://evoting.karvy.com> or contact: Mr. Mohd Mohsin Uddin.

By order of the Board

Bhuvanesh Sharma

VP Corporate Affairs &
Company Secretary

Place : Pune

Date : June 26, 2015

HOVS

एचओव्ही सर्व्हिसेस लिमिटेड

CIN: L72200PN1989PLC014448

3 रा मजला, शारदा आर्केड, पुणे सातारा रोड, बिबवेवाडी, पुणे - 411 037, भारत
दूरध्वनी : 91 20 24231623, फॅक्स : 91 20 24221470
investor.relations@hovsltd.com | www.hovsltd.com

27वी वार्षिक सर्वसाधारण सभा - 22 जुलै, 2015

**27वी वार्षिक सर्वसाधारण सभा, पुस्तक समापन आणि
ई-मतदान माहितीची सूचना**

ह्याद्वारे सूचना देण्यात येते की कंपनीची 27वी वार्षिक सर्वसाधारण सभा (27वी एजीएम) बुधवार दि. 22 जुलै 2015 रोजी सकाळी 10:30 वाजता ले मेरिडियन, राजा बहादुर मिल रोड, पुणे - 411001, महाराष्ट्र येथे एजीएमच्या सूचनेत दिलेल्या कामकाजासाठी आयोजित करण्यात येईल.

27व्या एजीएमची सूचना आणि 2014-15 ह्या कालावधीचा वार्षिक अहवालाच्या इलेक्ट्रॉनिक प्रती, ज्यांचे ईमेल आयडीज् कंपनीच्या निबंधकांकडे आणि शेअर ट्रान्स्फर एजंट्स, कार्बी कॅम्प्यूटरशेअर प्रायव्हेट लिमिटेड (कार्बी)/डिपॉझिटरी पार्टिसिपंट(स्) ह्यांच्याकडे नोंदणीकृत आहेत त्यांना पाठविण्यात आल्या आहेत. 27व्या एजीएमची सूचना आणि 2014-15 ह्या कालावधीचा वार्षिक अहवालाच्या भौतिक प्रती, इतर सर्व भागधारकांना त्यांच्या नोंदणीकृत पत्त्यावर आणि परवानगी असलेल्या पद्धतीने पाठविण्यात आलेल्या आहेत.

कंपनीच्या सदस्यांचे नोंदणीपुस्तक आणि भाग हस्तांतरण पुस्तके 16 जुलै, 2015 ते 22 जुलै, 2015 ह्या कालावधीत, दोन्ही दिवस समाविष्ट, कंपनीच्या 27व्या एजीएमच्या हेतूसाठी समापित म्हणजे बंद राहतील.

कंपनी अधिनियम, 2013 चे कलम 108 बरोबर वाचला जाणारा दुरुस्त करण्यात आलेला कंपनीज (व्यवस्थापन आणि प्रशासन) नियम, 2014 चा नियम 20 आणि लिस्टिंग अॅग्रीमेंटचे कलम 35बी यांच्या अनुसार कंपनी या सूचनेमध्ये नमूद केलेल्या सर्व ठरावांवर इलेक्ट्रॉनिक पद्धतीने मतदान करता यावे, यासाठी आपल्या भागधारकांना सुविधा पुरवित आहे. कंपनी अधिनियम, 2013 आणि नियम ह्या अन्वये आवश्यक असल्यानुसार खालीलप्रमाणे तपशील देण्यात येत आहे :

1	सूचना पाठविणे पूर्ण करण्याचा दिनांक	26 जून, 2015
2	इलेक्ट्रॉनिक पद्धतीने मतदान सुरु होण्याची दिनांक आणि वेळ	शनिवार 18 जुलै, 2015 सकाळी 9:00 भाप्रवे
3	इलेक्ट्रॉनिक पद्धतीने मतदान बंद होईल दिनांक आणि वेळ	मंगळवार 21 जुलै, 2015 सायं. 5:00 भाप्रवे
4	निर्णायक दिनांक	15 जुलै, 2015
5	इलेक्ट्रॉनिक पद्धतीने मतदान ह्यावेळेनंतर उपलब्ध नसेल	मंगळवार 21 जुलै 2015 सायं. 5:00 भाप्रवे
6	27व्या एजीएम आणि 2014-15 ह्या कालावधीचा वार्षिक अहवालाच्या सूचना कंपनीच्या वेबसाईटवर आणि कार्बीच्या वेबसाईटवर उपलब्ध आहे	www.hovsltd.com https://evoting.karvy.com
7	इलेक्ट्रॉनिक पद्धतीच्या मतदानाशी संबंधित तक्रारींची निवारण करण्यासाठी जबाबदार असलेल्या व्यक्तीचा संपर्क तपशील	श्री. मोहम्मद मोहसिन उद्दिन व्यवस्थापक पता : कार्बी कॅम्प्यूटरशेअर प्रा. लि., कार्बी सेलेनियम, टॉवर बी, प्लॉट क्र.31 व 32, फायनान्शियल डिस्ट्रिक्ट, गाचीबोवली, हैद्राबाद - 500 032 ईमेल आयडी: evoting@karvy.com दूरध्वनी क्र. 040 - 67162222

ज्या व्यक्तींची नावे निर्णायक तारखेस, म्हणजेच 15 जुलै, 2015 रोजी मेम्बर्स/बेनिफिशल ओनर्स यांच्या रजिस्टरमध्ये दिसून येतील अशाच व्यक्ती 27व्या एजीएमच्या वेळेस होणाऱ्या मतदानात मतदान करण्यास पात्र असतील.

ई-मतदान केल्यानंतर देखिल सभासद सभेमध्ये उपस्थित राहू शकतात, परंतु त्यांना पुन्हा मतदान करण्याचा अधिकार नसेल.

27व्या एजीएमच्या सूचनेचे वितरण झाल्यानंतर ज्या कोणी व्यक्ती सभासद झाल्या असतील आणि निर्णायक तारखेस म्हणजेच 15 जुलै, 2015 रोजी समभाग धारण करित असतील, अशा व्यक्ती evoting@karvy.com वर विनंती पाठवून युझर आयडी आणि पासवर्ड मिळवू शकतात. कंपनीची वेबसाईट आणि कार्बीची वेबसाईट यांच्यावर उपलब्ध असलेल्या 27व्या एजीएमच्या सूचनेमध्ये देखिल युझर आयडी आणि पासवर्ड मिळविण्याची पद्धती देण्यात आलेली आहे.

ज्या सभासदांनी ई-मतदान पद्धतीद्वारे मतदान केलेले नाही अशा सभासदांना 27व्या एजीएममध्ये मतदान करता यावे यासाठी 27व्या एजीएममध्ये उपस्थित असल्यास मतदान पत्रिकेद्वारे मतदान करण्याची सुविधा पुरविण्यात येईल.

भागधारकांनी 27व्या एजीएमच्या सूचनेसोबत पाठविण्यात आलेल्या इलेक्ट्रॉनिक मतदान सूचना पाहिल्यात आणि इलेक्ट्रॉनिक मतदानाशी संबंधित काही प्रश्न/तक्रारी असल्यास भागधारक <https://evoting.karvy.com> वरील डाऊनलोड विभागात उपलब्ध असलेले नेहमी विचारले जाणारे प्रश्न (एफएक्यूज) आणि ई-व्होटिंग मॅन्युअल पाहू शकतात किंवा श्री. मोहम्मद मोहसिन उद्दिन ह्यांच्याशी संपर्क साधू शकतात.

संचालक मंडळाच्या आदेशाने
भुवनेश शर्मा
व्हीपी कॉर्पोरेट अफेअर्स
आणि कंपनी सेक्रेटरी

स्थळ: पुणे

दिनांक: 26 जून, 2015

HOVS

HOV SERVICES LIMITED

27th ANNUAL REPORT 2014 - 15

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CORPORATE INFORMATION

Registered Office & Head Office	3rd Floor, Sharda Arcade, Pune Satara Road, Bibwewadi, Pune - 411 037, Maharashtra Tel: (91 20) - 24231623; Fax: (91 20) - 24221470
Registrar & Share Transfer Agent	Karvy Computershare Pvt Ltd., Karvy Selenium Tower B, Plot number 31 & 32, Financial District, Gachibowli, Hyderabad – 500 032, Telangana Tel: (91 40) - 23420815; Fax: (91 40) – 23420814
Statutory Auditors	Lodha & Co., Chartered Accountants, 6 Karim Chambers, 40, Ambalal Doshi Marg, Mumbai – 400 023, Maharashtra Tel: (91 22) - 2265 1140; Fax: (91 22) - 2269 1414
Secretarial Auditors	JDNASSA & Associates, 7/ 9, Karan Aniket, Level 4 & 5 Plot No. 37, Shri Varanasi Society, Behind Atul Nagar, Off Mumbai-Bangalore By-pass, Warje, Pune - 411 058, Maharashtra Tel: (91 20) - 2520 43 57 / 2520 43 59
Chief Financial Officer VP-Corporate Affairs & Company Secretary & Compliance Officer	Mr. Sriram Gopalan Iyengar Mr. Bhuvanesh Sharma investor.relations@hovsltd.com

THE BOARD OF DIRECTORS

Mr. Sunil Rajadhyaksha	Chairman & Executive Director
Mr. Surinder Rametra	Executive Director
Mr. Parvinder S Chadha	Executive Director
Mr. B R Gupta	Independent Director
Mr. Harish Bhasin	Independent Director
Mrs. Lakshmi Kumar	Independent Director

THE EXECUTIVE MANAGEMENT

Mr. James Reynolds	Chief Financial Officer, Global
Mr. Sriram Gopalan Iyengar	Chief Financial Officer
Mr. Bhuvanesh Sharma	VP-Corporate Affairs & Company Secretary & Compliance Officer

COMMITTEES OF THE BOARD**AUDIT COMMITTEE**

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

NOMINATION & REMUNERATION COMMITTEE

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)

STAKEHOLDERS RELATIONSHIP COMMITTEE

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

Chairman Message:

Dear Shareholder,

We have come a long way since our beginnings in 1989 with your support. We made strides in both of our investee companies after laying foundation for several years:



- This past year, SourceHOV Holdings Inc., a company in which our wholly owned subsidiary in the United States, HOVS LLC holds investment, completed merger with BancTec Group LLC. The combined company is approaching \$1 billion in revenues and is a one of the global leaders in financial transaction solutions and services, healthcare services and administration of claims. SourceHOV with direct sales and operations in 14 countries, provides solutions and services to over 3,000 customers in 55 countries. The company with over 15,000 dedicated employees is strategically positioned to leverage its global presence, multi industry solutions and services to grow in Americas, Europe, Asia, Pacific and Middle East and North Africa.
- Our company, HOV Environment Solutions Private Limited, has been involved in building artificial reefs to reduce erosion of beaches where many communities across the world live and earn their livelihood from the oceans. Our company, in India has successfully completed building of breakwater in Cochin, Kerala and are building a multipurpose reef at Mirya beach, Ratnagiri, Maharashtra. The company specializes in using highly evolved 3D mathematical models to map the floor of oceans near communities living on the beaches and use underwater structures to shape the ocean floor with geotextile fabrics, sand and tubes. Such artificial reefs not only help reverse the devastating erosion effect having on the lives of people in these communities, they also enable marine life to blossom and speed up eventual transition of artificial reefs to natural reefs.

My message will not be complete without recognizing our employees, their hard work and share their excitement and commitment to shape the future of our Company for our combined benefit.

On behalf of Company's Board of Directors, I would like to acknowledge and thank each and every one of our HOVS family member for their dedication to work, relentless efforts and support.

Our sincerest thanks to each and every Shareholder for your continued support to management to accomplish new milestones and enhancing shareholders value.

We look forward for the continued support of our shareholders'.

Sunil Rajadhyaksha
Chairman & Executive Director

Directors' Report

Your Directors are pleased to present the Company's Twenty-Seventh 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, 2015.

The financial statements are prepared for the year comprising of the 12 (Twelve) months period ended on March 31, 2015 and are not comparable to the financial statements of previous year comprising of 15 (Fifteen) months ended March 31, 2014, as the financial year was changed from calendar year to financial year as per the Companies Act, 2013.

FINANCIAL RESULTS AND OPERATIONS:

Particulars	Rs. In Million			
	Consolidated		Standalone	
	Twelve months period ended on March 31, 2015	Fifteen months period ended on March 31, 2014	Twelve months period ended on March 31, 2015	Fifteen months period ended on March 31, 2014
INCOME				
Income from Operation	164.04	173.26	125.45	159.24
Other Income	5.71	10.14	8.17	12.74
	169.75	183.40	133.62	171.98
EXPENDITURE				
Staff Cost	104.21	128.50	100.64	122.17
General and Administrative Expenses	77.90	69.92	33.33	31.72
	182.11	198.42	133.97	153.89
Profit / (Loss) before Interest, Depreciation & Tax	(12.36)	(15.02)	(0.35)	18.09
Less: Interest	4.11	1.60	-	-
Less: Depreciation	10.13	9.74	4.37	4.03
Profit / (Loss) before Tax	(26.6)	(26.36)	(4.72)	14.06
Tax pertaining to earlier years	-	0.04	-	0.04
Less: Provisions for taxes	-	-	-	-
Current Tax	-	6.23	-	6.23
Deferred Tax	(1.79)	(1.94)	(1.79)	(0.74)
Profit / (Loss) after Tax	(24.81)	(30.69)	(2.93)	8.53
Less: Minority Interest	4.70	(6.41)	-	-
Profit/(Loss) after minority interest	(20.11)	(24.28)	(2.93)	-
Add: Share of Profit/(Loss) from an Associate	(1,533.11)	(464.50)	-	-
Profit / (Loss) for the year/period	(1,553.22)	(488.78)	(2.93)	8.53

1. Results of Operations**Consolidated Financial Performance**

- Consolidated total Income for the current year was Rs. 169.75 million.
- EBIDT for the current year was Rs. (12.36) million.
- Net Profit/ (Loss) for the current year was Rs. (1553.22) million.
- The basic and diluted Earnings per share (EPS) is Rs. (124.20) for the current year.

Standalone Financial Performance

- Total Income for the current year was Rs. 133.62 million.
- EBIDT for the current year was Rs. (0.35) million.
- Net Profit/(Loss) for the current year was Rs. (2.93) million.
- The basic and diluted Earnings Per Share (EPS) is Rs. (0.23) for the current year under reporting.

2. Appropriations**(i) Dividend:**

Your Company intends to conserve available resources to invest in the growth of the business and pursue strategic growth opportunities and also in view of losses during the financial year 2014-15 the Board of Directors, 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, 2015.

3. Subsidiary companies and Associate**A. The Company has following subsidiary companies:**

- HOVS LLC incorporated in Delaware State under the laws of Unites 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 Law.

B. Associate

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

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

4. Significant developments**A) Merger transaction**

On November 4, 2014 the SourceHOV Holdings Inc. ("SourceHOV"), a company in which HOVS LLC, wholly owned US subsidiary, holds an investment, has completed the merger with BancTec Group LLC. The shareholders' approval was obtained through notice of postal ballot dated September 30, 2014. The result of postal ballot was declared on November 4, 2014 wherein the shareholders had approved with requisite majority. Post-merger the stake holding of HOVS LLC in SourceHOV has increased from 26.1% to 44.8% in the combined entity.

B) Proposed sale transaction

- i) The Board of Directors of the Company vide its notice of postal ballot dated September 30, 2014 conducted a postal ballot process for taking shareholders' approval seeking in-principle approval for sale of Company's investment in SourceHOV vide the notice of postal ballot dated September 30, 2014. The result of postal ballot was declared on November 4, 2014 wherein the shareholders had approved with requisite majority.
- ii) Certain group of shareholders had filed on November 3, 2014 a petition before Mumbai Bench of the Hon'ble Company Law Board (CP No. 101/397-398/CLB/MB/2014), against the three resolutions put before the shareholders vide the notice of postal ballot dated September 30, 2014. As part of the hearing process with the Mumbai Bench of the Hon'ble Company Law Board, all necessary documents including the valuation report and fairness report were submitted for due consideration by the Hon'ble Company Law Board.
- iii) The Hon'ble Company Law Board vide its order dated January 29, 2015 disposed-off the petition by permitting the objecting shareholders, on the request of objecting shareholders, to withdraw the petition. The Company had filed necessary disclosure regarding the outcome of the hearing with the Hon'ble Company Law Board vide its intimation dated February 19, 2015 to BSE Limited and National Stock Exchange of India Limited.
- iv) The proposed sale transaction did not consummate on account of the prevailing situation including shareholder litigation and transaction delays. The Company had immediately communicated to the shareholders vide intimations filed with the BSE Limited and National Stock Exchange of India Limited on April 20, 2015.

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 has allotted twice equity shares under ESOP Plan 2007 to its employee's on May 21, 2014 and on December 19, 2014 allotted 3,000 and 10,500 equity shares respectively. Consequently, after the allotment, the paid up share capital of the Company has gone up from 12,499,522 equity shares of Rs. 10/- each aggregating to Rs. 124,995,220/- to 12,514,022 equity shares of Rs. 10/- aggregating to Rs. 125,140,220/-

7. Employee Stock Option Plan (ESOP)

Your Company instituted “HOVS Stock Option Plan 2007” and “HOVS Stock Option Plan 2008” 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
“HOVS Stock Option Plan 2008”	September 30, 2008	0	750,000	750,000

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

8. Conservation of Energy, Technology Absorption and Foreign Exchange

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

9. Human Resources

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

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

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

11. Directors Responsibility Statement

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

12. Financial Summary and Highlights

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

13. Board Meetings

During the financial 8 (Eight) Board Meetings were held the details of which are given in the Corporate Governance Report.

14. Directors

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

Mrs. Lakshmi Kumar was appointed as an Additional Director of the Company by the Board of Directors pursuant to the Section 161 of the Companies Act, 2013, who shall hold office till the conclusion of the ensuing 27th Annual General Meeting. In terms of provisions of Section 149 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, her appointment is proposed for further period as an Independent Director, who shall hold office for five years (from July 22, 2015 to July 21, 2020) subject to the shareholders' approval in the ensuing 27th Annual General Meeting of the Company.

Mr. Parvinder S Chadha, Executive Director and Mr. Surinder Rametra, Executive Director and Mr. Sunil Rajadhyaksha, Executive Director were appointed as whole-time directors of the Company for a period of five years from April 1, 2011 to March 31, 2016 by the Shareholders' in their 23rd Annual General Meeting held on August 3, 2011. The tenure of their office as whole-time director will be ending on March 31, 2016. Pursuant to the provisions of the Sections 196, 197 read with Schedule V of the Companies Act, 2013 the approval of the Shareholders' of the Company is being sought for their re-appointment as whole-time directors for a further term of five years from April 1, 2016 to March 31, 2021.

Mr. Prakash Shukla, Independent Director ceased to be director w.e.f. from July 26, 2014.

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

All Independent Director of the Company have given declaration under Section 149(7) of the Companies Act, 2013, stating that they meet the criteria of independence as mentioned in the Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

15. Meeting of Independent Directors

Independent Directors of the Company met on March 21, 2015, to review the performance of non-independent directors, the Board as a whole and the Chairman of the Company and assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

The familiarisation program was arranged by the Company to Independent Directors with regard to their roles, rights, responsibilities with the Company, the nature of the industry in which the Company operates and business model of the Company on March 21, 2015. The details of the familization program is disclosed on the Company's website http://www.hovsltd.com/Policies_Disclosures.html#

16. Performance Evaluation

The evaluation of Independent Directors, Board, Committees and other non-independent directors was carried out as per criteria such as objective, attendance, contribution, interactive, experience, integrity, disclosures provided, ability to monitor corporate governance, domain expertise, strategic vision, industry knowledge, participation in discussions etc., prescribed by the Nomination and Remuneration Committee. The details of the same are as mentioned below.

Board: The Board regularly spent quality time in reviewing performance of the Company and has working environment which is congenial and co-operative. It has appropriate committees and skill sets to enable its working. It receives timely information from the management to fulfill its role.

Committees: The Board Committees are appropriately constituted with clear charter which is effective, interactive and decisive.

Directors: All the directors invest time in understanding Company and its requirements. They bring external knowledge and participate during discussion in the meeting of Board and its various committees. Each one expresses his views on the matter of discussion in the Board/Committee. All directors keep abreast of the updated issues that are likely to be taken up at the Board level. They are committed to fulfillment of director obligation and fiduciary responsibilities.

17. Key Managerial Personnel

During the financial year Company has appointed Mr. Sriram Iyengar, as a Chief Financial Officer w.e.f. April 1, 2014 pursuant to the provision of Section 203 of the Companies Act, 2013. Mr. Bhuvanesh Sharma resigned from the post of Company Secretary and Compliance Officer of the Company w.e.f. July 30, 2014 and the Board re-appointed him from January 1, 2015 as VP-Corporate Affairs and Company Secretary and Compliance Officer of the Company.

18. Internal Financial Controls

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

19. Related Party Transactions

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

20. Corporate Governance Report

The Company believes in good corporate governance which are essential to enhance the value of the Company for the stakeholders and abide by the Corporate Governance norms as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges. The Corporate Governance report 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 Clause 49 of the Listing Agreement with the Stock Exchanges 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 the same is available on the Company's website http://www.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**

At the 26th Annual General Meeting held on July 26, 2014, M/s. Lodha & Co, Chartered Accountants, Mumbai, were appointed as Statutory Auditors of the Company to hold office till the conclusion of 29th Annual General Meeting subject to ratification for their appointment by shareholders at every Annual General Meeting and being eligible have expressed their willingness to continue.

A resolution proposing ratification for their appointment is submitted at the ensuing 27th Annual General Meeting.

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

Secretarial Audit Report

The Board appointed M/s. JDNASSA & Associates, Pune for conducting secretarial audit, the Secretarial Audit Report for FY 2014-15 is annexed herewith as **ANNEXURE - 'F'** to this report.

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

24. Extract of Annual Return

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

25. Committees of the Board**Audit Committee**

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

Nomination & Remuneration Committee

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The said Policy is annexed as part of the Director's report.

Stakeholders Relationship Committee

The Company has constituted the above committee to resolve the grievances of the shareholders.

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

26. Whistle Blower Policy

The Board of Directors had adopted the Vigil Mechanism/Whistle Blower Policy in order to establish a mechanism for directors and employees to report genuine concerns or grievances about unethical behaviour, actual or suspected frauds or violation of the Company's Code of Conduct. It provides necessary safeguards for protection of employees from reprisals or victimisation, for whistle-blowing in good faith. In line with the commitment of Company to the highest possible standards of ethical, moral and legal business conduct and its commitment to open communication and make provisions for direct access to the Chairman of the Audit Committee in appropriate and exceptional cases. The said policy is annexed as part of this Board's report.

27. Prevention of Insider Trading

The Board of Directors has adopted new internal Code of Conduct for Prevention of Insider Trading and Fair disclosure of Unpublished Price Sensitive Information. The Code of Conduct for Prevention of Insider Trading is to regulate, monitor, govern and report trading in securities of the Company by insiders and compliance of the SEBI (Prohibition of Insider Trading) Regulations, 2015. The said Code is annexed as part of this Board's report.

28. General

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

- i. Details relating to deposits covered under Chapter V of the Companies Act, 2013;
- ii. No significant and material orders passed by the regulators or courts or tribunals which impacting the going concern status and operations of the Company;
- iii. Issue of equity shares with differential rights as to dividend, voting or otherwise;
- iv. Issue of sweat equity shares;
- v. None of the whole-time directors of the Company received any remuneration or commission from the subsidiaries of the Company.

29. Acknowledgement

Your Directors' place on record their appreciation for co-operation and support received from the, 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 BSE Limited, Bankers of the Company and Shareholders during the financial year.

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

For and on behalf of the Board of Directors

Place: Mumbai
Date: May 22, 2015

Sunil Rajadhyaksha
Chairman & Executive Director
(DIN- 00011683)

DECLARATION UNDER CLAUSE 49 OF THE LISTING AGREEMENT

As required under Clause 49 of the Listing Agreement with Stock Exchanges, we hereby confirm that for the financial year ended March 31, 2015, the Directors and Senior Management Personnel have complied with the Code of Conduct of the Company as applicable to them.

Place: Mumbai
Date: May 22, 2015

Sunil Rajadhyaksha
Chairman & Executive Director
(DIN- 00011683)

CERTIFICATE FOR 12 MONTHS FINANCIAL YEAR ENDED ON MARCH 31, 2015 UNDER CLAUSE 49 (IX)

The Board of Directors,
HOV Services Limited

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

- a) We have reviewed financial statements and the cash flow statement of the Company for twelve (12) months financial year ended on March 31, 2015 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.

Sd/-
Sriram Iyengar
Chief Financial Officer

Sd/-
Sunil Rajadhyaksha
Chairman & Executive Director
(DIN- 00011683)

Date - May 22, 2015
Place - Mumbai

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.

SourceHOV Holdings Inc., ("SourceHOV") a company in which our wholly owned subsidiary in the United States, HOVS LLC, holds investments, is a one of the global leaders in financial transaction solutions and services, healthcare services and administration of claims. SourceHOV with direct sales and operations in 14 countries serves over 3,000 customers in 55 countries. The company, with over 15,000 dedicated employees, is strategically positioned to leverage its global presence in Americas, Europe, Asia, Pacific and Middle East and North Africa.

Our second company, HOV Environment Solutions Private Limited ("HOV ESPL") has been involved in building artificial reefs to reduce erosion of beaches, thereby providing erosion protection solutions. It constructed Asia's largest Geotextile Project at Petronet LNG Terminal, Cochin and undertaken India's first government funded offshore geotextile multipurpose reef structure for coastal erosion protection at Mirya Bay, Ratnagiri, Maharashtra.

Industry structure and developments

Current economic and political situation, inconsistent movements in global commodity prices, inflation and unemployment are constantly shifting business and technology landscape. The worldwide digital transformation, customers are well informed, decisive and influential - the mantra from technology being replaced by business process management (BPM) platforms that allows organizations to design, execute, monitor, change and continuously optimize their business processes and operations. IT-BPM Sector in India has received sharp interest in the past several years due to of its potential economic and strategic impact and maintaining double digit growth. As per NASSCOM the country has witnessed 11% growth as compared to previous Financial Year.

Environmental protection solution industry encompasses several areas like environmental marine consulting; geotextile installation; erosion control and soil; environment conservation / protection of infrastructure projects such as roads, railways, rivers, channels, landfills; coastal protection and so on.

Financial Performance

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

Sr. No.	Particulars	On Standalone basis	On Consolidated basis
1	Shareholders' funds	Shareholders' funds stood at Rs. 852.86 million as at March 31, 2015 as compared to Rs. 855.60 million as at March 31, 2014	Shareholders' funds Rs. 5780.94 million as at March 31, 2015 as compared to Rs.1683.09 million as at March 31, 2014.
2	Equity & Security Premium:	Share Capital and Securities Premium as at March 31, 2015 were Rs. 125.14 million and Rs. 623.89 million respectively. Presently, HOVS has 12,514,022 equity shares of Rs. 10 each fully paid up.	Share Capital and Securities Premium as at March 31, 2015 were Rs. 125.14 million and Rs. 623.89 million respectively. Presently, HOVS has 12,514,022 equity shares of Rs. 10 each fully paid up.
3	Profit and Loss Account	Retained earnings as at March 31, 2015 amount to Rs. 83.66 million. As at March 31, 2015, HOVS's book value per share stood to Rs. 68.15 per share as compared to Rs. 68.45 per share as at March 31, 2014.	Retained earnings as at March 31, 2015 amount to Rs. (1,776.25) million. As at March 31, 2015, HOVS's book value per share Rs. 461.96 Per share as compared to Rs. 134.65 per share as at March 31, 2014.
4	General Reserve	During the year there is no change in amount of reserve from the period ended of previous year ended March 31, 2014 which was Rs. 19.54 million.	No change same as previous period ended March 31, 2014 which was Rs. 19.54 million.
5	Capital Redemption Reserve	During the year there is no change CRR amount of Rs. 0.63 million which was created on account of buy-back of equity share capital in year 2009. There is no change in the current year.	During the year there is no change CRR amount of Rs.0.63 million which was created on account of buy-back of equity share capital in year 2009. There is no change in the current year.
6	Investments	Non-current investments as at March 31, 2015 amount to Rs. 759.7 million as compared to Rs. 761.58 million as at March 31, 2014.	Investments amount to Rs. 5727.79 million as compared to Rs. 1611.93 million as at March 31, 2014.
7	Fixed Assets	Gross Block as at March 31, 2015 stood at Rs. 33.69 million as compared to Rs. 33.66 million as at March 31, 2014. The corresponding Net Block as at March 31, 2015 is Rs. 5.73 million as compared to Rs. 10.49 million as at March 31, 2014.	Gross Block as at March 31, 2015 stood at Rs. 80.32million as compared to Rs. 79.59million as at March 31, 2014. The corresponding Net Block as at March 31, 2015 is Rs. 37.86 million as compared to Rs. 47.91 million as at March 31, 2014.

Sr. No.	Particulars	On Standalone basis	On Consolidated basis
8	Goodwill	Goodwill as at March 31, 2015 stood as Nil.	Goodwill as at March 31, 2015 stood at Rs. 0.038 million.
9	Trades Receivables	<p>Net Receivables as at March 31, 2015 amounted to Rs. 26.21 million as compared to Rs. 28.58 million as at March 31, 2014.</p> <p>These debtors are considered good and realizable. The provision for doubtful debt was not provided for as all the receivables are due for a period not exceeding 90 days.</p> <p>Trade receivables as a percentage of revenue is 20.89% as at March 31, 2015 as against 17.95% as at March 31, 2014.</p>	<p>Net Receivables as at March 31, 2015 amounted to Rs. 42.79 million as compared to Rs. 28.80 million as at March 31, 2014.</p> <p>These debtors are considered good and realizable.</p> <p>The provision for doubtful debt was provided of Rs. 1.5 million for the receivables which are due for a period exceeding six months.</p> <p>Trade receivables as a percentage of revenue is 26.09% as at March 31, 2015 as against 16.62% as 'at March 31, 2014.</p>
10	Non-current Liabilities	Non-current liabilities amount to Rs. 67.87 million as at March 31, 2015 as compared to Rs. 74.87 million as at March 31, 2014.	Non-current liabilities amount to Rs. 68.14 million as at March 31, 2015 as compared to Rs. 74.12 million as at March 31, 2014.
11	Current Liabilities	As at March 31, 2015 current liabilities amount to Rs. 30.83 million as compared to Rs. 30.08 million as at March 31, 2014.	As at March 31, 2015 current liabilities amount to Rs. 131.96 million as compared to Rs. 83.40 million as at March 31, 2014.
12	Sale of services	For the period ended March 31, 2015, HOVS recorded operating income of Rs. 125.45 million.	For the period ended March 31, 2015, HOVS recorded operating income of Rs. 164.04 million.
13	Operating Profit/ (Loss)	Reported Profit/ (Loss) before exceptional items and tax is of Rs. (4.72) million for the year ended March 31, 2015.	Reported Profit/ (Loss) before exceptional items and tax is of Rs. (26.59) million for the year ended March 31, 2015.
14	Net Profit/ (Loss) after Tax	HOVS recorded a PAT of Rs. (2.93) million for the year ended March 31, 2015.	Recorded a PAT of Rs. (1553.22) million for the year ended March 31, 2015.

Revenues – standalone

Our total income in current year on a standalone basis decreased to Rs 133.61 million from Rs 171.98 million in the previous period, at a diminished rate of 22.31%. Our software export revenues aggregated to Rs 125.45 million, from Rs 159.24 million in the previous period.

Revenues – consolidated

Our total income in current year on a consolidated basis decreased to Rs 169.75 million from Rs 183.40 million in the previous period, at a diminished rate of 7.44%. Our software export revenues aggregated to Rs 125.45 million, from Rs 173.26 million in the previous period.

Profits – standalone

Employee Benefit Expenses were at Rs 100.64 million for year ended March 31, 2015 and were at Rs 122.17 for the period ended March 31, 2014. Other expenses were at Rs 33.33 million for year ended March 31, 2015 and were at Rs 51.46 million for the period ended March 31, 2014.

The EBITDA amounted to Rs (0.35) million as against Rs 18.09 million in the previous period.

The Profit/(Loss) after tax was Rs (2.93) million, as against Rs 8.53 million in the previous period.

Profits – consolidated

Employee Benefit Expenses were at Rs 104.21 million for year ended March 31, 2015 and were at Rs 128.50 for the period ended March 31, 2014.

Other expenses were at Rs 77.90 million for year ended March 31, 2015 and were at Rs 69.92 million for the period ended March 31, 2014.

The EBITDA amounted to Rs (12.36) million as against Rs (15.02) million in the previous period.

The (Loss) after tax before minority interest and share of (Loss) from Associate is Rs (24.81) million, as against Rs (30.69) million in the previous period. Share of (Loss) from an associate is Rs (1533.12) million for current year as against Rs (464.50) million in the previous period.

Our Net Profit/ (Loss) in current year on a consolidated basis amounted to Rs. (1553.22) million, as against Rs. (488.78) million in the previous period.

Capital Reserve

Our capital reserve on a consolidated basis amounted to Rs 6811.45 million, as against Rs 1138.11 million in the previous period

Pursuant to shareholders' approval on November 4, 2014, SourceHOV Holdings Inc. ("SourceHOV"), a company in which HOVS LLC, wholly owned US subsidiary of HOV Services Limited, holds an investment, completed the merger with BancTec Group LLC. Post-merger the

equity ownership of HOVS LLC in SourceHOV increased from 26.1% to 44.8%. The Audited accounts of SourceHOV as of December 31, 2014 have been used in consolidation of accounts as per Accounting Standard 23 "Accounting for Investments in Associates". The fair value of HOVS LLC investment on November 4, 2014 in SourceHOV has been valued at US\$ 95million based on an Independent valuation report and fairness opinion from SEBI registered merchant banker. Accordingly, additional Capital Reserve of Rs 5824.02 million was recognised being the fair value of investment in the associate over the carrying value of investment.

Segment-wise performance

During the year the Software and IT Enabled business fairly scaled with turnover of Rs 12.5 crore and Environment Solutions Business with revenue of Rs. 3.8 crore. Environment business have long gestation period and will take 5-7 years of period to scale up on project revenues and profitability.

Human Resources

The Company considers it of imperative importance to ensure development of employees at various levels therefore, during their employment tenure they are provided with training for skill sets, motivated through reward and recognitions programme at quarterly basis focusing on their long term career with the Company. Career enhancement and progress opportunity is planned at all levels. In additions with HR recruitment process, employees are encouraged to refer candidates for filling any positions. Management communicates with employees on regular basis through various modes and including internal portal. The Company has maintained cordial relationship with the employees and there were 209 employees at the peak during the year.

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

Internal Control Systems and their adequacy

The Company has established adequate internal control systems with checks and balances observed at all levels, covering not only, financial transactions but other department functions as well. The Internal audit team functions vigilantly on a continuous basis and monitors the effectiveness of internal controls and provides assurance of the adequacy and effectiveness of the internal controls to the Audit Committee and Board of Directors. The system of certification of the effectiveness and deficiencies of internal controls is in place and the same has been placed before the Audit Committee on quarterly basis.

Risks and concerns

The risk management framework includes identifications of element of risk, if any which in the opinion of the Management need mitigation. The risk categories covered under risk management includes foreign exchange risk, debtor's risk, investment risk, statutory compliance/payment risk, business risk, quality compliance risk and human resource attrition risk. The Management on continues basis evaluates and attempts to monitor each of the above categories and other emerging risks.

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

- The appreciation/depreciation of the Indian Rupee against the US Dollar can affect profitability. The exposure on forex risk is considerably less on account of less volumes of inflow and negligible outflows therefore not considered as major risk.
- The rising inflation and salaries along with high attrition among employees is a threat. The impact of this hard is to manage and to the extent possible, the Management uses technology, automation, incentives and good work environment to reduce its impact.
- In our environment business, the projects are often complex, face unknown hurdles, require substantial cash infusion to complete and typically the gestation period for such projects are around 5-7 years. All the efforts are taken to continually revisit the scope and objects of the project undertaken.

Opportunities & Outlook

With recovery of developed economies like US and Europe where budgets for IT & ITES have increased enabling more contract been awarded, we look forward to capture those opportunities. We are also positive to capture opportunities in growing emerging markets for environment projects. Company's management has strong domain knowledge and experience of successful leading business ventures in emerging sector. Our key strategy is to identify new opportunities that have the potential for growth

Material events occurring after the balance sheet date

During the year, the management had contemplated the sale of shares of SourceHOV Holdings, Inc., a company incorporated in USA, which are held by the Company's subsidiary in USA, HOVS LLC based on a preliminary offer received HandsOn Fund 4 LLC. In this regard, the Company had also obtained the approval of its shareholders by way of passing a special resolution through postal ballot dated September 30, 2014.

Certain shareholders of the Company opposed the proposed sale of shares and made representations against the Company before various authorities, including the filing of a petition before the Hon'ble Company Law Board ("CLB") against the Company and some of the key members of the Management of the Company. The Company duly responded to all communication received in this regard from authorities, including in relation to the petition filed before the CLB. The shareholders eventually withdrew their petition. However, the complaints and petition against the Company resulted in uncertainty and the proposed sale of shares was delayed.

On April 20, 2015, the Company received an intimation from the proposed purchaser, stating that they have decided against proceeding with the acquisition of the shares, citing concerns relating to shareholder litigation and transaction delays.

In view of the above, the Company was unable to consummate the proposed sale of shares of SourceHOV Holdings Inc., as approved by the shareholders of the Company. The Company has intimated the shareholders of material developments in this regard from time to time.

ANNEXURE TO THE DIRECTOR'S REPORT**Report on Corporate Governance**

The report Corporate Governance for the year ended March 31, 2015 is presented as below :

1. Company's Philosophy on Corporate Governance

The Company believes that good corporate governance are essential to enhance the value of the Company for the stakeholders and maintain the highest standards of corporate governance. The Company's affairs being managed in a manner which ensures accountability, transparency in all transactions. Transparency in terms of business practices which is done in fair and ethical manner and Accountability in terms of responsibility towards environment in which it operates. Thereby increasing shareholders' value in the long term which can be achieved keeping the interest of shareholders and comply with all applicable rules, regulations and laws.

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 along with its Committees provides direction and guidance to the Company's Management and directs, supervise the functioning of the Company. The Board functions either as a full Board or through various Committees constituted to oversee specific operational areas. The Board is entrusted with the task of managing the Company directly or through delegation of authority to executive management which provides the Board detailed reports on its performance periodically. The Board of Directors comprises of members having distinguished experience in various field such as management, finance, technology and strategic planning, with considerable professional expertise and experience in business and industry.

(a) Size and Composition of Board of Directors

The Board has an optimum combination of three executive and three non-executive Directors and presently fifty percent of the Board comprises of Independent Directors. All three 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. No compensation is paid to the Non-Executive Directors.

The Non-Executive Directors have been granted stock options under Employee Stock Option Plan 2007 of the Company. The stock options were issued at latest available closing price of the stock exchange where there is highest trading volume, prior to the date of the meeting of the Nomination & Remuneration Committee in which options are granted.

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 grants of stock option.

(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 Meetings. The Board and Audit Committee meets quarterly basis, at least four times in the year to review the quarterly financial statements and other matters. Other Committees of the Board meets as and when require.

The gap between two meetings does not exceed four months. Leave of absence was granted to the Directors as and when requested by them. All the information required to be placed before the Board as per Clause 49 of the Listing Agreement was made available to the Board for their discussion and consideration.

None of the Directors on the Company's Board is a member of more than ten committees and chairman of more than five committees across all the companies in which he/she is director. All the directors have made necessary disclosure regarding committees positions held by them in other companies. None of the directors is having any relation with other directors of the Board.

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

Composition of Board of Directors and details of meeting attended:

Name of Director	Category	Board Meetings		Attended Last AGM	Other Directorships/Board Committees (Number)		
		Held	Attended		Directorship	Committee Membership	Committee Chairmanship
Mr. Surinder Rametra	Promoter Executive	8	6	Yes	1	-	-
Mr. Parvinder S Chadha	Promoter Executive	8	3	No	0	-	-
Mr. Sunil Rajadhyaksha	Promoter Executive	8	5	Yes	0	-	-
Mr. B R Gupta	Non-Executive Independent	8	8	Yes	8	5	3
Mr. Harish Bhasin	Non-Executive Independent	8	5	Yes	1	-	-
Mr. Prakash Shukla*	Non-Executive Independent	8	1	Yes	NA	-	-
Mrs. Lakshmi Kumar**	Non-Executive Independent	8	1	NA	1	-	-

The details of Board Meetings held during the financial year ended March 31, 2015 are as under:

Sr. No.	Date of Board Meetings	Board Strength	No. of Directors Present
1	May 21, 2014	6	4
2	July 26, 2014	6	5
3	July 26, 2014	5	4
4	August 2, 2014	5	2
5	September 30, 2014	5	5
6	November 13, 2014	6	3
7	December 19, 2014	6	2
8	February 10, 2015	6	5

Shareholding of Directors as on March 31, 2015 is as below:

Sr. No.	Name of Director	Number of shares held
1	Mr. B R Gupta, Independent Director	500
2	Mr. Harish Bhasin, Independent Director	5,500
3	Mr. Surinder Rametra, Executive Director	1,20,000
4	Mr. Sunil Rajadhyaksha, Chairman & Executive Director	5,88,720
5	Mr. Parvinder Chadha, Executive Director	29,300

(d) Details of Remuneration of all the Directors:

Sr. No.	Name of Director	Salary & Perquisites Rs.	Bonus/ Commission	Sitting Fees Rs.
1	Mr. Surinder Rametra ¹	Nil	Nil	Nil
2	Mr. Parvinder S Chadha ¹	Nil	Nil	Nil
3	Mr. Sunil Rajadhyaksha ²	42,00,000	Nil	Nil
4	Mr. B R Gupta	Nil	Nil	3,60,000
5	Mr. Harish Bhasin	Nil	Nil	2,80,000
6	Mr. Prakash Shukla*	Nil	Nil	20,000
7	Mrs. Lakshmi Kumar**	Nil	Nil	20,000

¹ On account of pending approval from Central Government on application made by the Company on March 21, 2014 for seeking approval to pay remuneration for balance period of 2 years of their term of 5 years ending on March 31, 2016, no remuneration was paid to Mr. Surinder Rametra and Mr. Parvinder S Chadha. However the Company had provided Rs. 24,00,000/- each while preparing the financial statements. The Central Government, on application made by the Company directed to the Company vide its letter dated July 31, 2014 to comply inter-alia, seeking shareholders' approval for payment of remuneration under provisions of the Companies Act, 2013.

² Mr. Sunil Rajadhyaksha was paid remuneration of Rs. 42,00,000/- during the year with in the limits prescribed under Schedule V of the Companies Act, 2013. The application to the Central Government was made by the Company on March 21, 2014 for seeking approval to pay remuneration of Rs. 48,00,000/- per annum for balance period of 2 years of his term of 5 years ending on March 31, 2016. However the Company had provided for balance amount of Rs. 6,00,000/- while preparing the financial statements. The Central Government, on application made by the Company [directed to the Company vide its letter dated July 31, 2014 to comply inter-alia, seeking shareholders' approval for payment of remuneration under provisions of the Companies Act, 2013. Accordingly the resolution is been put before the shareholder in 27th Annual General Meeting.

*Mr. Prakash Shukla resigned from the Directorship of the Company w.e.f July 26, 2014.

**Mrs. Lakshmi Kumar was appointed as an Additional Director w.e.f October 24, 2014.

Notes:

- 1) The Company has not entered into any pecuniary relationship or transaction with the Non-Executive Directors.
- 2) The remuneration and sitting fees amount in above table is for 12 months from April 1, 2014 to March 31, 2015.
- 3) The shareholder's in their Annual General Meeting held on August 3, 2011 has approved the re-appointment of all Executive Directors as whole-time directors of the Company for the period of five years w.e.f April 1, 2011 to March 31, 2016 with a monthly remuneration of Rs. 400,000/- payable to each of the whole-time directors. The re-appointment was approved by the Central Government vide letters dated October 13, 2011 for period of five years w.e.f April 1, 2011 to March 31, 2016 with a monthly remuneration of Rs. 400,000/- payable to each of the whole-time directors. However, the remuneration payable was approved only for three years period ended on March 31, 2014. The Company has filed application on March 21, 2014 to Central Government seeking approval for same amount of remuneration payable to all three executive directors for remaining period of two years, from April 1, 2014 till March 31, 2016. The Central Government vide its letter dated July 31, 2014 communicated that the effective date of payment of remuneration is w.e.f April 1, 2014 from which the new Companies Act, 2013 came in to effect, and as the said application was made under the erstwhile Companies Act, 1956, the application made by the Company was closed.
- 4) Development happened after reporting date but before sending notice of 27th AGM:-
Mr. Parvinder S Chadha, Promoter Director and Mr. Surinder Rametra, Promoter Director vide their letter dated June 1, 2015 had voluntarily decided for not receiving any remuneration retrospectively with effect from April 1, 2015 till their current term of appointment ending on March 31, 2016 and have also decided to continue to act as whole time directors of the Company for further periods without any remuneration, subject to their re-appointment in 27th AGM.
The aforesaid submission made by Mr. Parvinder S Chadha, Promoter Director and Mr. Surinder Rametra, Promoter Director was considered by the Nomination and Remuneration Committee and it was recommended to the Board of Directors of the Company. The Board of Directors considered the matter vide its circulation resolution dated June 3, 2015 and the same was approved by the Board of Directors on June 5, 2015 superseding May 22, 2015 resolution for remuneration. The Board of Directors in its meeting held on February 10, 2015 decided to take shareholders' approval in ensuing Annual General Meeting for the payment of remuneration to executive directors for balance period of April 1, 2014 to March 31, 2016. Therefore resolution to this effect has been put in the Notice 27th Annual General Meeting.
- 5) The remuneration payable to directors does not have performance linked incentives.
- 6) None of the Directors eligible for severance fees.
- 7) Notice period as mutually decided by the Company and Director.

3. Audit Committee

The Company has set-up an Audit Committee, pursuant to requirements of Section 292A of the erstwhile Companies Act, 1956 and Clause 49 of the Listing Agreement. The primary objective of the Audit Committee is to monitor and effectively supervise the Company's financial reporting process with a view to provide accurate, timely and proper disclosures.

Section 177 of Companies Act, 2013 and the new Clause 49 of the Listing Agreement, which had become effective on October 1, 2014, 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) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- xi) Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- xii) 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 utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- xiii) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- xiv) 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;

- xv) Discussion with internal auditors of any significant findings and follow up there on;
- xvi) 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;
- xvii) 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;
- xviii) 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;
- xix) To review the functioning of the Whistle Blower mechanism;
- xx) 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;
- xxii) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013
 - b. Changes, if any, in accounting policies and practices and reasons for the same;
 - c. Major accounting entries involving estimates based on the exercise of judgment by management;
 - d. Significant adjustments made in the financial statements arising out of audit findings;
 - e. Compliance with listing and other legal requirements relating to financial statements;
 - f. Disclosure of any related party transactions and;
 - g. Qualifications in the draft audit report.

Majority of the Members of the Audit Committee, including the Chairman of the Committee have accounting and financial management expertise. Mr. B R Gupta, who is the Chairman of the Audit Committee has attended the Annual General Meeting of the Company, held on July 26, 2014. 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 also acts as Secretary to the Audit Committee.

The composition of Audit Committee is as follows:

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

The details of Audit Committee Meetings and its attendance during the twelve months ended March 31, 2015 are as under:

Sr. No	Meeting Date	May 21, 2014	July 26, 2014	September 30, 2014	November 2, 2014	November 13, 2014	February 10, 2015
1	Mr. B. R. Gupta	P	P	P	P	P	P
2	Mr. Harish Bhasin	A	P	P	P	P	P
3	Mr. Surinder Rametra	P	P	P	A	A	P
4	Mr. Prakash Shukla	A	NA	NA	NA	NA	NA

4. Nomination & Remuneration Committee

The Company has set-up a Compensation & Remuneration Committee, pursuant to the requirements of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) and as per Clause 49 of Listing Agreement with the Stock Exchanges.

As per Section 178 of the Companies Act, 2013 the Company has changed name of Compensation & Remuneration Committee to Nomination & Remuneration Committee.

The Nomination & Remuneration Committee shall act in terms of reference specified by the Board which shall, inter-alia, includes,

- i) Identify persons who are qualified to become directors and who may be appointed in "senior management";
- ii) Recommend to the Board for appointment and removal of senior management;
- iii) Carry out evaluation of every director's performance;
- iv) Devising a policy on Board diversity;
- v) Formulate the criteria for determining qualifications, positive attributes and independence of a director;
- vi) Recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees ensuring the following while formulating the policy that:-
 - a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
 - b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

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

The composition of Nomination & Remuneration Committee is as follows:

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

The details of Nomination & Remuneration Committee Meetings and its attendance during the twelve months ended March 31, 2015 are as under:

Sr. No	Name	Meeting Date November 13, 2014	Meeting Date December 19, 2014
1	Mr. B. R. Gupta	P	P
2	Mr. Harish Bhasin	P	P
3	Mrs. Lakshmi Kumar*	NA	NA
4	Mr. Prakash Shukla**	NA	NA
5	Mr. Sunil Rajadhyaksha*	NA	NA

* Mrs. Lakshmi Kumar and Mr. Sunil Rajadhyaksha inducted in the Nomination & Remuneration Committee as a member from February 10, 2015.

** Mr. Prakash Shukla resigned from the Directorship of the Company w.e.f July 26, 2014.

The committee meeting convened on May 21, 2014 it not happened for want of quorum.

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 policy for selection and appointment of directors and key managerial personnel and their remuneration is annexed to the Board's report.

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

5. Stakeholders Relationship Committee

During the year the Company has changed the name of Investor Grievances Committee to Stakeholders Relationship Committee as per the provisions of Section 178 of the Companies Act, 2013.

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 Stakeholders Relationship Committee shall act in terms of reference specified by the Board which shall, 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 Registrar and Share Transfer Agent of the Company; and
- iv) To expedite the process of share transfers, the Board of the company shall delegate the power of share transfer to an officer or a committee or to the registrar and share transfer agents. The delegated authority shall attend to share transfer formalities at least once in a fortnight.

The Stakeholders Relationship Committee had authorized Mr. Bhuvanesh Sharma, VP-Corporate Affairs & Company Secretary & Compliance Officer to overview the task of investor's servicing and redress their grievances and take care of requirements related to shareholders queries, re-materialization of shares, issue of duplicate share certificates, issue of new certificates in replacement of those that are torn, defaced, lost or destroyed, split/consolidation of share certificates and any other matter as and when received from the shareholders of the Company and maintain the records thereof. The meetings of the Committee during the financial year were held on May 21, 2014 and November 13, 2014.

During the financial year no complaints received from the shareholders of the Company, except that certain group of Shareholder filed a petition before Mumbai Bench of the Hon'ble Company Law Board being CP. No. 101/397-398/CLB/MB/2014, against three resolutions put before the shareholders by the Company vide its Notice of Postal Ballot dated September 30, 2014.

6. Other Committees Constituted by the Board

The Board of Directors of the Company has dissolved Investment/ Acquisition Committee and Capital Committee which are not mandatory as per the Companies Act, 2013 and the Listing Agreement in the Board Meeting held on April 20, 2015.

7. General Body Meetings

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

Year	Location	Date	Time	Special Resolutions passed
2011-12	Le Meridien, Raja Bahadur Mill Road, Pune-411001	June 23, 2012	10:00 A.M.	No
2012	Le Meridien, Raja Bahadur Mill Road, Pune-411001	May 18, 2013	11:00 A.M.	No
2014	Le Meridien, Raja Bahadur Mill Road, Pune - 411001	July 26, 2014	11:00 A.M.	No

- b) Extra Ordinary General Meeting:

No Extra Ordinary General Meeting was held during the year.

- c) Postal Ballot:

During the financial year, in pursuance of Section 110 of the Companies Act, 2013 read with Companies (Management and Administrative) Rules, 2014 the Company had conducted postal ballot vide its Notice of Postal Ballot dated September 30, 2014. The detail of procedure for the Postal Ballot is as under:

The Company sent notice of postal ballot dated September 30, 2014 to the shareholders seeking their approval through Postal Ballot.

Mr. S. Anand SS Rao, the Practicing Company Secretaries, was appointed as scrutinizer for conducting the postal ballot process. The Company had provided e-voting facility to the shareholders to exercise their voting rights. The voting period commenced at 10:00 A.M on October 5, 2014 and ended at 5:00 P.M on November 3, 2014.

After the completion of the scrutiny all the e-voting votes/ postal ballot forms received up to the closing of the hours on November 3, 2014, the scrutinizer submitted his report to the Chairman of the Company. The Results of the Postal Ballot were announced by the Chairman on November 4, 2014 at the registered office of the Company and also intimated to the Stock Exchanges and uploaded on the Company's website.

Results of Postal Ballot are as follows:-

Sr. No	Particular of Resolution	% of Votes in favour	% of Votes against
1	Sale of Company's entire investment in Sourvce HOV through its US based wholly owned subsidiary HOVS LLC to affiliate/ related parties of Promoters	95.35%	4.65%
2	Sale of Company's entire investment in SourvceHOV through its US based wholly owned subsidiary HOVS LLC to other potential buyers	98.68%	1.32%
3	Merger of SourceHOV and BancTec.	93.01%	6.99%

8. Subsidiary Companies

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

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

9. Disclosures Requirements

- i) The detailed Management Discussion and Analysis Report are given separately in the Annual Report.
- ii) a) On November 4, 2014, SourceHOV Holdings Inc. ("SourceHOV"), a company in which HOVS LLC, wholly owned US subsidiary of HOV Services Limited, holds an investment, completed the merger with BancTec Group LLC. Post-merger the equity ownership of HOVS LLC in SourceHOV increased from 26.1% to 44.8%. The Audited accounts of SourceHOV as of December 31, 2014 have been used in consolidation of accounts as per Accounting Standard 23 "Accounting for Investments in Associates". The fair value of HOVS LLC investment on November 4, 2014 in SourceHOV has been valued at US\$ 95 million based on an Independent valuation report and fairness opinion from SEBI registered merchant banker. Accordingly, additional Capital Reserve of Rs. 58,240.25 lacs was recognised being the fair value of investment in the associate over the carrying value of investment.
- b) HOVS LLC's share of loss before merger for the period from January 1, 2014 till October 31, 2014 was Rs. 15,013.9 lacs and the loss post-merger from November 1, 2014 till December 31, 2014 was Rs. 317.3 lacs, aggregating to the loss of Rs. 15,331.2 lacs which has been consolidated as loss of associate.
- iii) On November 2011, HOV Environment Solutions Private Limited (the "HOV ESPL") was set up as an indirect subsidiary of the Company, to design and develop advanced solutions for solving problems related to erosion control, soil stabilization, environment conservations and protection solutions.
- iv) No dividend was declared for the financial year ended March 31, 2015.
- v) Unclaimed Dividends

The Company has to transfer the unclaimed dividend after a period of seven years from the date it becomes due for payment to the Investor Education and Protection Fund, established by the Central Government. Following are the details of the unclaimed dividends :-

Sr. No.	Type of Dividend	Year	Date of Declaration /approval	Unclaimed Dividend as on March 31, 2015 (Amount in Rs.)	Due Date for transfer of unclaimed dividend to Investor Education and Protection Fund (IEPF)
1	Interim Dividend	2009 - 10	January 28, 2010	39,128.00	February 18, 2017
2	Final Dividend	2009-10	July 21, 2010	44,012.01	July 30, 2017
3	Interim Dividend	2010-11	July 29, 2010	40,118.00	August 27, 2017
4	2nd Interim Dividend	2010-11	October 26, 2010	52,650.00	November 18, 2017
5	3rd Interim Dividend	2010-11	January 27, 2011	58,766.79	February 21, 2018
6	Final Dividend	2010-11	August 3, 2011	83,762.00	August 22, 2018

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

- vi) 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, except penalties levied by Stock Exchanges in February, 2014 in respect of delay in submission of results to the Stock Exchanges for the quarter ended December 31, 2013 by 12 days due to change in year end from calendar year to financial year in compliance with the provisions of the Companies Act, 2013.
- vii) 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 behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy. The Whistle Blower Policy is annexed to the Board Report and also available at <http://www.hovsltd.com/docs/Policies/HOVS%20Vigil%20WhistleBlower%20Policy.pdf>. During the year, no employee was denied access to Audit Committee.
- viii) The Company has formulated policy on Related Party Transactions available on the Company's website http://www.hovsltd.com/docs/Policies/HOVS%20RPTs%20Policy_Clean%20Version.pdf and also annexed to the Board report.
- ix) **Nomination Facility**
Section 72 of the Companies Act, 2013 (earlier Section 109A of the Companies Act, 1956), 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.
- x) The Company has complied with all the mandatory requirements of Clause 49 of Listing Agreements.

- xi) Pursuant to Clause 5A in listing Agreement as per SEBI notification no. SEBI/CFD/DIL/LA/1/2009/24/04 dated April 24, 2009 the details in respect of the shares lying in the suspense account till March 31, 2015 is 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.

10. Significant materially related party transactions

- i) Merger Transaction:

On November 4, 2014 the SourceHOV Holdings Inc. ("SourceHOV"), a company in which HOVS LLC, wholly owned US subsidiary, holds an investment, has completed the merger with BancTec Group LLC. The shareholders' approval was obtained through notice of postal ballot dated September 30, 2014. The result of postal ballot was declared on November 4, 2014 wherein the shareholders had approved with requisite majority. Post-merger the stake holding of HOVS LLC in SourceHOV has increased from 26.1% to 44.8 % in the combined entity.

- ii) Proposed Sale Transaction:

- a) The Board of Directors of the Company vide its Notice of Postal Ballot dated September 30, 2014 conducted a postal ballot process for taking shareholders' approval seeking in-principle approval for sale of Company's investment in SourceHOV vide the notice of postal ballot dated September 30, 2014. The result of postal ballot was declared on November 4, 2014 wherein the shareholders had approved with requisite majority.
- b) Certain group of shareholders had filed on November 3, 2014 a petition before Mumbai Bench of the Hon'ble Company Law Board (CP No. 101/397-398/CLB/MB/2014), against the three resolutions put before the shareholders vide the notice of postal ballot dated September 30, 2014. As part of the hearing process with the Mumbai Bench of the Hon'ble Company Law Board, all necessary documents including the valuation report and fairness report were submitted for due consideration by the Hon'ble Company Law Board.
- c) The Hon'ble Company Law Board vide its order dated January 29, 2015 disposed-off the petition by permitting the objecting shareholders, on the request of objecting

shareholders, to withdraw the petition. The Company had filed necessary disclosure regarding the outcome of the hearing with the Hon'ble Company Law Board vide its intimation dated February 19, 2015 to BSE Limited and National Stock Exchange of India Limited.

- d) The proposed sale transaction did not consummated on account of the prevailing situation including shareholder litigation and transaction delays. The Company had immediately communicated to the shareholders vide intimations filed with the BSE Limited and National Stock Exchange of India Limited on April 20, 2015.

11. Means of Communications

The Company communicates through Quarterly Results, Press Releases. The financial results are generally published in Financial Express (all editions) and Loksatta, Pune (regional newspaper).

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

All the information about the Company is promptly sent through facsimile, email and also posted to the Stock Exchanges where the shares of the Company are listed and are released to press, where ever required, for information of public at large and is available on the Company's website.

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

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

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

As per the requirement of Clause 49 of the Listing Agreement, a certificate duly signed by CEO and CFO of the Company was placed at the meeting of Board of Directors of the Company held on May 22, 2015. The same is annexed to the Board's report.

13. General Shareholder Information

a) Details of ensuing AGM:

Day and Date	Time	Venue
Wednesday the July 22, 2015	10:30 A.M.	Le Meridien, Raja Bahadur Mill Road, Pune- 411001

b) Financial Year: April 1 to March 31

c) Financial Calendar for the Financial Year 2015-16:

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, 2015
2 nd Quarter Results	On or before November 14, 2015
3 rd Quarter Results	On or before February 14, 2016
4 th Quarter Results (Audited)	On or before May 30, 2016

- d) **Date of Book Closure:** July 16, 2015 to July 22, 2015 (both days inclusive)
- e) **Dividend payment date:** No dividend was declared for the financial year ended March 31, 2015.
- f) **Listing:** The shares are listed on National Stock Exchange of India Limited and BSE Limited.
- g) **Listing on Stock Exchanges and Codes :**

	NSE	BSE
Exchange Code	HOVS	532761

ISIN No. in NSDL & CDSL: **INE596H01014**

- h) **Market price data :**

Monthly highs, lows and trading volume for FY ended March 31, 2015 is as below :

Month	NSE			BSE			Total Trade Quantity
	High (Rs.)	Low (Rs.)	Trade Quantity	High (Rs.)	Low (Rs.)	Trade Quantity	
Apr-14	100.1	75.7	1,19,792	100.45	75.3	5,89,041	3,10,382
May-14	95.4	74.6	1,68,792	95	75.05	4,87,808	12,66,519
Jun-14	89.4	75.3	71,359	90	75.25	2,96,058	1,44,373
Jul-14	12.55	81	10,45,569	120.6	73.45	17,05,652	8,62,128
Aug-14	118.3	96.15	10,31,497	118.7	96.3	8,16,005	1,87,248
Sep-14	138.3	93.05	12,47,887	138	92.8	13,00,281	9,97,135
Oct-14	179.3	118.35	14,77,878	179.4	118.15	20,66,844	33,19,352
Nov-14	191.3	160	3,27,291	191.5	160	9,73,888	17,62,543
Dec-14	173.8	127.05	8,90,368	173.15	127.05	12,29,055	9,51,148
Jan-15	172	141.15	3,20,689	171.65	141.8	7,37,025	11,04,269
Feb-15	178.9	143.05	5,75,525	178.6	142.9	3,71,020	4,52,867
Mar-15	164	132.3	59,438	163.4	122	2,24,194	7,24,141

HOV Services Limited's Share prices versus the BSE Sensex & 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 :

HOVS vis-à-vis BSE Sensex:



HOVS vis-à-vis NSE Nifty:



i) Registrar and Share Transfer Agent

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

j) Share Transfer System

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

k) Distribution of Shareholding as of March 31, 2015

i) Distribution of Shares according to size of holding:

Category	Cases	% of Cases	Amount in Rs.	%
Up to 1 - 5000	6,818	88.85	74,31,360	5.94
5001 - 10000	340	4.43	27,75,310	2.22
10001 - 20000	187	2.44	29,10,910	2.33
20001 - 30000	83	1.08	22,17,420	1.77
30001 - 40000	48	0.63	17,21,790	1.38
40001 - 50000	43	0.56	20,24,200	1.62
50001 - 100000	77	1.00	58,37,400	4.66
100001 & ABOVE	78	1.02	10,02,21,830	80.09
Total:	7,674	100.00	12,51,40,220	100.00

ii) Distribution of Shares by Shareholders Category:

Sr.No	Shareholder Category	No. of shareholders	Shares Held	Voting Strength %
1	Banks	2	4,083	0.03
2	Clearing Members	30	20,342	0.16
3	Employees	6	12,541	0.10
4	Foreign Institutional Investor	2	11,800	0.09
5	Foreign Nationals	4	5,26,233	4.21
6	H U F	277	1,75,623	1.40
7	Bodies Corporates	256	22,13,896	17.69
8	Non Resident Indians	85	2,70,331	2.16
9	Company Promoters	8	62,18,379	49.69
10	Resident Individuals	7,004	30,60,794	24.46
	Total:	7,674	12,514,022	100

iii) Top Ten Shareholders as of March 31, 2015

Sr.No	Name	Shares	% Equity	Category
1	Adesi 234 LLC	30,00,985	23.98	PRO
2	HOF2 LLC	16,67,933	13.33	PRO
3	Chitale LLC	9,04,274	7.23	LT1
4	Stern Capital Partners LLC	6,94,246	5.55	PRO
5	Sunil Vasant Rajadhyaksha	5,88,720	4.7	PRO
6	EINDIA Venture Fund Limited	4,76,506	3.81	LTD
7	Globe Capital Market Limited	3,06,512	2.45	LTD
8	DR Xin Cheng	2,23,950	1.79	FN
9	Richard B Hunter	1,48,817	1.19	FN
10	Surinder Rametra	1,20,000	0.96	PRO

1) Dematerialization of shares and liquidity

The shares of the Company are tradable both in dematerialization (electronic) as well as physical form and are available for trading under both depository systems in India-CDSL & NSDL. 96.48% of the Company's shares are held in electronic form as on March 31, 2015.

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

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

Bhuvanesh Sharma

VP – Corporate Affairs & Company Secretary & Compliance Officer

3rd Floor, Sharda Arcade,

Pune Satara Road,

Bibwewadi, Pune - 411037

Maharashtra, India

Tel: (91 20) 2423 1623

Fax: (91 20) 2422 1460

E-mail: investor.relations@hovsltd.com

Website: www.hovsltd.com

AUDITORS' CERTIFICATE

To,
The Members of,
HOV Services Limited

We have examined the compliance of conditions of Corporate Governance by HOV Services Limited ("the Company"), for the year ended on March 31, 2015, as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchanges of India.

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

In our opinion and to the best of our information and according to the explanations given to us and based on the representations given by the management of the Company, we certify that the Company has generally complied in all material respects with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

For Lodha & Company
Firm Registration No. 301051E
Chartered Accountants

A.M. Hariharan
Partner
Membership No. 38323

Place : Mumbai,
Date : May 22, 2015

Annexure- A to the Director's Report
Details of Employees Stock Options as on March 31, 2015.

- i) The details of options granted, lapsed and equity shares issued during the year under **Plan 2007** are as below:

Plan 2007			
	Employees of the Company	Employees of the erstwhile subsidiary Companies	Total
Approved Options	400,000	700,000	1,100,000
Grant in 2007	141,500	526,000	667,500
Grant in 2008	28,150	217,900	246,050
Grant in 2011	52,500	10,000	62,500
Grant in 2013	115,000	-	115,000
Total Grant	337,150	753,900	1,091,050
Options Lapsed as of March 31, 2015	207,600	707,900	915,500
Equity shares issued and allotted	23,000	0	23,000
Options in force	106,550	46,000	152,550
Balance options available	270,450	654,000	924,450*

*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	Total
Grant in 2007	4,000	36,000	40,000
Grant in 2008	4,050	-	4,050
Grant in 2011	2,000	3,000	5,000
Grant in 2013	8,000	-	8,000
Total options vested	18,050	39,000	57,050

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

Options granted date	Directors (A)	Other than Directors (B)	Total (A+B)
July 21, 2007	7,500	640,000	647,500
October 25, 2007	0	20,000	20,000
July 30, 2008	7,500	183,550	191,050
October 8, 2008	0	55,000	55,000
May 27, 2011	30,000	32,500	62,500
February 27, 2013	75,000	40,000	115,000
Total Granted	120,000	971,050	1,091,050
Options lapsed	30,000	885,500	915,500
Equity shares Issued on exercise of options during the year	14,500	85,000	23,000
Options in force	75,500	77,050	152,550

iv) The details of options granted under the **Plan 2007** and **Plan 2008** are given in the table.
As of March 31, 2015

	Plan 2007	Plan 2008
a. Options Granted :	1,091,050	Nil
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 Nomination & Remuneration Committee in which options are granted.	Nil
c. Options Vested :	57,050	Nil
d. Options Exercised:	14,500	Nil
e. Total number of shares would be arising as a result of exercise of options :	57,050	Nil
f. Options lapsed:	915,500	Nil
g. Variation of terms of option:	NA	NA
h. Money realized by exercise of options:	Rs 1,057,725/-	NA

	Plan 2007	Plan 2008
i. Total number of options in force:	152,550	Nil
j. Employee wise details of Options granted to :		Nil
i. Senior Management personnel:	Nil	
ii. Employee receiving 5% or more of the total number of options granted during the year:	Nil	
iii. Employee granted 1% or more of the issued capital :	Nil	
k. Diluted EPS on issue of shares on exercise calculated in accordance with AS 20.	Rs. (0.23)/-	NA

Notes:

- i) No options have been granted under **Plan 2008** so far;
- ii) Options issued to employees at an exercise price not less than closing price of the stock exchange where there is highest trading volume, prior to the date of meeting of the Nomination & Remuneration Committee in which options were granted. The options will vest in a phased manner within five years as 10% in each first to four years and balance 60% at the end of fifth year;
- iii) 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;
- iv) The options of all employees of HOV Services LLC which now forms part of SourceHOV LLC whom the options were granted out of the HOVS ESOP Plan 2007 during the year 2007 and 2008 have expired and lapsed as per the ESOP Plan 2007. The Compensation and Remuneration Committee and the Board of Directors in their respective meetings held on February 28, 2014 took note of all such expired and lapsed options.
- v) Independent directors are not entitled for any grant of options.
- vi) During the year no options were granted out of ESOP Plan 2007.

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:

Your Company's operations involve low energy consumption. The Company strives to conserve energy on continuous basis.

Technology Absorption, Adaptation and Innovation:

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

Almost the entire earnings of the Company are from the export of services since the Company has no domestic business. The foreign exchange earnings and outgo is contained in the Note number 20.4 of Notes to the Financial Statements of the Annual Report.

Annexure- C to the Director's Report

Disclosure as per Section 197 (12) of the Companies Act, 2013 and Rule 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 2014-15, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2014-15 are as under :

Sr. No	Name of Director/KMP and Designation	% increase in Remuneration in the Financial Year 2014-15	Ratio of remuneration of each Director/ to median remuneration of employees
1	Sunil Rajyadhyaksha Whole-time Director	NIL	33.18
2	Parvinder Chadha Whole-time Director	NIL	0
3	Surinder Rametra Whole-time Director	NIL	0
4	Sriram Iyengar Chief Financial Officer	NA**	NA
5	Bhuvanesh Sharma VP-Corporate Affairs, Company Secretary & Compliance Officer	NA***	NA

Notes:-

* Refer Note no. 2 (d) in Corporate Governance Report.

** Mr. Sriram Iyengar was appointed w.e.f April 01, 2014.

*** Mr. Bhuvanesh Sharma was appointed w.e.f January 01, 2015

- ii) The percentage increase in the median remuneration of employees in the current financial year-13%.
- iii) As on March 31, 2015 the total numbers of employees on the rolls of the Company were 209.
- iv) Explanation on the relationship between average increase in remuneration and Company performance:- During the year, irrespective of the profits, the Company had given increments to employees keeping in view future prospects and to retain the talent.

v) Market Capitalisation and Price Earnings Ratio

Sr. No	Particulars	March 31, 2015	March 31, 2014
1	Market Capitalization (In Crores)	176	109
2	Price Earnings Ratio	(611.30)	127.87

- vi) Percent increase over/decrease in the market quotations of the shares of the company as compared to the rate at which the company came out with the last public offer in the year- The Company had come out with initial public offer (IPO) in 2006 at a price of Rs. 200 per equity share. The closing price of the Company's equity shares on the NSE and BSE as of March 31, 2015 was Rs. 140.70 and Rs. 140.60 respectively, representing a 29.70% decrease over the IPO price.
- vii) Average percentile increased in the salaries of the employees was 13%.
- viii) There was no change in the salary of Managerial Personnel.
- ix) The comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company:- During the year, irrespective of the profits, the Company had given increments to one of the KMP keeping in view future prospects and to retain the talent.
- x) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but received remuneration in excess of the highest paid director during the year:- None of the employee received remuneration in excess of highest paid director of the Company.
- xi) The Company has paid remuneration as per the policy.

Annexure- D to the Director's Report**Directors' Responsibility Statement**

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

- a) That in preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures; and
- b) That the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss account of the Company for that period; and
- c) That the directors have taken proper and sufficient care of the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d) That the directors have prepared the annual accounts on a going concern basis; and
- e) That the directors had laid down internal financial controls to be followed by the Company and that such system were adequate and were operating effectively; and
- f) That the directors had devised proper systems to ensure compliance with the provisions of all applicable laws that such systems were adequate and operating effectively.

Annexure- E to the Director's Report
FORM NO. AOC- 2

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

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

1. Details of contracts or arrangement or transactions not at arm's length basis:- Not Applicable
2. Details of material contracts or arrangement or transactions at arm's length basis:-

(a)	Name(s) of the related party	HOVS LLC	SourceHOV LLC	HOVG LLC (dba Bay Area Credit Services LLC)	BancTec TPS India Private Limited
	Nature of relationship:	Wholly Owned Subsidiary	Associate-Wholly Owned Subsidiary of SourceHOV Holdings Inc.*	SourceHOV Holdings Inc. * entity	SourceHOV Holdings Inc. * entity
(b)	Nature of contracts/ arrangements/ transactions:	Sale of Services	Sale of Services	Sale of Services	Lease of Property
(c)	Duration of the contracts / arrangements / transactions:	12 Months (Ongoing Basis)	12 Months (Ongoing Basis)	12 Months (Ongoing Basis)	Lease period ending on October 25, 2015
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any :	Scope of work relates to software support and consultancy services Fixed billable	Scope of work relates to software support and consultancy services Cost plus 12%	Scope of work relates to Information Technology Applications, Networking Fixed billable	Lease rent of Rs. 8,87,327/- p m
(e)	Date(s) of approval by the Board, if any:	NA (Approved by Audit Committee on April 20,2015)	NA (Approved by Audit Committee on April 20,2015)	NA (Approved by Audit Committee on April 20,2015)	October 21, 2012
(f)	Amount paid as advances, if any:	Nil	Nil	Nil	Refundable Security Deposit of Rs. 26,49,981/-

* HOVS LLC has 44.8% stake holding in SourceHOV Holdings Inc.
For and on behalf of the Board

Sd/-

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 31st MARCH 2015**

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

To,

The Members

M/S. HOV SERVICES LIMITED

Sharada Arcade, 3rd Floor,

Pune-Satara Road, Bibwewadi,

Pune 411037

We 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 1st April 2014 to 31st March 2015, in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances of the Company and expressing our opinion thereon.

Based on our 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, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2015 ("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:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2015 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, 1992;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **[Not applicable during the Audit Period]**
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- (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.

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

- i) Secretarial Standards issued by The Institute of Company Secretaries of India. **(Not notified hence not applicable to the Company during the audit period).**
- ii) The Listing Agreement entered into by the Company with National Stock Exchange of India Limited and Bombay Stock Exchange Limited

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

We further report that:-

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

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

We 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.

We further report that during the audit period –

- (i) The Company has allotted 3000 equity shares of face value of Rs. 10 each on 21st May 2014 under ESOP Plan 2007 of the Company and 11,500 equity shares of face value of Rs. 10 each 19th December 2014 under ESOP Plan 2007 of the Company.
- (ii) The Company has received Shareholders' approval on 4th November 2014, by way of postal ballot for Special Resolutions in terms of Section 180(1)(a) of the Companies Act 2013; for sale of Company's entire investment in SourceHOV through its US based wholly owned subsidiary and merger of SourceHOV Holdings Inc and BancTec Group LLC.
- (iii) The Company has made necessary disclosures to SEBI regarding the violation by one of its employees of SEBI (Prohibition of Insider Trading) Regulations 1992. The Company has taken appropriate action against the said employee in accordance with the Company's Code of Conduct for prohibition of Insider Trading.
- (iv) During the audit period, certain group of shareholders had filed a Petition before Mumbai bench of Hon'ble Company Law Board being CP No. 101/397-398/CLB/MB/2014 against the 3 resolutions put before the shareholders by the Company vide its Notice of Postal ballot dated September 30, 2014. The Hon'ble Company Law Board, Mumbai Bench disposed off the said petition vide Order No. CP No. 101/2014/397-398 dated 29th January 2015 since the same was withdrawn by Petitioners.

FOR JDNASSA & ASSOCIATES

COMPANY SECRETARIES

Sd/-

JAYAVANT BHAVE

FCS No. 4266

CP No. 3068

Place: Mumbai

Date: 22.05.2015

Note: This report is to be read with our letter of even date which is annexed as 'ANNEXURE A' and forms an integral part of this report.

ANNEXURE A

To,
The Members
HOV Services Limited
Sharada Arcade, 3rd Floor,
Pune-Satara Road, Bibwewadi,
Pune 411037

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

FOR JDNASSA & ASSOCIATES

COMPANY SECRETARIES

Sd/-

JAYAVANT BHAVE

FCS No. 4266

CP No. 3068

Place: Mumbai

Date: 22.05.2015

Annexure- G to the Director's Report
Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on March 31, 2015

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

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	L72200PN1989PLC014448
ii)	Registration Date	January 10, 1989
iii)	Name of the Company	HOV Services Limited
iv)	Category / Sub-Category of the Company	Company Limited by shares
v)	Address of the Registered office and contact details	3 rd Floor Sharda Arcade, Pune Satara Road, Bibwewadi, Pune - 411 037, Maharashtra; Tel: (91 20) - 24231623; Fax: (91 20) - 24221470
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 number 31 & 32, Financial District, Gachibowli, Hyderabad – 500 032, Telangana; Tel: (91 40) - 23420815; Fax: (91 40) – 23420814

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

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

Sr. No	Name and Address of the company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section
3	HOV Environment LLC 8550 West Desert Inn Rd, Suite 102-452, Las Vegas, NV 89117	US based	Subsidiary	61.10%	2(87)
4	HOV Environment Solutions Private Limited 3rd Floor, Sharda Arcade, Pune Satara Road, Bibwewadi, Pune- 411037	U93000PN 2010PT C142608	Subsidiary	100% (by HOV Environment LLC)	2(87)
5	SourceHOV Holdings Inc. 615 Freeport Parkway, Coppell, Texas-75019	US based	Associate	44.8%	2(6)

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

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2014]				No. of Shares held at the end of the year [As on 31-March-2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	25,422		25,422	0.20	25,422		25,422	0.20	
b) Central Govt									
c) State Govt(s)									
d) Bodies Corp.	5,454,937		5,454,937	43.64	5,454,937		5,454,937	43.59	(0.05)
e) Banks / FI									
f) Any other	08,720		708,720	5.67	738,020		738,020	5.90	0.23
Total shareholding of Promoter (A)	6,189,079		6,189,079	49.51	6,218,379		6,218,379	49.69	0.18
B. Public Shareholding									
1. Institutions									
a) Mutual Funds									

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2014]				No. of Shares held at the end of the year [As on 31-March-2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
b) Banks / FI					4,083		4,083	0.03	0.03
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs	11,243		11,243	0.09	11,800		11,800	0.09	
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B)(1):-	11,243		11,243	0.09	15,883		15,883	0.12	
2. Non-Institutions									
a) Bodies Corp.	1,129,511		1,129,511	9.04	1,309,622		1,309,622	10.47	1.43
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	2,040,458	8,704	2,049,162	16.39	2,154,293		42,154,297	17.22	0.83
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	1,238,235		1,238,235	9.91	1,094,661		1,094,661	8.75	(1.16)
c) Others (specify) Non Resident Indians	196,074	67,588	263,662	2.11	202,743	67,588	270,331	2.16	0.05

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2014]				No. of Shares held at the end of the year [As on 31-March-2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Overseas									
Corporate Bodies	904,274		904,274	7.23	904,274		904,274	7.23	
Foreign Nationals	153,466	372,767	526,233	4.21	153,466	372,767	526,233	4.21	
Clearing Members	23,584		23,584	0.19	20,342		20,342	0.16	(0.03)
Trusts/HUF	164,539		164,539	1.32					(1.32)
Foreign Bodies - D R									
Sub-total (B)(2):-	5,850,141	449,059	6,299,200	50.40	5,839,401	440,359	6,279,760	50.20	0.20
Total Public Shareholding									
(B)=(B)(1)+ (B)(2)	5,861,384	449,059	6,310,443	50.49	5,855,284	440,359	6,295,643	50.32	0.20
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	12,050,463	449,059	12,499,522	100	12,073,663	440,359	12,514,022	100	0

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total of the Company	% of Shares Pledged / encumbered to total shares	
1	Parvinder S Chadha	-	0.00	0.00	29,300	0.23	0.00	0.23
2	Surinder Rametra	120,000	0.96	0.00	120,000	0.96	0.00	0.00
3	Rajadhyaksha Anil Vasant	25,422	0.20	0.00	25,422	0.20	0.00	0.00
4	Sun Investment Partners LLC	91,773	0.73	0.00	91,773	0.73	0.00	0.00
5	Stern Capital Partners LLC	694,246	5.56	0.00	694,246	5.55	0.00	-0.01
6	HOF2 LLC	1,667,933	13.35	0.00	1,667,933	13.33	0.00	-0.02
7	ADESI 234 LLC	3,000,985	24.03	0.00	3,000,985	23.98	0.00	-0.04
8	Sunil Vasant Rajadhyaksha	588,720	4.71	0.00	588,720	4.70	0.00	-0.01

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

Sr. No.	Name of Promoter	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Parvinder S Chadha				
	At the beginning of the year Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	0	0	-	-
1	March 16, 2015	1,200	0.01	1,200	0.01
2	March 17, 2015	3,690	0.03	4,890	0.04
3	March 18, 2015	10,110	0.08	15,000	0.12
4	March 20, 2015	5,000	0.04	20,000	0.16
5	March 26, 2015	3,420	0.03	23,420	0.19
6	March 27, 2015	5,880	0.05	29,300	0.23
	Total	29,300	0.23		

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

Sr. No.	For Each of the Top 10	Shareholding at the beginning of the year		Shareholding at the end the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
1	Chitale LLC	904,274	7.23	904,274	7.23
2	E India Venture Fund Limited	476,506	3.81	476,506	3.81
3	Globe Capital Market Ltd	-	0.00	306,512	2.45

Sr. No.	For Each of the Top 10	Shareholding at the beginning of the year		Shareholding at the end the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
4	Dr. Xin Cheng	223,950	1.79	223,950	1.79
5	Richard B Hunter	148,817	1.19	148,817	1.19
6	Keshav Bansal	100,000	0.80	-	0.00
7	Ronald Cogburn	88,978	0.71	88,978	0.71
8	Arjun Ramesh	79,174	0.63	94,261	0.75
9	Alok Jain	78,000	0.62	-	0.00
10	N Sucil Kumar	69,000	0.55	73,800	0.59

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Shareholding of each Directors	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Sunil Vasant Rajadhyaksha				
	At the beginning of the year	588,720	4.71	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-		-	-
	At the end of the year	588,720	4.70	-	-
2	Surinder Rametra				
	At the beginning of the year	120,000	0.96	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-		-	-
	At the end of the year	120,000	0.96	-	-

Sr. No.	Shareholding of each Directors	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
3	Parvinder Chadha*				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	29,300	0.23	29,300	0.23
	At the end of the year	29,300	0.23		
4	Prakash Shukla**				
	At the beginning of the year	17,132	0.14	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	3,526	0.03	3,526	0.03
	At the end of the year	20,658	0.17		
5	Baldev Raj Gupta				
	At the beginning of the year	0	0.00	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):			-	-
	April 4, 2014	2,500	0.02	2,500	0.02
	May 12, 2014	(1,000)	-0.01	1,500	0.01
	January 31, 2015	1,000	0.01	2,500	0.02
	March 13, 2015	(1,000)	-0.01	1,500	0.01
	March 20, 2015	(500)	0.00	1,000	0.01
March 27, 2015	(500)	0.00	500	0.00	
	At the end of the year	500	0.00	-	-

Sr. No.	Shareholding of each Directors	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
6	Harish Peshorilal Bhasin				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	May 21, 2014	2,500	0.02	2,500	0.02
	December 19, 2014	3,000	0.02	5,500	0.04
	At the end of the year	5,500	0.04	-	-
7	Lakshmi Kumar				
	At the beginning of the year	0	0.00	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):			-	-
	At the end of the year	0	0.00	-	-

* Refer Table IV (iii)

** Prakash Shukla Resigned July 26, 2014

Sr. No.	Shareholding of each Key Managerial	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
8	Sriram Gopalan Iyengar				
	At the beginning of the year	0	0.00	0	0.00
	Date wise Increase / Decrease in Share holding				

Sr. No.	Shareholding of each Key Managerial	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): At the end of the year	0	0.00	0	0.00
9	Bhuvanesh Sharma At the beginning of the year Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): At the end of the year	500	0.00	500	0.00
		500	0.00	500	0.00

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment
(Amount in Rs.)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year as at April 1, 2014				
i) Principal Amount*	78,336,926	0	0	78,336,926
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	560,000	0	0	560,000
Total (i+ii+iii)	78,896,926	0	0	78,896,926
Change in Indebtedness during the financial year				
* Addition	0	0	0	0
* Reduction	5,165,983	0	0	5,165,983
Net Change	5,165,983	0	0	5,165,983

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the end of the financial year as at March 31, 2015				
i) Principal Amount	73,208,682	0	0	73,208,682
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	522,261	0	0	522,261
Total (i+ ii + iii)	73,730,943	0	0	73,730,943

* Secured loans against property lease.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount in Rs.)

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		Mr. Sunil Rajadhyaksha WTD	Mr. Parvinder Chadha WTD	Mr. Surinder Rametra WTD	
1	Gross salary	42,00,000	0	0	42,00,000
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	-
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
(c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	0	0	0	0
3	Sweat Equity	0	0	0	0
4	Commission-as % of profit-others, specify...	-	-	-	-
5	Others, please specify				
	Total (A)	42,00,000	0	0	42,00,000
	Ceiling as per the Act				42,00,000

B. Remuneration to other directors

(Amount in Rs.)

Sr. No.	Particulars of Remuneration	Name of Directors			Total Amount
		Baldev Raj Gupta	Harish Bhasin	Lakshmi Kumar	
1	Independent Directors				
	Fee for attending board committee meetings	360,000	280,000	20,000	660,000
	Commission	0	0	0	0
	Others, please specify	0	0	0	0
	Total (1)	360,000	280,000	20,000	660,000
2	Other Non-Executive Directors	NA	NA	NA	NA
	Fee for attending board committee meetings				
	Commission				
	Others, please specify				
	Total (2)	-	-	-	-
	Total (B)=(1+2)	360,000	280,000	20,000	660,000
	Total Managerial Remuneration	Nil	Nil	Nil	Nil
	Overall Ceiling as per the Act				NA

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD

(Amount in Rs.)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Mr. Bhuvanesh Sharma* VP-Corporate Affairs & Company Secretary	Mr. Sriram Iyengar Chief Financial Officer	
1	Gross salary			
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	15,74,210	41,39,200	57,13,410
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	18,900	21,600	40,500
(c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Mr. Bhuvanesh Sharma* VP-Corporate Affairs & Company Secretary	Mr. Sriram Iyengar Chief Financial Officer	
2	Stock Option	0	0	0
3	Sweat Equity	0	0	0
4	Commission - as % of profit	0	0	0
	Others, specify	-	-	-
5	Others, please specify	-	-	-
	Total	15,93,110	41,60,800	57,53,910

*For the period April 1, 2014 to July 30, 2014 and from January 1, 2015 to March 31, 2015.

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	

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"), its subsidiaries and an associate collectively referred to as 'the Group', which comprise the Consolidated Balance Sheet as at 31st March, 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Parent Company's Board of Directors is responsible for the preparation of these Consolidated Financial Statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the Companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the 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 Parent Company's 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, but not for the purpose of expressing an opinion on whether the Parent Company has an adequate internal financial controls system over financial reporting and

the operating effectiveness of such controls. 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 Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us 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,

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2015;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the loss of the Group for the year ended on that date, and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Emphasis of Matter

We draw attention to note no 22.8 of the consolidated financial statements regarding approval of Shareholders and Central Government is being obtained in respect of managerial remuneration of Rs. 96,00,000 payable to the three whole time directors of the Parent Company.

Other Matters:

We did not audit the financial statements of two subsidiaries, whose financial statements reflect total assets of Rs. 101,560,124 as at March 31, 2015 (as at March 31, 2014 Rs. 92,080,246), total revenues and net cash flows of Rs. 38,615,412 and Rs. 90,318 for the year ended March 31, 2015 (total revenues and net cash flows of Rs. 14,169,418 and Rs. 3,269,888 for the fifteen months period ended March 31, 2014), as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss of Rs. 1,533,120,448 for the period from January 1, 2014 to December 31, 2014 (net loss of Rs.464,498,159 for the fifteen months period ended March 31, 2014) in respect of an associate. These financial statements / financial information of subsidiaries and associate have not been audited by us. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and an associate, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and an associate, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on the comments in the auditors' reports of the Parent Company and its subsidiary incorporated in India, we give in the Annexure 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, to the extent applicable, 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 of the aforesaid consolidated financial statements.
 - b) In our opinion, proper books of account as required by law relating to preparation of aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
 - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of consolidated financial statements.
 - 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) On the basis of the written representations received from the directors of the Parent Company and its subsidiaries incorporated in India as on 31st March, 2015 taken on record by the Board of Directors of the Parent Company and its subsidiaries incorporated in India, none of the directors of the Parent Company and its subsidiaries incorporated in India are disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Group has disclosed the impact of pending litigations on its consolidated financial position in the aforesaid consolidated financial statements – Refer Note 22.3(a)(i) to the consolidated financial statements.
 - (ii) The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Parent Company and its Indian subsidiary.

For Lodha & Company
Chartered Accountants
Firm Registration No. 301051E

A.M. Hariharan
Partner
Membership No. 38323

Place: Mumbai

Date : 22nd May, 2015

ANNEXURE REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF HOV SERVICES LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS

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, as also considering report of the auditors of the subsidiary incorporated in India, we state that:

1. (a) The Parent Company and its subsidiary incorporated in India has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) The Parent Company and its subsidiary incorporated in India have carried out physical verification of all its fixed assets during the year and the frequency of verification is reasonable considering the size and the nature of assets of the Parent Company and its subsidiary incorporated in India. No material discrepancies were noticed on such verification.
2. The Parent Company and its subsidiary incorporated in India do not hold any inventory. Therefore, the provisions of the clause 3 (ii) of the Order are not applicable.
3. During the year, the Parent Company and its subsidiary incorporated in India has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Act.
4. In our opinion and according to the information and explanations given to us, having regard to the explanation that some of the items purchased and sold are of the special nature in respect of which suitable alternative sources do not exist for obtaining comparable quotations, there are adequate internal control systems commensurate with the size of the Parent Company and its subsidiary incorporated in India and nature of its business for purchase of inventory, fixed assets and with regard to the sale of services. During the course of our audit, no major weakness has been noticed in the aforesaid internal control systems.
5. In our Opinion and according to the information and explanations given to us, the Parent Company and its subsidiary incorporated in India has not accepted any public deposits within the meaning of Section 73 to 76 or any other relevant provisions of the Act and rules framed thereunder.
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 Parent Company and its subsidiary incorporated in India.
7. a) The Parent Company and its subsidiary incorporated in India are generally regular in depositing undisputed statutory dues including Provident Fund, Employees’ State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, Value added tax, Cess and any other material statutory dues applicable to the Parent Company and its subsidiary incorporated in India 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 period of more than six months from the date they became payable.
b) According to the records of the Parent Company and its subsidiary incorporated in India, there are no dues of Income Tax, Sales Tax, Service tax, Duty of Customs, Wealth Tax,

Duty of Excise, Value Added Tax, Cess which have not been deposited on account of any dispute except the following:

Name of the Statute	Nature of Dues	Period to which it relates	Amount in Rs.	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	Assessment Year 2009-10	2,905,432	Income Tax Appellate Tribunal
		Assessment Year 2007-08	4,907,220	Commissioner of Income Tax Appeals-Pune

- c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Parent Company and its subsidiary incorporated in India.
8. The Parent Company does not have accumulated losses as at the end of the year. However, it has incurred cash losses in the current financial year but it did not incur cash losses in the immediately preceding financial year.
The subsidiary incorporated in India has accumulated losses at the end of the financial year which has exceeded 50% of its net-worth. Also, it has incurred cash losses in the current year under review and in the immediately preceding financial year.
9. In our opinion and according to the information and explanations given to us and based on the documents and records produced before us there has been no default in repayment of dues to banks .There are no dues to financial institutions or debenture holders.
10. According to the information and explanations given to us, the terms and conditions on which the Parent Company has given guarantee for loans taken by a subsidiary from banks and financial institutions, are not prima facie prejudicial to the interest of the Parent Company.
According to the information and explanations given to us, its subsidiary incorporated in India have not given any guarantee for loans taken by others from banks and financial institutions. Therefore, the provisions of the clause 3 (x) of the Order are not applicable.
11. Based on the information and explanations given to us by the management, the Parent Company and its subsidiary incorporated in India have not obtained any term loans during the year. Therefore, the provisions of the clause 3 (xi) of the Order are not applicable to the Parent Company and its Indian subsidiary.
12. During the course of our examination of the books and records of the Parent Company and its subsidiary incorporated in India, 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 on or by the Parent Company and its subsidiary incorporated in India, noticed or reported during the year, nor have we been informed of such case by the management.

For Lodha & Company
Chartered Accountants
Firm Registration No. 301051E

A.M. Hariharan
Partner
Membership No. 38323

Place: Mumbai
Date : 22nd May, 2015

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2015

Amount in Rs.

	Note No.	As at March 31, 2015	As at March 31, 2014
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
Share capital	1	125,140,220	124,995,220
Reserves and surplus	2	5,655,797,595	1,558,099,265
2 Share Application Money pending allotment under ESOP		432,075	-
3 Minority Interest		-	4,703,931
4 Non-current liabilities			
Long-term borrowings	3	68,141,601	74,117,394
5 Current liabilities			
Short term borrowings	4	51,791,719	22,932,285
Trade payables		12,723,310	13,674,427
Other current liabilities	5	59,285,247	38,511,803
Short-term provisions	6	8,157,118	8,286,033
TOTAL		5,981,468,885	1,845,320,358
II. ASSETS			
1 Non Current Assets			
Fixed Assets			
Tangible Assets	7	25,793,571	32,029,661
Intangible Assets		12,062,183	15,879,281
Goodwill on consolidation		38,000	38,000
Non-Current investments	8	5,727,786,300	1,611,926,534
Deferred Tax Assets (net)	9	1,844,638	57,407
Long-term Loans and Advances	10	1,280,700	4,599,470
Other Non-Current Assets	11	34,437,807	31,327,519
2 Current Assets			
Trade Receivables	12	42,794,863	28,803,468
Cash and Bank Balances	13	93,634,599	84,136,910
Short Term Loans and Advances	14	12,748,736	14,075,310
Other Current Assets	15	29,047,488	22,446,798
TOTAL		5,981,468,885	1,845,320,358
Significant accounting policies and Accompanying Notes form an integral part of consolidated financial statements		21 & 22	

As per our attached report of even date

For LODHA & CO.
 Chartered Accountants

For and on behalf of the Board

A.M. Hariharan
 Partner

Sunil Rajadhyaksha
 Chairman & Executive Director
 (DIN: 00011683)

Surinder Rametra
 Executive Director
 (DIN:00019714)

 Place: Mumbai
 Date: May 22, 2015

Bhuvanesh Sharma
 VP-Corporate Affairs &
 Company Secretary

Sriram Iyengar
 Chief Financial Officer

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2015

Particulars	Note No.	Amount in Rs.	
		For the year ended March 31, 2015	For the fifteen months period ended March 31, 2014
I Revenue from operations	16	164,043,595	173,261,767
II Other income	17	5,708,154	10,138,590
III Total Revenue (I + II)		169,751,749	183,400,357
IV Expenses			
Employee Benefits Expense	18	104,208,644	128,504,362
Finance Costs	19	4,107,194	1,597,966
Depreciation and Amortization Expense	7	10,129,154	9,744,986
Other Expenses	20	77,900,467	69,920,166
V Total Expenses		196,345,459	209,767,480
VI Profit/(Loss) before tax (III- V)		(26,593,710)	(26,367,123)
VII Tax Expense			
Current Tax		-	6,227,020
Deferred Tax		(1,787,231)	(1,941,460)
Tax pertaining to earlier year		-	41,780
VIII Profit/(Loss) for the year/period		(24,806,479)	(30,694,463)
IX Minority Interest		(4,703,931)	(6,414,202)
X Profit/(Loss) for the year/period after Tax and minority interest (VIII-IX)		(20,102,548)	(24,280,261)
XI Share of Profit/(Loss) from an associate (Refer note no.22.2)		(1,533,120,448)	(464,498,159)
XII Profit/(Loss) for the year/period (X + XI)		(1,553,222,996)	(488,778,420)
XIII Earnings per equity share of the face value of Rs.10 each :	22.6		
Basic Earning Per Share		(124.20)	(39.13)
Diluted Earning Per Share		(124.20)	(39.13)
Significant accounting policies and Accompanying Notes 21 & 22 form an integral part of consolidated financial statements			

As per our attached report of even date

For LODHA & CO.
 Chartered Accountants

For and on behalf of the Board

A.M. Hariharan
 Partner

Sunil Rajadhyaksha
 Chairman & Executive Director
 (DIN: 00011683)

Surinder Rametra
 Executive Director
 (DIN:00019714)

 Place: Mumbai
 Date: May 22, 2015

Bhuvanesh Sharma
 VP-Corporate Affairs &
 Company Secretary

Sriram Iyengar
 Chief Financial Officer

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

		For the year ended March 31, 2015	Amount in Rs. For the fifteen months period ended March 31, 2014
A Cash flow from Operating Activities:			
Net Profit/ (Loss) before Tax after Minority Interest		(21,889,779)	(19,952,921)
Add Adjustments for:			
Depreciation & amortisation		12,010,358	12,096,491
Interest Income		(6,791,615)	(9,126,752)
Rent Income		(10,647,924)	(13,309,905)
Finance Cost		14,052,248	14,723,643
Loss on sale of Fixed Asset		-	65,322
Foreign Exchange Variation (Gain)/Loss		170,215	1,149,620
Operating Profit before Working Capital changes		(13,096,497)	(14,354,502)
Adjustments for changes in Working Capital :			
(Increase)/Decrease in Trade Receivables		(13,792,212)	16,118,620
(Increase)/Decrease in Other Receivables		(1,172,124)	(18,898,078)
Increase/(Decrease) in Trade and Other Payables		(6,145,312)	(49,334,282)
Cash generated from Operations		(34,206,145)	(66,468,242)
Taxes Paid		(2,232,925)	(7,012,527)
Net cash from/(used in) Operating Activities - A		(36,439,070)	(73,480,769)
B Cash flow from Investing Activities:			
Purchase of Fixed Assets		(474,348)	(5,959,314)
Rent Income from property investment		10,647,924	13,309,905
Repayment of Minority Interest		(4,703,931)	(6,414,202)
Interest Income		6,791,615	9,126,752
Net Cash from/(used in) Investing Activities - B		12,261,260	10,063,141
C Cash flow from Financing Activities:			
Finance Cost		(14,052,248)	(14,723,643)
Proceeds from issue of equity shares		1,489,800	215,900
Proceeds/(Repayments) of Borrowings(Net)		23,582,191	17,574,443
Net cash from/(used in) Financing Activities - C		11,019,743	3,066,700
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)		(13,158,067)	(60,350,928)
Opening Cash and Cash Equivalents		25,548,177	85,899,105
Closing Cash and Cash Equivalents		12,390,110	25,548,177
Notes:			
1 The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Accounting Standard 3, 'Cash Flow Statements', prescribed by Companies Act, 2013			
2 Previous period's figures have been regrouped/rearranged wherever considered necessary to conform to current year's presentation.			

As per our attached report of even date

 For LODHA & CO.
Chartered Accountants

For and on behalf of the Board

 A.M. Hariharan
Partner

 Sunil Rajadhyaksha
Chairman & Executive Director
(DIN: 00011683)

 Surinder Rametra
Executive Director
(DIN:00019714)

 Place: Mumbai
Date: May 22, 2015

 Bhuvanesh Sharma
VP-Corporate Affairs &
Company Secretary

 Sriram Iyengar
Chief Financial Officer

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2015
Note 1- Share Capital

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number	Amount in Rs.	Number	Amount in Rs.
Authorised				
Equity Shares of Rs. 10 each	30,000,000	300,000,000	30,000,000	300,000,000
Issued, Subscribed & Paid up				
Equity Shares of Rs. 10 each, fully paid up	12,514,022	125,140,220	12,499,522	124,995,220
Total	12,514,022	125,140,220	12,499,522	124,995,220

Note 2 - Reserves and Surplus
Amount in Rs.

Particulars	As at March 31, 2015	As at March 31, 2014
Capital Redemption Reserve Balance as per last Balance sheet	630,230	630,230
Securities Premium Account Opening Balance	622,975,920	622,845,020
Add: On allotment of equity shares under ESOP Plan 2007	912,725	130,900
Closing Balance	623,888,645	622,975,920
General Reserve Balance as per last Balance sheet	19,541,409	19,541,409
Foreign Exchange Translation Reserve Opening Balance	(994,396)	(2,189,413)
Add/less :Addition/ (deletion) during the year/period	(22,472,021)	1,195,017
Closing Balance	(23,466,417)	(994,396)
Capital Reserve arising on consolidation Opening Balance	1,138,106,943	1,111,022,199
Add : Fair value of investment in associate (Refer Note no. 22.1)	5,824,025,710	
Less: Equity Adjustment in respect of actuarial losses etc.	(284,781,130)	-
Less: Return of Additional paid in Capital	-	27,084,744
Add/Less: Foreign Exchange variations	134,099,962	-
Closing Balance	6,811,451,485	1,138,106,943
Surplus/(Deficit) : Statement of Profit & Loss Opening Balance	(222,160,841)	266,617,579
Less: Transitional Depreciation Assets (Refer note no. 22.10)	(863,920)	-
Profit/(Loss) for the year as per Statement of Profit & Loss	(1,553,222,996)	(488,778,420)
Closing Balance	(1,776,247,757)	(222,160,841)
Total	5,655,797,595	1,558,099,265

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2015
Note 3 - Long Term Borrowings
Amount in Rs.

Particulars	As at March 31, 2015	As at March 31, 2014
Secured :		
Term loans :		
from banks		
Against Property	67,866,410	73,730,943
Against Vehicle	275,191	386,451
Total	68,141,601	74,117,394

Note 4 - Short Term Borrowings
Amount in Rs.

Particulars	As at March 31, 2015	As at March 31, 2014
Secured :		
Cash credit facility from a bank (Secured by way of pledge of Fixed deposit)	51,791,719	22,932,285
Total	51,791,719	22,932,285

Note 5 - Other Current Liabilities
Amount in Rs.

Particulars	As at March 31, 2015	As at March 31, 2014
Unclaimed Dividend	318,436	318,676
Current Maturities of long term borrowings	5,975,793	5,277,243
Advances from a customer towards services to be rendered	12,374,792	12,374,792
Statutory Dues Payable	2,949,423	1,774,405
Interest Accrued but not due on borrowings	522,261	560,000
Security Deposit towards office premises	2,649,981	2,649,981
Advances received towards reimbursement of expenses	34,077,728	-
Other Liabilities	416,833	15,556,706
Total	59,285,247	38,511,803

Note 6- Short-term Provisions
Amount in Rs.

Particulars	As at March 31, 2015	As at March 31, 2014
Provision for employee benefits	3,889,555	2,264,812
Provision for Income Tax (Net of Tax paid Rs. 53,883,540; previous year Rs. 51,650,615)	4,267,563	6,021,221
Total	8,157,118	8,286,033

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2015

Note 7 - Fixed Assets

Amount in Rs.

Sr Particulars	Gross Block			Accumulated Depreciation/Amortisation			Net Block Balance as at March 31, 2015	
	Balance as at April 1, 2014	Additions	Disposals/ Adjustments	Balance as at March 31, 2015	Up to March 31, 2014	Depreciation for the year		On Disposals / Adjustments
a								
Tangible Assets								
Plant & Equipment	30,659,607	-	124,550	30,784,157	4,850,087	3,827,049	55,808	8,732,944
Computers	7,910,391	405,500	(450,102)	7,865,789	5,392,688	1,565,237	(323,459)	6,634,466
Office Equipments	2,706,241	51,349	-	2,757,590	1,488,539	179,075	737,277	2,404,891
Furniture & Fixtures	218,000	-	-	218,000	18,921	22,860	-	41,781
Vehicle	2,507,052	-	-	2,507,052	221,395	303,540	-	524,935
Total (a)	44,001,291	456,849	(325,552)	44,132,588	11,971,630	5,897,761	469,626	18,339,017
b								
Intangible Assets								
Software Product*	17,451,289	-	-	17,451,289	13,081,023	2,051,917	-	15,132,940
Other Softwares	4,004,781	17,499	-	4,022,280	3,092,803	382,485	-	3,475,288
Goodwill	14,129,463	-	585,634	14,715,097	3,532,426	1,796,991	188,838	5,518,255
Total (b)	35,585,533	17,499	585,634	36,188,666	19,706,252	4,231,393	188,838	24,126,483
Total (a+b)	79,586,824	474,348	260,082	80,321,254	31,677,882	10,129,154	658,464	42,465,500
* Meant for License sale or otherwise								

As at March 31, 2014

Amount in Rs.

Sr Particulars	Gross Block			Accumulated Depreciation/Amortisation			Net Block Balance as at March 31, 2014	
	Balance as at January 1, 2013	Additions	Disposals/ Adjustments	Balance as at March 31, 2014	Up to December 31, 2012	Depreciation for the Period		On Disposals / Adjustments
a								
Tangible Assets								
Plant & Equipment	29,338,380	1,049,088	272,139	30,659,607	393,218	3,414,149	1,042,720	4,850,087
Computers	6,854,483	1,055,908	-	7,910,391	4,740,603	652,085	-	5,392,688
Office Equipments	2,654,402	118,697	(66,858)	2,706,241	1,178,029	338,246	(27,736)	1,488,539
Furniture & Fixtures	13,000	205,000	-	218,000	1,930	16,991	-	18,921
Vehicle	-	2,507,052	-	2,507,052	-	221,395	-	221,395
Total (a)	38,860,265	4,935,745	205,281	44,001,291	6,313,780	4,642,866	1,014,984	11,971,630
b								
Intangible Assets								
Software Product*	17,451,289	-	-	17,451,289	10,361,726	2,719,297	-	13,081,023
Other Softwares	3,009,412	995,369	-	4,004,781	2,886,308	206,495	-	3,092,803
Goodwill	12,849,869	-	1,279,594	14,129,463	1,179,072	2,176,328	177,026	3,532,426
Total (b)	33,310,570	995,369	1,279,594	35,585,533	14,427,106	5,102,120	177,026	19,706,252
Total (a+b)	72,170,835	5,931,114	1,484,875	79,586,824	20,740,886	9,744,986	1,192,010	31,677,882
* Meant for License sale or otherwise								

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2015
Note 8 - Non Current Investments (Long Term)

Amount in Rs.

Sr. No.	Name of the Body Corporate	No. of Shares / Units		Extent of Holding		(%) Amount	
		As at March 31,		As at March 31,		As at March 31,	
		2015	2014	2015	2014	2015	2014
1	Investment property (at cost) Leasehold office premises* Less: Accumulated Amortisation	NA	NA	NA	NA	103,466,540 (4,546,243) 98,920,297	103,466,540 (2,665,039) 100,801,501
2	Investments in Equity Shares (Common/ Preferred stock) -Trade (Unquoted , fully paid up) Investment in Associate - SourceHOV LLC, USA (Refer note no. 22.1 & 22.2) Carrying value as on date of investment Add: Fair value of Investment in the associate on the date of Investment Total Value of Investment in associate on the date of Investment Less: Share of Profit/(loss) from an associate till October 31, 2014 Less: Return of Additional paid in Capital Less: Balance value attributed to Investments as stated below	-	8,748,035	-	26.1%	890,617,029 1,183,486,316 2,074,103,345 (2,018,989,669) (45,379,372) (9,734,304) - 1,511,125,033	890,617,029 1,183,486,316 2,074,103,345 (517,598,940) (45,379,372) -
3	Investment in Associate - SourceHOV Holdings Inc , USA (Refer note no. 22.1 & 22.2) Balance value attributed to Investments as stated above Add: Fair value of Investment in the associate on the date of Investment Total Value of Investment in associate on the date of Investment Less: Share of Profit/(loss) from an associate Less: Equity adjustment in respect of actuarial losses etc Less: Foreign exchange variation	64,715		44.8%	-	9,734,304 5,824,025,710 5,833,760,014 (31,729,719) (284,781,130) 111,616,838 5,628,866,003	- - - - - -
	Total					5,727,786,300	1,611,926,534

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2015
Note 9 - Deferred Tax Asset (Net)

Amount in Rs.

Particulars	As at March 31, 2015	As at March 31, 2014
Deferred Tax Liability on account of : Depreciation	(1,231,940)	(2,271,276)
Deferred Tax Asset on account of Provision for Employee Benefits	1,427,824	679,929
Unabsorbed business loss	1,648,754	1,648,754
Net Deferred Tax (Liability)/ Asset	1,844,638	57,407

Note : As a matter of prudence, deferred tax asset of Rs.921,901 (Previous year Rs. 715,531) has not been recognised.

Note 10 - Long term loans and advances

Amount in Rs.

Particulars	As at March 31, 2015	As at March 31, 2014
Unsecured, considered good Deposits for premises and others	1,280,700	4,599,470
Total	1,280,700	4,599,470

Note 11 - Other Non -Current Assets

Amount in Rs.

Particulars	As at March 31, 2015	As at March 31, 2014
MAT credit Receivable	33,089,455	29,754,455
Prepaid Expense	1,348,352	1,573,064
Total	34,437,807	31,327,519

Note 12 - Trade Receivables

Amount in Rs.

Particulars	As at March 31, 2015	As at March 31, 2014
Unsecured, Trade receivables outstanding for a period more than six months from the date they are due for payment, considered doubtful	1,498,617	-
Others - considered good	42,794,863	28,803,468
	44,293,480	28,803,468
Less: Provision for bad and doubtful debt	(1,498,617)	-
Total	42,794,863	28,803,468

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2015
Note 13 - Cash and Bank Balances

Amount in Rs.

Particulars	As at March 31, 2015		As at March 31, 2014	
Cash and Cash Equivalents :				
a. Balances with banks				
i) In Current Accounts	4,368,395		12,897,539	
ii) Fixed Deposits with maturities less than 3 months	8,000,000		12,600,000	
b. Cash on hand	21,715	12,390,110	50,638	25,548,177
(II) Other Bank balances :				
Fixed Deposits with maturities more than 3 months and up to twelve months	7,500,000		-	
Other Fixed deposits having maturities more than twelve months (pledged with bank against guarantees issued/loan taken by a step down subsidiary)	73,362,886		58,046,886	
Unpaid Dividend Account	318,436		318,676	
In Trust Account	63,167	81,244,489	7,171	58,588,733
Total		93,634,599		84,136,910

Note 14 - Short term loans and advances

Amount in Rs.

Particulars	As at March 31, 2015	As at March 31, 2014
Unsecured, considered good :		
Service Tax Receivable	10,396,329	6,114,276
Deposits	485,250	701,000
MAT Credit Receivable	-	3,335,000
Expenses recoverable from associates	1,274,391	1,312,043
Other Loans & Advances recoverable in cash or in kind or for value to be received	592,766	2,612,991
Total	12,748,736	14,075,310

Note 15 - Other Current Assets

Amount in Rs.

Particulars	As at March 31, 2015	As at March 31, 2014
Prepaid Expenses	1,022,760	1,302,440
Interest accrued but not due on Fixed Deposits	3,450,873	3,609,785
Work in Progress	15,856,416	16,331,736
Retention Money	6,975,600	-
Unbilled Revenue	1,741,839	1,202,837
Total	29,047,488	22,446,798

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015
Note 16 - Revenue from operations
Amount in Rs.

Particulars	For the year ended March 31, 2015	For the fifteen period ended months March 31, 2014
Software and IT enabled services	125,428,183	159,092,349
Environmental Solution Services	38,615,412	14,169,418
Total	164,043,595	173,261,767

Note 17 - Other Income
Amount in Rs.

Particulars	For the year ended March 31, 2015	For the fifteen period ended months March 31, 2014
Interest Income	6,791,615	9,126,752
Gain on Variation in Foreign Exchange Rates (Net)	67,428	3,144,183
Excess provision/ Balance written back	-	20,404
Miscellaneous Income	27,446	14,528
Rent Received	10,647,924	13,309,905
Less: Expenses attributed to rent income		
Finance Cost	(9,945,054)	(13,125,677)
Amortisation Expenses	(1,881,204)	(2,351,505)
	(1,178,334)	(2,167,277)
Total	5,708,154	10,138,590

Note 18 - Employee Benefits Expense
Amount in Rs.

Particulars	For the year ended March 31, 2015	For the fifteen period ended months March 31, 2014
Salaries and wages	97,293,739	119,642,278
Contributions to provident and other funds	5,095,843	6,756,809
Staff welfare expenses	1,819,062	2,105,275
Total	104,208,644	128,504,362

Note 19 - Finance Costs
Amount in Rs.

Particulars	For the year ended March 31, 2015	For the fifteen period ended months March 31, 2014
Interest Expenses		
Term Loan	42,674	67,743
Cash Credit	4,064,520	1,530,223
Total	4,107,194	1,597,966

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015
Note 20 - Other Expenses
Amount in Rs.

Particulars	For the year ended March 31, 2015	For the fifteen period ended months March 31, 2014
Rent	12,442,819	16,826,055
Project Expenses	28,562,611	9,337,341
Repairs & Maintenance - Building	1,093,446	1,246,905
Repairs & Maintenance-Computer	1,188,018	1,251,504
Repairs & Maintenance - Others	706,408	1,463,162
Insurance	584,797	428,907
Rates and taxes	827,974	809,327
Power & Fuel Expenses	6,418,600	9,781,163
Membership & Subscription Fees	485,012	544,317
Travelling & Conveyance Expenses	3,753,819	8,769,234
Communication Cost	1,920,994	2,759,147
Advertising & Publicity Expenses	417,740	1,643,620
Office upkeep & Maintenance Expenses	3,147,394	3,401,405
Legal & Professional charges	12,245,032	24,718,253
Director's sitting Fees	520,000	640,000
Compounding fees paid	-	3,578,000
Provision for doubtful debt	1,498,617	-
Office, Administrative & Other Expenses	2,087,186	2,467,239
Less: Corporate Expenses Reimbursement	-	(19,745,413)
Total	77,900,467	69,920,166

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2015**NOTE - 21****SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES****1 Overview of the Group**

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

2. Basis of Preparation of Consolidated Financial Statements

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

3. Use of Estimates

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

4. Principles of consolidation

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

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

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

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

5. Accounting Treatment for Investment in Associates

Equity accounted associate are entities in respect of which, the group has significant influence, but not control, over the financial and operating policies. Investments in such entities are accounted for using the equity method (equity accounted associate) and are initially recognized at cost. The excess of the parent's

portion of equity of the associate over its cost its investment in the associate, at the date on which investment in the associate is made, is recognized in the consolidated financial statements as a capital reserve and the excess of cost to the parent of its investment in associate over its portion of equity in the associate is recognized in the consolidated financial statements as a Goodwill.

6. Members of the Group

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

Name	Country of incorporation	Percentage of ownership Interest	
		As at March 31, 2015	As at March 31, 2014
Subsidiaries :			
HOVS Holdings Limited	Hong Kong	100	100
HOVS, LLC	USA	100	100
HOV Environment LLC (Subsidiary of HOVS LLC)	USA	61.10	61.10
HOV Environment Solutions Private Limited (Wholly owned Subsidiary of HOV Environment LLC w.e.f September 1, 2013) (Wholly owned Subsidiary of HOVS Holdings upto August 31, 2013)	India	61.10	61.10
Associate :			
SourceHOV Holdings Inc.	USA	44.8	26.1

7. Revenue Recognition

- a) Revenue from Software & IT enabled services are recognized as per the work orders/agreements entered with the customers.
- b) Rental and Interest income is recognized on time proportion basis and is disclosed under Other Income.
- c) The revenue from supply of material is recognized on delivery and/or as per the agreements entered with the parties. In respect of revenue from installation and commissioning of Environmental projects are recognized on the basis of running/final invoices for the work completed. And in respect of consultancy services the income is recognized as and when the services are rendered or the invoices are raised.

8. Unbilled Revenue/Work In Progress

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

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

9. Fixed Assets

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

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

10. Impairment of Assets

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

11. Method of Depreciation / Amortization:

I) Parent and Indian Subsidiaries

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

Investment in property is amortized over the period of lease.

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

II) Foreign Subsidiaries

Depreciation is provided on Straight Line Method at the following rates determined based on Managements estimate of useful life of the asset.

Fixed Asset	Useful life in years
Computers	2 – 5
Plant & Equipment	8 -10
Furniture and fixture	12-16
Software Product	3 – 8
Goodwill	8

12. Investments

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

13. Accounting of Employee Benefits

Employee Benefits to employees in India

a) Gratuity:

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

over the amount contributed to LIC based on the actuarial valuation done by an independent valuer using the Projected Unit Credit Method.

b) Provident Fund:

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

c) Leave Entitlement:

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

14. Accounting for Taxes on Income

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

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

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

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

15. Translation of Foreign Currency Items

(i) Initial Recognition

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

(ii) Conversion

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

16. Borrowing Costs

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

17. Lease

Where the Group has substantially acquired all risks and rewards of ownership of the assets, leases are classified as financial lease. Such assets are capitalized at the inception of the lease, at the lower of the fair value or present value of minimum lease payment and liability is created for equivalent amount. Each lease

rent paid is allocated between liability and interest cost so as to obtain constant periodic rate of interest on the outstanding liability for each year.

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

18. Provisions, Contingent Liabilities and Contingent Assets

- i) Provisions involving substantial degree of estimation in measurement are recognized when there is present obligation as a result of past events and it is probable that there will be outflow of resources.
- ii) Disclosures for a contingent liability is made, without a provision in books, when there is an obligation that may, but probably will not, require outflow of resources.
- iii) Contingent Assets are neither recognized nor disclosed in the financial statements.

NOTE - 22: NOTES TO THE FINANCIAL STATEMENTS

22.1 Pursuant to shareholders' approval on November 4, 2014, SourceHOV Holdings Inc. ("SourceHOV"), a company in which HOVS LLC, wholly owned US subsidiary of HOV Services Limited, holds an investment, completed the merger with BancTec Group LLC. Post-merger the equity ownership of HOVS LLC in SourceHOV increased from 26.1% to 44.8%. The Audited accounts of SourceHOV as of December 31, 2014 have been used in consolidation of accounts as per Accounting Standard 23 "Accounting for Investments in Associates". The fair value of HOVS LLC investment on November 4, 2014 in SourceHOV has been valued at US\$ 95million based on an Independent valuation report and fairness opinion from SEBI registered merchant banker. Accordingly, additional Capital Reserve of Rs 5,824,025,710 was recognised being the fair value of investment in the associate over the carrying value of investment.

22.2 HOVS LLC's share of loss before merger for the period from January 1, 2014 till October 31, 2014 is Rs. 1,501,390,729 and the loss post-merger from November 1, 2014 till December 31, 2014 is Rs 31,729,719 aggregating to the loss of Rs. 1,533,120,448 which has been consolidated as loss of associates. For previous year's period, the financial statements of an associate has been prepared for the period from January 1, 2013 to December 31, 2013 and accordingly, share of loss Rs. 464,498,159 of the group have been consolidated in the financial statements.

22.3 Commitment and Contingent liabilities:

a) Contingent Liabilities not provided for in respect of:

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

Sr. No.	Particulars	As at March 31, 2015	As at March 31, 2014
(i)	Disputed Income Tax Matters is in relation to the A.Y. 2007-08 and 2009-10 and Group has paid Rs. 2,446,738 (Previous Year Rs.2,446,738) under protest(including interest upto the date of demand)	10,259,390	10,259,390

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

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

Sr. No.	Particulars	As at March 31, 2015	As at March 31, 2014
(i)	Fixed Deposit pledged for issue of bank guarantee/loan on behalf of a step down subsidiary	73,146,886	58,046,886
(ii)	Other bank guarantee	216,000	216,000

b) Other Commitment:

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

(Amount in Rs.)

Particulars	As at March 31, 2015	As at March 31, 2014
- within one year	5,986,958	11,731,213
- later than one year and not later than five years	6,378,096	27,901,495

 (ii) **Rental Income:**

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

(Amount in Rs.)

Particulars	As at March 31, 2015	As at March 31, 2014
- within one year	6,010,925	8,873,272
- later than one year and not later than five years	NIL	19,521,199

22.4 Employee Benefits:

Defined Benefit Plans (Gratuity)

(Amount in Rs.)

Particulars	As at March 31, 2015	As at March 31, 2014
I Assumptions		
Discount Rate	8.00%	9.00%
Expected Rate of Return on plan asset	8.50%	8.50%
Salary Escalation	5.00%	5.01%
II Table showing changes in present value of obligations		
Present value of obligations as at beginning of year/period	3,738,310	3,559,154
Interest cost	281,454	400,405
Current Service Cost	728,038	763,007
Benefits Paid	(740,431)	(20,844)
Actuarial (gain)/Loss on obligations	683,879	(963,412)
Present value of obligations as at end of year/period	4,691,250	3,738,310

Particulars	As at March 31, 2015	As at March 31, 2014
III Table showing changes in the fair value of plan assets		
Fair value of plan assets at beginning of year/period	2,356,467	2,145,118
Expected return on plan assets	197,124	177,723
Contributions	838,565	54,470
Benefits paid	(740,431)	(20,844)
Actuarial Gain / (Loss) on Plan assets	904,016	NIL
Fair value of plan assets at the end of year/period	2,651,726	2,356,467
IV Table showing fair value of plan assets		
Fair value of plan assets at beginning of year/period	2,356,467	2,145,118
Actual return on plan assets	197,124	177,723
Contributions	838,565	54,470
Benefits Paid	(740,431)	(20,844)
Fair value of plan assets at the end of year/period	2,651,726	2,356,467
Funding Status - Surplus/(deficit)	(2,039,524)	(1,381,843)
Excess of Actual over estimated return on plan assets	NIL	NIL
V Actuarial Gain/Loss recognized		
Actuarial gain/(Loss) for the year -Obligation	904,016	963,412
Actuarial (gain)/Loss for the year - plan assets	NIL	NIL
Total (gain)/Loss for the year/period	904,016	(963,412)
Actuarial (gain)/Loss recognized in the year/period	904,016	(963,412)
VI The amounts to be recognized in the Balance Sheet and Statements of Profit and Loss		
Present value of obligations as at the end of year/period	4,691,250	3,738,310
Fair value of plan assets as at the end of the year/period	2,651,726	2,356,467
Funded status	(2,039,524)	(1,381,843)
Net Asset/(liability) recognized in balance sheet	(2,039,524)	(1,381,843)
VII Expenses Recognised in Statement of Profit & Loss		
Current Service cost	728,038	763,007
Interest Cost	281,484	400,405
Expected return on plan assets	197,124	(177,723)
Net Actuarial (gain)/Loss recognised during the year/period	904,016	(963,412)
Expenses recognised in statement of Profit & Loss	1,716,384	22,277

- 22.5 a) In the opinion of the management, assets other than fixed assets and non-current investments have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated.
- b) The accounts of certain Trade Receivables, Trade Payables, Loans & Advances and Banks are however, subject to formal confirmations/reconciliations and consequent adjustments, if any. The management does not expect any material difference affecting the current year's financial statements on such reconciliation/adjustments.

22.6 Earnings per Share (EPS):

Particulars	For the year ended March 31, 2015	For the fifteen months period ended March 31, 2014
Net Profit/(Loss) as per Statement of Profit and Loss (Rs.)	(1,553,222,996)	(488,778,420)
Weighted average number of equity shares	12,505,356	12,491,358
Add: Effect of dilutive issue of options (Nos.)	NIL	120,420
Diluted Weighted Average Number of Equity Shares (Nos.)	12,505,356	12,611,778
Basic Earnings per Share	(124.20)	(39.13)
Diluted Earnings per Share	(124.20)	(39.13)
Nominal value per Equity Share (Rs.)	10	10

22.7 Related Party Transactions

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

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

Sr. No.	Name
1	HandsOn Ventures, LLC
2	BancTec TPS India Private Limited (Formerly known as Tracmail India Private Limited)
3	HOVG, LLC dba Bay Area Credit Service, LLC
4	Rule 14, LLC
5	SourceHOV, LLC
6	SourceHOV Holdings Inc.

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

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

- b) Following Transactions carried out with related parties referred to in "a" and "b", above, in the ordinary course of business are as under: - (Amount in Rs.)

Sr No.	Name	Nature	For the year ended March 31, 2015	For the fifteen months period ended March 31, 2014
1	Rule 14, LLC	Services rendered	14,675,304	17,062,272
2	HOVG, LLC dba Bay Area Credit Service, LLC	Services rendered	27,916,725	33,921,944
3	BancTec TPS India Private Limited	Advance given	8,586	756,703
		Repayment of advances	8,586	756,703
		Rent Income	10,647,924	13,309,905
		Rent Deposit Received	NIL	2,649,981
4	SourceHOV, LLC	Services rendered	82,836,154	108,108,133
		Reimbursement of expenses	6,103,985	8,394,516
5	HandsOn Ventures, LLC	Reimbursement of expenses	7,391,495	6,162,821
		Received for corporate expenses	32,733,007	NIL
6	Mr. Sunil Rajadhyaksha*	Managerial Remuneration	4,800,000	6,000,000
		Advance received	NIL	234,882
		Advance repaid	NIL	234,882
7	Mr. Parvinder S Chadha*	Managerial Remuneration	2,400,000	5,400,000
8	Mr. Surinder Rametra*	Managerial Remuneration	2,400,000	5,400,000
9	Mr. James Reynolds **	Management Fees	5,122,828	22,429,227
10	Mr. Sriram Iyengar Salary	KMP	4,160,800	NIL
11	Mr. Bhuvanesh Sharma Salary (April 1, 2014 to July 30, 2014; January 1, 2015 to March 31, 2015)	KMP	1,593,110	2,829,555
12	Mrs. Latha Sriram Car Rental	Relative of KMP	120,000	NIL
13	Mrs. Rekha Sharma Car Rental	Relative of KMP	70,000	150,000

** Total management fees paid were reimbursed by an associate.

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

(Amount in Rs.)

Name of the Related party	Nature	Balances As at	
		March 31, 2015	March 31, 2014
HOVG, LLC dba Bay Area Credit Service, LLC	Receivable	9,513,802	6,851,377
BancTec TPS India Private Limited	Deposit payable	2,649,981	2,649,981
SourceHOV, LLC	Receivable	14,193,528	7,306,874
	Unbilled Revenue	1,741,839	1,202,837
HandsOn Ventures, LLC	Receivable	1,274,391	1,312,043
Rule 14, LLC	Receivable	2,503,632	3,605,988
Mr. Parvinder Chadha	Payable	2,400,000	869,183
Mr. Sunil Rajadhyaksha	Payable	2,485,371	879,235
Mr. Surinder Rametra	Payable	930,293	819,119
Mr. Bhuvanesh Sharma Salary Payable	KMP	22,665	NIL
Mrs. Latha Sriram Car Rental Payable	Relative of KMP	15,000	NIL
Mrs. Rekha Sharma Car Rental Payable	Relative of KMP	10,000	10,000

*Refer note no. 22.8 below

Note:-

- Related party relationship is as identified by management relied upon by the auditors
- No balance in respect of related parties has been provided for/ written back / written off during the year, nor has any provision been made for doubtful debts / receivables.

22.8 The appointment and remuneration payable to all three whole time directors of the Parent Company were approved by the shareholders in their 23rd Annual General Meeting held on August 3, 2011. The Central Government approved the appointment for period of five years from April 1, 2011 to March 31, 2016 but remuneration payable approved was Rs. 48,00,000 per year for each whole time director for a period of three years from April 1, 2011 to March 31, 2014 vide letter dated October 13, 2011. The Parent Company filed an application on March 21, 2014 to the Central Government seeking approval to allow for the remuneration payable for remaining period of two years from April 1, 2014 to March 31, 2016 to be Rs. 48,00,000 per year for each whole time director. The Ministry of Corporate Affairs directed the Company by a letter dated July 31, 2014 to comply with the provisions of the Companies Act, 2013, for payment of remuneration to whole time directors. During the current year, the Company has provided managerial remuneration of Rs. 96,00,000 based on shareholders' approval up to March 31, 2016. The requisite approval from the Shareholders and Central Government will be obtained for remaining period of 2 years from April 1, 2014 to March 31, 2016 of their term.

22.9 Segment Reporting:

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

Particulars	Amount in Rs.	Amount in Rs.
	For the year ended March 31, 2015	For the fifteen months period ended March 31, 2014
Segment Revenue :		
Software and IT Enabled Services	125,428,183	159,092,349
Environment Solutions Services	38,615,412	14,169,418
Net Sales/ income from operations	164,043,595	173,261,767
Add : Un-allocable Income	5,708,154	10,138,590
Total	169,751,749	183,400,357
Segment Results Profit/(Loss) before tax and interest from segment		
Software and IT Enabled Services	(1,545,623,871)	(476,772,707)
Environment Solutions Services	(10,987,316)	(16,218,997)
Un-allocable	5,708,154	10,138,590
Profit (Loss) before tax after minority interest and share of profit (loss) from an associate	(1,550,903,033)	(482,853,114)
Finance Cost	(4,107,194)	(1,597,966)
Provision for Taxation	1,787,231	(4,327,340)
Profit/ (Loss) after taxation for the year	(1,553,222,996)	(488,778,420)
Segment Assets :		
Software and IT Enabled Services	5,804,193,717	1,674,772,015
Environment Solutions Services	78,354,871	69,746,844
Un-allocable	98,920,297	100,801,499
Total Assets	5,981,468,885	1,845,320,358
Segment Liabilities :		
Software and IT Enabled Services	63,852,852	39,594,477
Environment Solutions Services	62,515,201	43,734,470
Un-allocable	73,730,942	78,896,926
Total Liabilities	200,098,995	162,225,873
Capital Employed		
Software and IT Enabled Services	5,740,340,865	1,635,177,538
Environment Solutions Services	15,839,670	26,012,374
Unallocable	25,189,355	21,904,573
Total Capital Employed	5,781,369,890	1,683,094,485

Particulars	Amount in Rs.	
	For the year ended March 31, 2015	For the fifteen months period ended March 31, 2014
Capital Expenditure :		
Software and IT Enabled Services	474,348	3,749,127
Environment Solutions Services	NIL	2,181,987
Total Capital Expenditure	474,348	5,931,114
Depreciation/Amortisation :		
Software and IT Enabled Services	4,368,686	4,033,957
Environment Solutions Services	5,760,468	5,711,029
Total Depreciation/Amortisation	10,129,154	9,744,986

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

2210. Pursuant to the Companies Act, 2013 ("the Act") coming in to effect from April 1, 2014, the Group has realigned the remaining useful life of its fixed assets in accordance with the provisions prescribed under Schedule II to the Act. Consequently in case of assets which have completed their useful life, the carrying value (net of residual value) as at April 1, 2014 amounting to Rs. 863,920 has been adjusted to Reserves. Also, carrying value of the other assets (net of residual value) is being depreciated over the revised remaining useful lives. Consequently, the depreciation and amortization expense for the year ended March 31, 2015 is higher by Rs. 749,880 (net of deferred tax Rs. 311,274).

2211. a) The current financial year comprises 12 months period ended March 31, 2015 as against previous financial year comprising of 15 months period ending March 31, 2014 therefore, figures of the current year are not comparable with those of the previous period.

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

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

Sunil Rajadhyaksha
Chairman & Executive Director
(DIN: 00011683)

Surinder Rametra
Executive Director
(DIN:00019714)

Bhuvanesh Sharma
VP-Corporate Affairs &
Company Secretary

Sriram Iyengar
Chief Financial Officer

Place: Mumbai
Date : May 22, 2015

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

(Rs in Lacs)

Name of the entity	Net Assets, <i>i.e.</i> , total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount
Parent				
HOV Services Limited	14.75%	8,528.65	0.19%	(29.33)
Indian Subsidiaries				
HOV Environment Solutions Private Limited	-0.68%	(391.80)	1.24%	(191.95)
Foreign Subsidiaries				
HOVS LLC	15.57%	9,000.90	0.00%	-
HOVS Holdings Limited	1.67%	966.05	0.03%	(4.99)
HOV Environment LLC	0.37%	211.94	0.14%	(21.79)
Minority Interests in all subsidiaries	0.00%	-	-0.30%	47.04
Associates (Investments as per the equity method)				
Foreign				
SourceHOV Holdings Inc	97.37%	56,288.66	98.71%	(15,331.20)

INDEPENDENT AUDITORS' REPORT

**To the Members of
HOV Services Limited**

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of HOV Services Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error

Auditor's Responsibility

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

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made 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 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 financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 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, 2015;
- (ii) in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date, and
- (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Emphasis of Matter

We draw attention to note on 20.7 of the Standalone Financial statements regarding pending approval of shareholders and Central Government in respect of managerial remuneration aggregating to Rs. 9,600,000 payable to the three whole time directors.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("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 statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) 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 has disclosed the impact of pending litigations on its financial position in the aforesaid financial statements – Refer Note 20.1(a)(i) to the financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Lodha & Company
Chartered Accountants
Firm Registration No. 301051E

A.M.Hariharan
Partner
Membership No. 38323

Place: Mumbai
Date : 22nd May, 2015

ANNEXURE REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF HOV SERVICES LIMITED ON THE STANDALONE FINANCIAL STATEMENTS

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.
2. The Company does not hold any inventory. Therefore, the provisions of the clause 3 (ii) of the Order are not applicable to the Company.
3. During the year, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Act.
4. In our opinion and according to the information and explanations given to us, having regard to the explanation that some of the items purchased and sold are of the special nature in respect of which suitable alternative sources do not exist for obtaining comparable quotations, there are adequate internal control systems commensurate with the size of the Company and nature of its business for purchase of inventory, fixed assets and with regard to the sale of services. During the course of our audit, no major weakness has been noticed in the aforesaid internal control systems.
5. In our Opinion and according to the information and explanations given to us, the Company has not accepted any public deposits within the meaning of Section 73 to 76 or any other relevant provisions of the Act and rules framed thereunder.
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, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess 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 period 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, Sales Tax, Service tax, Customs Duty, Wealth Tax, Excise Duty, Value Added Tax, Cess which have not been deposited on account of any dispute except the following :

Name of the Statute	Nature of Dues	Period to which it relates	Amount in Rs.	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	Assessment Year 2009-10	2,905,432	Income Tax Appellate Tribunal
		Assessment Year 2007-08	4,907,220	Commissioner of Income Tax Appeals-Pune

- c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
8. The Company has no accumulated losses as at the end of the year. However, it has incurred cash losses in the current financial year but it did not incur cash losses in the immediately preceding financial year.
9. In our opinion and according to the information and explanations given to us and based on the documents and records produced before us there has been no default in repayment of dues to banks. There are no dues to financial institutions or debenture holders.
10. According to the information and explanations given to us, the terms and conditions on which the Company has given guarantee for loans taken by others from banks and financial institutions, are not prima facie prejudicial to the interest of the Company.
11. Based on the information and explanations given to us by the management, the Company has not obtained any term loans during the year. Therefore, the provisions of the clause 3 (xi) of the Order are not applicable to the Company.
12. 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 on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For Lodha & Company
Chartered Accountants
Firm Registration No. 301051E

A.M. Hariharan
Partner
Membership No. 38323

Place: Mumbai
Date : 22nd May, 2015

BALANCE SHEET AS AT MARCH 31, 2015

Amount in Rs.

	Note No.	As at March 31, 2015	As at March 31, 2014
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
Share capital	1	125,140,220	124,995,220
Reserves and surplus	2	727,724,430	730,608,156
2 Share Application Money pending allotment under ESOP		432,075	-
3 Non-current liabilities			
Long-term borrowings	3	67,866,410	73,730,943
Deferred Tax Liabilities	4	-	1,141,065
4 Current liabilities			
Trade payables		10,791,639	11,533,304
Other current liabilities	5	11,881,694	10,257,813
Short-term provisions	6	8,157,118	8,286,033
TOTAL		951,993,586	960,552,534
II. ASSETS			
1 Non Current Assets			
Fixed Assets	7		
Tangible Assets		2,866,439	5,207,794
Intangible Assets		2,865,342	5,282,245
Deferred Tax Asset	4	646,166	-
Non-Current investments	8	759,696,948	761,578,152
Long-term Loans and Advances	9	19,100,738	20,948,129
Other Non-Current Assets	10	34,437,807	32,447,519
2 Current Assets			
Trade Receivables	11	26,210,960	28,582,203
Cash and Bank Balances	12	90,477,222	77,745,906
Short Term Loans and Advances	13	9,774,416	22,886,965
Other Current Assets	14	5,917,548	5,873,621
TOTAL		951,993,586	960,552,534
Significant accounting policies and accompanying notes form an integral part of financial statements	19 &20		

As per our attached report of even date

For LODHA & CO.
 Chartered Accountants

For and on behalf of the Board

A.M. Hariharan
 Partner

Sunil Rajadhyaksha
 Chairman & Executive Director
 (DIN: 00011683)

Surinder Rametra
 Executive Director
 (DIN:00019714)

 Place: Mumbai
 Date: May 22, 2015

Bhuvanesh Sharma
 VP-Corporate Affairs &
 Company Secretary

Sriram Iyengar
 Chief Financial Officer

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2015

Amount in Rs.

Particulars	Note No.	For the year ended March 31, 2015	For the fifteen months period ended March 31, 2014
I Revenue from operations	15	125,445,889	159,237,924
II Other income	16	8,167,773	12,742,891
III Total Revenue (I + II)		133,613,662	171,980,815
IV Expenses			
Employee Benefits Expense	17	100,639,272	122,174,284
Depreciation and Amortization Expense	7 & 8	4,368,686	4,033,957
Other Expenses	18	33,325,466	51,461,665
Less: Corporate Charges recovered from a Subsidiary Company		-	(19,745,413)
V Total Expenses		138,333,424	157,924,493
VI Profit/(Loss) before tax (III-V)		(4,719,762)	14,056,322
VII Tax Expense			
Current Tax		-	6,247,580
Deferred Tax		(1,787,231)	(742,988)
Tax pertaining to earlier year		-	21,220
VIII Profit/(Loss) for the year/period (VI-VII)		(2,932,531)	8,530,510
IX Earnings per equity share of the face value of Rs.10 each :	20.3		
Basic Earning Per Share		(0.23)	0.68
Diluted Earning Per Share		(0.23)	0.68
Significant accounting policies and accompanying notes form an integral part of financial statements	19 & 20		

As per our attached report of even date

For LODHA & CO.
 Chartered Accountants

For and on behalf of the Board

A.M. Hariharan
 Partner

Sunil Rajadhyaksha
 Chairman & Executive Director
 (DIN: 00011683)

Surinder Rametra
 Executive Director
 (DIN:00019714)

 Place: Mumbai
 Date: May 22, 2015

Bhuvanesh Sharma
 VP-Corporate Affairs &
 Company Secretary

Sriram Iyengar
 Chief Financial Officer

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

(Amount in Rs.)

Particulars	For the year ended March 31, 2015	For the fifteen months period ended March 31, 2014
A Cash flow from Operating Activities:		
Net Profit/(Loss) before tax	(4,719,762)	14,056,322
Add: Adjustments for :		
Depreciation & amortisation	6,249,890	6,385,462
Interest Income	(8,367,633)	(10,132,347)
Rent Income	(10,647,924)	(13,309,905)
Finance Cost	9,945,054	13,125,677
Loss on Sale of Fixed Asset	-	65,322
Foreign Exchange (Gain)/Loss, net	(951,029)	(4,759,839)
Operating Profit before Working Capital changes	(8,491,404)	5,430,692
Adjustments for changes in Working Capital :		
(Increase)/Decrease in Trade Receivable	3,322,272	(7,953,269)
(Increase)/Decrease in Other Receivables	2,869,969	30,818,983
Increase/(Decrease) in Trade and Other Payable	1,808,409	6,298,264
Cash generated from Operations	(490,754)	34,594,670
Taxes Paid	(1,753,658)	(7,298,245)
Net cash from/(used in) Operating Activities - A	(2,244,412)	27,296,425
B Cash flow from Investing Activities:		
Purchase of Fixed Assets	(474,348)	(3,777,327)
Refund/(Paid) of Additional paid in capital	-	(27,084,744)
Rent Income received	10,647,924	13,309,905
Interest Income	8,367,633	10,132,347
Net Cash from/(used in) Investing Activities - B	18,541,209	(7,419,819)
C Cash flow from Financing Activities:		
Finance Cost	(9,945,054)	(13,125,677)
Proceeds from issue of equity shares/share application money	1,489,800	215,900
Proceeds/ (Repayments) of Borrowings- net	(5,165,983)	(5,744,295)
Net cash from/(used in) Financing Activities - C	(13,621,237)	(18,654,072)
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	2,675,560	1,222,534
Opening Cash and Cash Equivalents	7,267,739	6,045,205
Closing Cash and Cash Equivalents	9,943,299	7,267,739

Notes:

- The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Accounting Standard 3, Cash Flow Statement prescribed by Companies Act, 2013.
- Previous period's figures have been regrouped/rearranged where necessary to conform to current year's presentation.

As per our attached report of even date

For LODHA & CO.
Chartered Accountants

For and on behalf of the Board

A.M. Hariharan
Partner

Sunil Rajadhyaksha
Chairman & Executive Director
(DIN: 00011683)

Surinder Rametra
Executive Director
(DIN:00019714)

 Place: Mumbai
Date: May 22, 2015

Bhuvanesh Sharma
VP-Corporate Affairs &
Company Secretary

Sriram Iyengar
Chief Financial Officer

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2015
Note 1- Share Capital

a) Particulars	As at March 31, 2015		As at March 31, 2014	
	Number	Amount in Rs.	Number	Amount in Rs.
Authorised				
Equity Shares of Rs. 10 each	30,000,000	300,000,000	30,000,000	300,000,000
Issued, Subscribed & Paid up				
Equity Shares of Rs. 10 each, fully paid up	12,514,022	125,140,220	12,499,522	124,995,220
Total	12,514,022	125,140,220	12,499,522	124,995,220

b) Rights of Equity Shareholders

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

c) Reconciliation of numbers of equity shares

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number	Amount in Rs.	Number	Amount in Rs.
Shares outstanding at the beginning of the year	12,499,522	124,995,220	12,491,022	124,910,220
Shares issued during the year	14,500	145,000	8,500	85,000
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	12,514,022	125,140,220	12,499,522	124,995,220

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

Name of Shareholder	As at March 31, 2015		As at March 31, 2014	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
ADESI 234, LLC	3,000,985	24.03%	3,000,985	24.03%
HOF 2 LLC	1,667,933	13.35%	1,667,933	13.35%
Chitale LLC	904,274	7.24%	904,274	7.24%
Stern Capital Partners LLC	694,246	5.56%	694,246	5.56%

e) Aggregate number of shares bought back during the period of five years immediately preceding the reporting date

Particulars	As at March 31, 2015 No. of Shares	As at March 31, 2014 No. of Shares
Equity shares bought back	63,023	63,023

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2015
f) Shares reserved for issue under options:
a. Employees Stock Option Plan (Plan 2007):

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

The details of grant made and lapsed under Plan 2007 are as below:

(In No.)

Particulars	As at March 31, 2015		As at March 31, 2014	
	Directors	Other than Directors	Directors	Other than Directors
Options outstanding at the beginning of the year	104,750	118,750	35,000	450,000
Add: Options Granted during the year	-	-	75,000	40,000
Less: Options Lapsed	30,000	26,450	250	367,750
Less: Exercised during the year	9,500	5,000	5,000	3,500
Options outstanding at the end of the year	65,250	87,300	104,750	118,750

b. Employees Stock Option Plan (Plan 2008):

The shareholders in its Twentieth Annual General meeting held on September 30, 2008 approved additional 750,000 equity shares of a face value of Rs.10 each and no ESOPS have been made till date.

Note 2 - Reserves and Surplus

Amount in Rs.

Particulars	As at March 31, 2015	As at March 31, 2014
Capital Redemption Reserve		
Balance as per last Balance Sheet	630,230	630,230
Securities Premium Account		
Opening Balance	622,975,920	622,845,020
Add: On allotment of equity shares under ESOP Plan 2007	912,725	130,900
Closing Balance	623,888,645	622,975,920
General Reserve		
Balance as per last Balance Sheet	19,541,409	19,541,409
Surplus		
Opening Balance	87,460,597	78,930,087
Less: Adjustment to carrying value of Fixed assets (Refer note no. 20.11)	(863,920)	-
Add: (Loss)/Profit for the year	(2,932,531)	8,530,510
Closing Balance	83,664,146	87,460,597
Total	727,724,430	730,608,156

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2015
Note 3 - Long Term Borrowings
Amount in Rs.

Particulars	As at March 31, 2015	As at March 31, 2014
Secured : Term loan : from a bank (Equated Monthly Instalment of Rs. 1,244,197 each payable in 106 months @ 12.75% (Previous year 12.5%) floating rate of interest) (Secured by way of deposit of title deeds of property situated at Navi Mumbai)	67,866,410	73,730,943
Total	67,866,410	73,730,943

Note 4 - Deferred Tax Liabilities/(Assets) (Net)
Amount in Rs.

Particulars	As at March 31, 2015	As at March 31, 2014
Deferred Tax Liability on account of : Depreciation	781,658	1,458,210
Deferred Tax Asset on account of Provision for Employee Benefits	(1,427,824)	(317,145)
Total	(646,166)	1,141,065

Note : As a matter of prudence, deferred tax asset of Rs.921,901 (Previous year Rs. 715,531) has not been recognised.

Note 5 - Other Current Liabilities
Amount in Rs.

Particulars	As at March 31, 2015	As at March 31, 2014
Unclaimed Dividend	318,436	318,676
Current Maturities of long term borrowings	5,864,533	5,165,983
Statutory Dues Payable	2,526,483	1,563,173
Interest accrued but not due on borrowings	522,261	560,000
Security Deposit towards office premises	2,649,981	2,649,981
Total	11,881,694	10,257,813

Note 6- Short-term Provisions
Amount in Rs.

Particulars	As at March 31, 2015	As at March 31, 2014
Provision for employee benefits	3,889,555	2,264,812
Provision for Income Tax (Net of Tax paid Rs. 53,404,273; previous year Rs. 51,650,615)	4,267,563	6,021,221
Total	8,157,118	8,286,033

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR YEAR ENDED MARCH 31, 2015

Note 7 - Fixed Assets

Amount in Rs.

Particulars	Gross Block			Accumulated Depreciation/Amortisation			Net Block	
	Balance as at April 1, 2014	Additions	Disposals/ Adjustments	Balance as at March 31, 2015	Up to March 31, 2014	Depreciation for the year	Disposals/ Adjustments	Balance as at March 31, 2015
a								
Tangible Assets								
Computers	7,910,391	405,500	(450,102)	7,865,789	5,392,688	1,565,237	(323,459)	1,231,323
Office Equipment	2,684,391	51,349	-	2,735,740	1,486,167	174,239	737,277	338,057
Furniture & Fixtures	13,000	-	-	13,000	2,958	1,464	-	8,578
Vehicle	1,601,003	-	-	1,601,003	119,178	193,344	-	1,288,481
Total (a)	12,208,785	456,849	(450,102)	12,215,532	7,000,991	1,934,284	413,818	2,866,439
b								
Intangible Assets								
Software Product*	17,451,289	-	-	17,451,289	13,081,023	2,051,917	-	2,318,349
Other Softwares	4,004,782	17,499	-	4,022,281	3,092,803	382,485	-	546,993
Total (b)	21,456,071	17,499	-	21,473,570	16,173,826	2,434,402	-	2,865,342
Total (a+b)	33,664,856	474,348	(450,102)	33,689,102	23,174,817	4,368,686	413,818	5,731,781

As at March 31, 2014

Particulars	Gross Block			Accumulated Depreciation/Amortisation			Net Block	
	Balance as at January 1, 2013	Additions	Disposals/ Adjustments	Balance as at March 31, 2014	Up to December 31, 2012	Depreciation for the period	Disposals/ Adjustments	Balance as at March 31, 2014
a								
Tangible Assets								
Computers	6,854,483	1,055,908	-	7,910,391	4,740,603	652,085	-	2,517,703
Office Equipment	2,654,402	125,047	(95,058)	2,684,391	1,178,029	335,874	(27,736)	1,198,224
Furniture & Fixtures	13,000	-	-	13,000	1,930	1,028	-	10,042
Vehicle	-	1,601,003	-	1,601,003	-	119,178	-	1,481,825
Total (a)	9,521,885	2,781,958	(95,058)	12,208,785	5,920,562	1,108,165	(27,736)	5,207,794
b								
Intangible Assets								
Software Product*	17,451,289	-	-	17,451,289	10,361,726	2,719,297	-	4,370,266
Other Softwares	3,009,413	995,369	-	4,004,782	2,886,308	206,495	-	911,979
Total (b)	20,460,702	995,369	-	21,456,071	13,248,034	2,925,792	-	5,282,245
Total (a+b)	29,982,587	3,777,327	(95,058)	33,664,856	19,168,596	4,033,957	(27,736)	10,490,039

* Meant for License sale or otherwise

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2015
Note 8 - Non Current Investments (Long Term)

Sr. Particulars	No. of Shares / Units		Face Value	Extent of Holding (%)		Amount (Rs.)	
	As at March 31, 2015	As at March 31, 2014		As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
A) Investment property (at cost) Leasehold Office premises* Less: Accumulated Amortisation	N.A.	N.A.	N.A.	NA	NA	103,466,540 4,546,243	103,466,540 2,665,039
Total						98,920,297	100,801,501
B) Investments in Equity Shares/Units - Trade (Unquoted, fully paid up and valued at cost)							
1. HOVS LLC- Subsidiary Company (Common Stock)	1000	1000	USD 1	100%	100%	45,180	45,180
Add: Amount further invested as additional paid in capital	N.A	N.A		100%	100%	706,104,387	706,104,387
Less: Return of additional paid in Capital						(45,379,373)	(45,379,373)
Total						660,770,194	660,770,194
2. HOVS Holdings Limited- Subsidiary Company - Hongkong	1001	1001	Hong-kong Dollar 1	100%	100%	6,457	6,457
Aggregate amount of unquoted investments						759,696,948	761,578,152

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

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2015
Note 9 - Long term loans and advances

Amount in Rs.

Particulars	As at March 31, 2015	As at March 31, 2014
Unsecured, considered good Deposits for premises and others Due from HOV Environment Solutions Private Limited (step down subsidiary) (Refer note no. 20.12)	1,280,700	4,599,470
Total	19,100,738	20,948,129

Note 10 - Other Non -Current Assets

Amount in Rs.

Particulars	As at March 31, 2015	As at March 31, 2014
MAT credit Receivable Prepaid Expenses	33,089,455 1,348,352	30,874,455 1,573,064
Total	34,437,807	32,447,519

Note 11 - Trade Receivables

Amount in Rs.

Particulars	As at March 31, 2015	As at March 31, 2014
Unsecured, considered good * Trade receivables outstanding for a period more than six months from the date they are due for payment Others	- 26,210,960	6,009,980 22,572,223
Total	26,210,960	28,582,203

*Refer note no. 20.6

Note 12 - Cash and Bank Balance

Amount in Rs.

Particulars	As at March 31, 2015		As at March 31, 2014	
(I) Cash and Cash Equivalents :				
a. Balances with banks				
In Current Accounts	1,926,504		7,235,607	
b. Cash on hand	16,796	1,943,299	32,132	7,267,739
Fixed Deposits with maturities less than 3 months		8,000,000		-
		9,943,299		7,267,739
(II) Other Bank balances :				
Fixed Deposits with maturities more than 3 months and upto twelve months	7,500,000		12,600,000	
Other Fixed deposits having maturities upto twelve months (pledged with bank against guarantees issued/loan taken by a step down subsidiary)	72,652,320		57,552,320	
Unpaid Dividend Accounts	318,436		318,676	
In Trust Account	63,167	80,533,923	7,170	70,478,167
Total		90,477,222		77,745,906

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2015
Note 13 - Short term loans and advances
Amount in Rs.

Particulars	As at March 31, 2015	As at March 31, 2014
Unsecured, considered good		
Balances with Service Tax authorities	5,716,961	4,571,845
MAT Credit receivable	-	2,215,000
Expenses recoverable from subsidiaries and associates (Refer note no. 20.6)	3,513,723	14,654,198
Other Loans & Advances recoverable in cash or in kind or for value to be received	543,732	1,445,922
Total	9,774,416	22,886,965

Note 14 - Other Current Assets
Amount in Rs.

Particulars	As at March 31, 2015	As at March 31, 2014
Prepaid Expenses	782,482	1,068,204
Unbilled Revenue	1,741,839	1,202,837
Interest accrued but not due on Fixed Deposits	3,393,227	3,602,580
Total	5,917,548	5,873,621

Note 15 - Revenue from operations
Amount in Rs.

Particulars	For the year ended March 31, 2015	For fifteen months period ended March 31, 2014
Software and IT enabled services	125,445,889	159,237,924
Total	125,445,889	159,237,924

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2015
Note 16 - Other Income
Amount in Rs.

Particulars	For the year ended March 31, 2015	For fifteen months period ended March 31, 2014
Interest Income	8,367,633	10,132,347
Gain on Variation in Foreign Exchange Rates (Net)	951,029	4,759,839
Provisions written back	-	3,454
Rent received	10,647,924	13,309,905
Less: Expenses attributed to rent income		
Finance Cost	(9,945,054)	(13,125,677)
Amortisation Expenses	(1,881,204)	(2,351,505)
	(1,178,334)	(2,167,277)
Miscellaneous Income	27,445	14,528
Total	8,167,773	12,742,891

Note 17 - Employee Benefits Expense
Amount in Rs.

Particulars	For the year ended March 31, 2015	For fifteen months period ended March 31, 2014
Salaries and wages	93,876,130	113,413,946
Contributions to provident and other funds	5,095,843	6,657,306
Staff welfare expenses	1,667,299	2,103,032
Total	100,639,272	122,174,284

Note 18 - Other Expenses
Amount in Rs.

Particulars	For the year ended March 31, 2015	For fifteen months period ended March 31, 2014
Rent	10,453,284	14,793,155
Repairs & Maintenance - Building	1,093,446	1,246,905
Repairs & Maintenance - Computer	1,144,071	1,167,311
Repairs & Maintenance - Others	706,408	1,166,976
Insurance	92,306	48,615
Rates and taxes	827,974	809,327
Power & Fuel Expenses	6,418,600	9,781,163
Membership & Subscription Fees	485,012	544,317
Travelling & Conveyance Expenses	1,641,877	4,420,091
Communication Cost	1,920,994	2,265,777
Advertising & Publicity Expenses	417,740	1,643,620
Office upkeep & Maintenance Expenses	3,147,394	3,401,405
Auditors Remuneration (Refer note 20.8)	2,113,491	1,698,720
Legal & Professional charges	1,061,376	2,698,617
Director's sitting Fees	520,000	640,000
Compounding Fees paid	-	3,578,000
Office, Administrative & Other Expenses	1,281,493	1,557,665
Total	33,325,466	51,461,665

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2015**NOTE 19: SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES****1. Company Information:**

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

2. Basis for Preparation of Financial Statements:

The Financial Statements are prepared in accordance with the Generally Accepted Accounting Principles (GAAP) applicable in India under the historical cost convention, on the accrual basis, in compliance with the Accounting Standards (AS) prescribed by the Companies Act, 2013 to the extent applicable and on the principles of a going concern.

3. Use of Estimates:

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

4. Revenue Recognition:

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

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

5. Fixed Assets:

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

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

6. Impairment of Assets:

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

7. Depreciation / Amortization:

- a) **Tangible Assets** - Depreciation on fixed assets is provided based on useful life and in the manner prescribed in part C of Schedule II of the new Companies Act, 2013.
Investment property is amortized over the period of lease.
- b) **Intangible Assets** – Software product (meant for sale) are amortized over its estimated useful life of 8 years. Other Software products are amortized over its period of license.

8. Investments:

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

9. Employee Benefits:**a) Gratuity:**

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

b) Provident Fund:

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

c) Leave Entitlement:

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

10. Foreign Exchange Transactions:

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

11. Accounting for Taxes on Income:

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

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

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

12. Borrowing Costs:

Borrowing costs attributable to acquisition and construction of qualifying assets are capitalized as a part of

the cost of such assets up to the date when such asset is ready for its intended use. Other borrowing costs are charged to Statement of Profit and Loss.

13. Leases:

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

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

14. Earnings Per Share:

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

15. Provisions, Contingent Liability and Contingent Assets:

- i) Provisions involving substantial degree of estimation in measurement are recognized when there is present obligation as a result of past events and it is probable that there will be outflow of resources.
- ii) Disclosures for a contingent liability is made, without a provision in books, when there is an obligation that may, but probably will not, require outflow of resources.
- iii) Contingent Assets are neither recognized nor disclosed in the financial statement.

NOTE - 20: NOTES TO THE FINANCIAL STATEMENTS

20.1. Contingent Liabilities and Commitment:

a) Contingent Liabilities not provided for in respect of:

- (i) Pending Litigations: (Amount in Rs)

Sr. No.	Particulars	As at March 31, 2015	As at March 31, 2014
(i)	Disputed Income Tax Matters is in relation to the A.Y. 2007-08 and 2009-10 and company has paid Rs. 2,446,738 (Previous Year Rs.2,446,738) under protest (including interest upto the date of demand)	10,259,390	10,259,390

The Company's pending litigation is in respect of proceedings pending with Tax Authorities. The Company has reviewed all its pending litigations and proceedings and has made adequate provisions, wherever required and disclosed the contingent liabilities, wherever applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a material impact on its financial statements.

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

Sr. No.	Particulars	As at March 31, 2015	As at March 31, 2014
(i)	Fixed Deposit pledged for issue of bank guarantee/loan on behalf of a step down subsidiary	72,436,320	57,336,320
(ii)	Other bank guarantee	216,000	216,000

b) Other Commitment:

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

(Amount in Rs.)

Particulars	As at March 31, 2015	As at March 31, 2014
- within one year	5,986,958	11,731,213
- later than one year and not later than five years	6,378,096	27,901,495

(ii) **Rental Income:**

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

(Amount in Rs.)

Particulars	As at March 31, 2015	As at March 31, 2014
- within one year	6,010,925	8,873,272
- later than one year and not later than five years	NIL	19,521,199

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

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

20.3. Earnings Per Share (EPS):

Particulars	For the year ended March 31, 2015	For the fifteen months period ended March 31, 2014
Net Profit/ (Loss) as per Statement of Profit and Loss (Rs.)	(2,932,531)	8,530,510
Weighted Average Number of Equity Shares (Nos.)	12,505,356	12,491,358
Add: Effect of dilutive issue of options (Nos.)	NIL	120,420
Diluted Weighted Average Number of Equity Shares (Nos.)	12,505,356	12,611,778
Basic Earning per Equity Share (Rs.)	(0.23)	0.68
Diluted Earning per Equity Share (Rs.)	(0.23)	0.68
Nominal value per Equity Share (Rs.)	10	10

20.4. Foreign Currency Exposure:

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

Particulars	As at March 31, 2015		As at March 31, 2014	
	Amount in Foreign Currency (USD)	Amount (In Rs.)	Amount in Foreign Currency (USD)	Amount (In Rs.)
Trade Receivables	418,767	26,210,962	475,579	28,582,203
Loans & Advances	NIL	NIL	222,000	13,342,156

20.5. Employee Benefits:

Defined Benefit Plans (Gratuity) - As per Actuarial Valuations:

(Amount in Rs.)

Particulars		As at March 31, 2015	As at March 31, 2014
I	Assumptions		
	Discount Rate	8.00%	9.00%
	Expected Rate of Return on plan asset	8.50%	8.50%
	Salary Escalation	5.00%	5.01%
II	Table showing changes in present value of obligations		
	Present value of obligations as at beginning of year/period	3,738,310	3,559,154
	Interest cost	281,454	400,405
	Current Service Cost	728,038	763,007
	Benefits Paid	(740,431)	(20,844)
	Actuarial (gain)/Loss on obligations	683,879	(963,412)
	Present value of obligations as at end of year/period	4,691,250	3,738,310
III	Table showing changes in the fair value of plan assets		
	Fair value of plan assets at beginning of year/period	2,356,467	2,145,118
	Expected return on plan assets	197,124	177,723
	Contributions	838,565	54,470
	Benefits paid	(740,431)	(20,844)
	Actuarial Gain / (Loss) on Plan assets	904,016	NIL
	Fair value of plan assets at the end of year/period	2,651,726	2,356,467
IV	Table showing fair value of plan assets		
	Fair value of plan assets at beginning of year/period	2,356,467	2,145,118
	Actual return on plan assets	197,124	177,723
	Contributions	838,565	54,470
	Benefits Paid	(740,431)	(20,844)
	Fair value of plan assets at the end of year/period	2,651,726	2,356,467
	Funding Status - Surplus/(deficit)	(2,039,524)	(1,381,843)
	Excess of Actual over estimated return on plan assets	Nil	NIL

Particulars		As at March 31, 2015	As at March 31, 2014
V	Actuarial Gain/Loss recognized		
	Actuarial gain/(Loss) for the year -Obligation	904,016	963,412
	Actuarial (gain)/Loss for the year - plan assets	NIL	NIL
	Total (gain)/Loss for the year	904,016	(963,412)
	Actuarial (gain)/Loss recognized in the year/period	904,016	(963,412)
VI	The amounts to be recognized in the Balance Sheet and Statements of Profit and Loss		
	Present value of obligations as at the end of year/period	4,691,250	3,738,310
	Fair value of plan assets as at the end of the year/period	2,651,726	2,356,467
	Funded status	(2,039,524)	(1,381,843)
	Net Asset/(liability) recognized in balance sheet	(2,039,524)	(1,381,843)
VII	Expenses Recognised in Statement of Profit & Loss		
	Current Service cost	728,038	763,007
	Interest Cost	281,484	400,405
	Expected return on plan assets	197,124	(177,723)
	Net Actuarial (gain)/Loss recognised during the year/period	904,016	(963,412)
	Expenses recognised in statement of Profit & Loss	1,716,384	22,277

20.6. Related Party Transactions

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

A) Name of the related parties:

a) The Parties where Control exists:

(i) Subsidiaries

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

(ii) Step down Subsidiaries

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

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

Associates

Sr.	Name
1	HandsOn Venture, LLC
2	HOVG, LLC dba Bay Area Credit Service, LLC
3	BancTec TPS India Private Limited (Formerly known as Tracmail India Private Limited)
4	SourceHOV, LLC
5	SourceHOV Holdings, Inc

Key Managerial Personnel (KMP) and their relatives

Sr.	Name
1	Mr. Sunil Rajadhyaksha (Chairman and Executive Director)
2	Mr. Parvinder S Chadha (Executive Director)
3	Mr. Surinder Rametra (Executive Director)
4	Mr. Sriram Iyengar (Chief Financial Officer)
5	Mr. Bhuvanesh Sharma (V.P Corporate Affairs and Company Secretary)
6	Mrs. Rekha Sharma (Relative of KMP)
7	Mrs. Latha Sriram (Relative of KMP)

B) During the year, following transactions were carried out with the related parties in the ordinary course of business:

(Amount in Rs.)

Name of the Party	Nature of Relationship	For the year ended March 31, 2015	For the fifteen months period ended March 31, 2014
SourceHOV, LLC Services Provided	Associate / Subsidiary	82,836,154	108,108,133
HOVG, LLC dba Bay Area Credit Service, LLC Services Provided	Associate	27,916,725	33,921,944
BancTec TPS India Private Limited Rent Income		10,647,924	13,309,905
Advances Given	Associate	8,586	756,703
Repayment of advances		8,586	756,703
Rent Deposit Received		NIL	2,649,981
HOV Environment Solutions Private Limited Advances Given	Subsidiary	NIL	151,172,520
Advances Repaid		NIL	135,968,989
Interest Received		1,634,866	1,122,341
Pledge of fixed deposits		15,100,000	25,136,320
HOVS, LLC Services Provided	Subsidiary	14,693,010	17,207,847
Reimbursement of Expenses		8,312,155	19,745,413
Additional paid in Capital		NIL	27,084,744
Hands on Venture, LLC Reimbursement of Expenses	Associate	7,391,495	6,162,821
Mr. Surinder Rametra*	KMP	2,400,000	5,400,000
Mr. Parvinder S Chadha*	KMP	2,400,000	5,400,000
Mr. Sunil Rajadhyaksha*	KMP	4,800,000	6,000,000
Mr. Sriram Iyengar Salary	KMP	4,160,800	NIL
Mr. Bhuvanesh Sharma Salary	KMP	1,593,110	2,829,555
(April 1, 2014 to July 30, 2014; January 1, 2015 to March 31, 2015)			
Mrs. Latha Sriram Car Rental	Relative of KMP	120,000	NIL
Mrs. Rekha Sharma Car Rental	Relative of KMP	70,000	150,000

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

Name of the Party	Nature of Relationship	Balance as at	
		March 31, 2015	March 31, 2014
HOVS ,LLC			
Investment		660,770,194	660,770,194
Receivables	Subsidiary	4,742,962	27,766,108
HOVS Holdings Limited			
Investment in Shares	Subsidiary	6,457	6,457
SourceHOV, LLC			
Receivables		14,193,528	7,306,874
Unbilled Revenue	Associate	1,741,839	1,202,837
HOV Environment Solutions Private Limited			
Receivable		17,820,038	16,348,659
Guarantees outstanding	Subsidiary	72,436,320	57,336,320
HOVG, LLC dba Bay Area Credit Service, LLC			
Receivables	Associate	9,513,802	6,851,377
Hands on Venture, LLC			
Receivable	Associate	1,274,391	1,312,042
BancTec TPS India Private Limited			
Deposit Payable	Associate	2,649,981	2,649,981
Mr. Surinder Rametra			
Remuneration payable*	KMP	2,400,000	819,119
Mr. Parvinder S Chadha			
Remuneration payable*	KMP	2,485,371	869,183
Mr. Sunil Rajadhyaksha			
Remuneration payable*	KMP	930,293	879,235
Mr. Bhuvanesh Sharma			
Salary Payable	KMP	22,665	NIL
Mrs. Latha Sriram			
Car Rental Payable	Relative of KMP	15,000	NIL
Mrs. Rekha Sharma			
Car Rental Payable	Relative of KMP	10,000	10,000
*Refer note no. 20.7 below			

- a) Related party relationship is as identified by the management and relied upon by the auditors.
b) No amounts in respect of related parties have been written off/ written back during the year, nor has any provision been made for doubtful debts/ receivable

20.7 The appointment and remuneration payable to all three whole time directors of the Company were approved by the shareholders in their 23rd Annual General Meeting held on August 3, 2011. The Central Government approved the appointment for period of five years from April 1, 2011 to March 31, 2016 but the remuneration payable approved was Rs. 48 lacs per year for each whole time director for a period of three years from April 1, 2011 to March 31, 2014 vide letter dated October 13, 2011. The Company filed an application on March 21, 2014 to the Central Government seeking approval to allow for the remuneration payable for remaining period of two years from April 1, 2014 to March 31, 2016 to be Rs 48 lacs per year for each whole time director. The Ministry of Corporate Affairs directed the Company by a letter dated July 31, 2014 to comply with the provisions of the Companies Act, 2013, for payment of remuneration to whole time directors. During the current year, the Company has provided managerial remuneration of Rs. 96 lacs based on shareholders' approval upto March 31, 2016. The requisite approval from the Shareholders and Central Government will be obtained for remaining period of 2 years from April 1, 2014 to March 31, 2016 of their term.

20.8. Auditors' Remuneration :

(Amount in Rs.)

Particulars	For the year ended March 31, 2015	For the fifteen months period ended March 31, 2014
Payment to Statutory Auditors:		
Audit Fees	1,468,750	1,225,000
Limited Review Fees	225,000	300,000
Certification Fees	130,000	122,500
Reimbursement of Out of Pocket Expenses (Excluding service tax of Rs.232,491; previous year Rs.209,960)	289,741	51,220
Total	2,113,491	1,698,720

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

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

20.11. Pursuant to the Companies Act, 2013 ("the Act") coming in to effect from April 1, 2014, the Company has realigned the remaining useful life of its fixed assets in accordance with the provisions prescribed under Schedule II to the Act. , Consequently in case of assets which have completed their useful life, the carrying value (net of residual value) as at April 1, 2014 amounting to Rs. 863,920 has been adjusted to Reserves. Also, carrying value of the other assets (net of residual value) is being depreciated over the revised remaining useful lives. Consequently, the depreciation and amortization expense for the year ended March 31, 2015 is higher by Rs. 648,117 (net of deferred tax Rs. 311,274).

20.12. The Company has given advance of Rs. 17,820,038 (Previous year Rs. 16,348,659) to and pledged Fixed Deposit of Rs. 72,436,320 (Previous year Rs. 57,336,320) for issue of bank guarantee/loan taken by HOV Environment Solutions Private Limited (a step down subsidiary). Which has accumulated losses far in excess of its paid up capital and reserves and surplus. The Company is hopeful at recovering/realising the same in due course of time in view of expected revival of activities/developments in the said subsidiary and therefore, no provision have been made.

20.13. Earnings / Expenditure in foreign Currency: (Amount in Rs.)

Particulars	For the year ended March 31, 2015	For the fifteen months period ended March 31, 2014
Earnings in Foreign Exchange		
Income from Operations	125,445,889	159,237,924
Reimbursement of Expenses	NIL	19,745,413

20.14. Loans given to, Investments made and pledged fixed deposits as guarantee for loan taken by the subsidiary covered under section 186(4) of the Companies Act, 2013 was utilised for business purpose.

20.15. a) The current financial year comprises 12 months period ended March 31, 2015 as against previous financial year comprising of 15 months period ending March 31, 2014 therefore, figures of the current year are not comparable with those of the previous period.

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

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

Sunil Rajadhyaksha
Chairman & Executive Director
(DIN: 00011683)

Surinder Rametra
Executive Director
(DIN:00019714)

Bhuvanesh Sharma
VP- Corporate Affairs &
Company Secretary

Sriram Iyengar
Chief Financial Officer

Place: Mumbai

Date: May 22 , 2015

**STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL
STATEMENT OF SUBSIDIARIES/ ASSOCIATE COMPANIES / JOINT VENTURES**

FORM AOC-1

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

Part "A": Subsidiaries

(Rs. In Lacs)

Sr.No.	Name of the subsidiary company	HOVSLLC	HOV Environment LLC	HOVS Holdings Limited	HOV Environment Solutions Private Limited
	Financial year ending on Currency	March 31, 2015 US\$	March 31, 2015 US\$	March 31, 2015 US\$	March 31, 2015 INR
	Exchange rate as on March 31, 2015	62.5908	62.5908	62.5908	N.A.
1	Share Capital	9,215.74	563.32	0.08	1.00
2	Reserves & Surplus	(214.85)	(352.12)	965.97	(392.80)
3	Total Assets	10,226.20	336.89	966.05	678.71
4	Total Liabilities (excluding share capital and reserves and surplus)	1,225.30	125.70	-	1,070.51
5	Investment (Except Investment in subsidiaries)	9,841.02	-	-	-
6	Turnover	146.75	-	-	386.15
7	Profit before taxation	-	(21.79)	(4.99)	(191.95)
8	Provision for taxation	-	-	-	-
9	Profit after taxation	-	(21.79)	(4.99)	(191.95)
10	Proposed dividend	-	-	-	-
11	Percentage of share holding	100%	61.10%	100%	61.10% (WOS of HOV Environment LLC)

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of Associates / Joint Ventures	SourceHOV Holdings Inc.
Latest audited Balance Sheet Date	December 31, 2014
Shares of Associate / Joint Ventures held by the Company on the year end	
Number	64,715
Amount of Investment in Associates / Joint Venture	Rs. 562.9 Crores
Extend of Holding %	44.8%
Description of how there is significant influence	As the stake holding is more than 20% hence the influence is considered as significant.
Reason why the associate / joint venture is not consolidated	N.A
Net worth attributable to shareholding as per latest audited Balance Sheet	Rs. 578.1 Crores
Profit / Loss for the year	
i. Considered in Consolidation	Rs. (153.3) Crores
ii. Not considered in Consolidation	N.A

For and on behalf of the Board

Sunil Rajadhyaksha
Chairman & Executive
Director
(DIN: 00011683)

Surinder Rametra
Executive Director
(DIN:00019714)

Place: Mumbai
Date: May 22, 2015

Bhuvanesh Sharma
VP-Corporate Affairs &
Company Secretary

Sriram Iyengar
Chief Financial
Officer

HOVS Code of Conduct For Board Members and Senior Managers

1. Introduction

This code of conduct (“Code”) has been framed in compliance with the provisions of Clause 49 of the listing agreement with the relevant stock exchanges. The purpose of this Code is to help ensure that the members of the board of directors (“Board”) and the personnel of HOV Services Limited (“Company”) who are members of its core management team (excluding the Board), which would include all members of management one level below the executive directors including all functional heads (“Senior Management”) conduct the business with the highest standards of integrity, honesty, ethics, conduct and governance and also to ensure that they act in an efficient and transparent manner in the conduct of the day to day activities of the organization.

2. Applicability

The Code shall apply to:

- all the members of the Board; and
- all members of the Senior Management.

3. The Code

(a) All members of the Board and the Senior Management will:

- act in the best interests of, and fulfill their fiduciary obligations to the Company;
- act honestly, fairly, ethically and with integrity;
- conduct themselves in a professional, courteous and respectful manner and not take improper advantage of their position;
- will deal fairly with all stakeholders;
- comply with all applicable laws, rules and regulations;
- act in good faith, responsibly, with due care, competence and diligence, without allowing their independent judgment to be subordinated;
- not use the Company’s property or position for personal gain;
- will not accept from or give to stakeholders gifts or other benefits not customary in normal social intercourse;
- not use any information or opportunity received by them in their capacity as Directors or senior management in a manner that would be detrimental to the Company’s interests;
- act in a manner to enhance and maintain the reputation of the Company;

- disclose any personal interest that they may have regarding any matters that may come before the Board and abstain from discussion, voting or otherwise influencing a decision on any matter in which the concerned Director has or may have such an interest;
 - abstain from discussion, voting or otherwise influencing a decision on any matters that may come before the board in which they may have a conflict or potential conflict of interest;
 - respect the confidentiality of information relating to the affairs of the Company acquired in the course of their service as Directors or senior management, except when authorized or legally required to disclose such information;
 - not use confidential information acquired in the course of their service as Directors or senior management for their personal advantage or for the advantage of any other entity; and
 - help create and maintain a culture of high ethical standards and commitment to compliance.
- (b) The independent directors of the Company shall abide by all the duties of independent directors laid down in the Companies Act, 2013 (“Act”) as are set out in **Annexure 1** below.
- (c) All the members of the Board and Senior Management of the Company shall affirm in writing compliance with this Code on an annual basis. The Annual Report of the Company shall contain a declaration to this effect signed by the CEO.
- (d) Subject to applicable laws, the Board may, at its sole discretion, waive the applicability of any of the provisions of this Code.

Annexure 1**1. Duties of independent directors under the Act are as under:**

Every independent director of the Company shall:

- (a) at the first meeting of the Board in which he participates as a director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the circumstances which may affect his status as an independent director, give a declaration that he meets the criteria of independence as provided in Section 149(6) of the Act;
- (b) abide by the code of conduct specified in Schedule IV of the Act; and
- (c) abide by such other duties of an independent director as set out under applicable provisions of the Act and rules made thereunder.

2. Duties of Independent Directors under Schedule IV of the Act

Every independent director shall:

- (a) undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the Company;
- (b) seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the Company;
- (c) strive to attend all meetings of the Board and of the Board committees of which he is a member;
- (d) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- (e) strive to attend the general meetings of the Company;
- (f) where they have concerns about the running of the Company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
- (g) keep themselves well informed about the Company and the external environment in which it operates;
- (h) not unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- (i) pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the Company;
- (j) ascertain and ensure that the Company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
- (k) report concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy;
- (l) acting within his authority, assist in protecting the legitimate interests of the Company, shareholders and its employees; and
- (m) not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

Vigil Mechanism/Whistle Blower Policy -Policy and Procedures

1. Preamble and Objective:

The Board of Directors (the "Board") of HOV Services Limited (the "Company" or "HOVS"), adopts the Vigil Mechanism/Whistle Blower Policy (the "Policy") in compliance with the requirements of Section 177 (9) of the Companies Act, 2013 and Clause 49(II)(F) of the Listing Agreement with the Stock Exchanges, in order to establish a mechanism for directors and employees to report genuine concerns or grievance about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct.

- 1.1 The HOVS believes in conducting its business in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity, and ethical behavior.
- 1.2 This policy is formulated to provide employee a way to lodge Complaints, in line with the commitment of Company to the highest possible standards of ethical, moral and legal business conduct and its commitment to open communication and make provisions for direct access to the chairperson of the Audit Committee in appropriate and exceptional cases.
- 1.3 To provide necessary safeguards for protection of employees from reprisals or victimisation, for whistle-blowing in good faith.
- 1.4 The purpose of this policy is to provide a framework to protect employees wishing to raise a concern about serious irregularities within the Company.
- 1.5 However, a disciplinary action taken/ initiated against the 'Whistle Blower' which occurs on account of poor job performance or misconduct by the 'Whistle Blower' and which is independent of any disclosure made by the 'Whistle Blower' shall not be protected under this policy.

2. Definitions:

- 2.1 "**Audit Committee**" means the Audit Committee of the Board constituted by the Board of Directors in accordance with Section 177 of the Companies Act, 2013 and read with Clause 49 of the Listing Agreement with the Stock Exchanges.
- 2.2 "**Bonafide Complaint**" means a complaint shall be deemed to be bonafide unless it is found to be motivated.
- 2.3 "**Competent Authority**" means the 'Ethics Counselor' and/or 'Compliance Officer'
In case of conflict of interest with Ethics Counselor and/ or Compliance Officer (being a subject person), Competent Authority means Chairman of the Audit Committee.
- 2.4 "**Compliance Officer**" mean Company Secretary of the Company for the time being.
- 2.5 "**Employee**" means all permanent on-roll employees of HOVS.
- 2.6 "**Ethics Counselor**" means as named hereinafter or any other member of the Board of Directors appointed/ authorized by the Audit Committee from time to time to act as Ethics Counselor.

- 2.7 **“Improper Activity”** means any activity by an employee of HOVS that is undertaken in performance of his or her official duty, whether or not that act is within the scope of his/her employment, and that is in violation of any law or the rules of conduct applicable to the employees, including but not limited to abuse of authority, breach of contract, manipulation of HOVS data, pilferage of confidential information, criminal offence, corruption, bribery, theft, conversion or misuse of the HOVS property, fraudulent claim, fraud or willful omission to perform the duty, or that is economically wasteful or involving gross misconduct, incompetence or gross inefficiency and any other unethical biased favoured or imprudent act.
- 2.8 **“Investigators”** means the persons authorized, appointed, consulted or approached by the ‘Competent Authority’ for conducting investigation into a protected disclosure.
- 2.9 **“Motivated Complaint”** means a complaint shall be deemed to be motivated if it is found to be deliberately false or motivated by revenge/enmity/mischief or other extraneous considerations.
- 2.10 **“Protected Disclosure”** means any communication made in good faith that discloses or demonstrates information that may be treated as evidence of “unethical” or “Improper Activity.”
- 2.11 **“Subject”** means an employee- Officer/Staff against or in relation to whom a Protected Disclosure has been made or evidence gathered during the course of an investigation.
- 2.12 **“Whistle Blower”** means an Employee making a Protected Disclosure under this policy

3. Eligibility:

All permanent on-roll employees and directors of HOVS shall be eligible to make protected disclosure.

4. Scope:

- 4.1 This Policy is an extension of the HOVS Code of Conduct for Directors and Senior Management Personnel.
- 4.2 The Policy is expected to report with reliable information. They are not required or expected to act as investigators or finders of facts, nor would they determine the appropriate corrective or remedial action that may be warranted in a given case.
- 4.3 ‘Whistle Blower’ should not act on their own in conducting any investigative activities, nor do they have a right to participate in any investigative activities other than as requested by the ‘Competent Authority’ or ‘Investigators’.
- 4.4 Protected Disclosure will be appropriately dealt with by the ‘Competent Authority’ as the case may be.

5. Disqualifications:

- 5.1 Protection under this Policy would not mean protection from disciplinary action arising out of false or bogus allegations made by a Whistle Blower knowing it to be false or bogus or with a *malafide* intention.

5.2 Whistle Blowers, who make any Protected Disclosures, which have been subsequently found to be malafide or malicious or Whistle Blowers who make three or more Protected Disclosures, which have been subsequently found to be frivolous, baseless or reported otherwise than in good faith, will be disqualified from reporting further 'Protected Disclosures' under this Policy.

6. Procedure for providing Protected Disclosures:

6.1 For the purpose of this policy, 'Ethics Counselor' shall be Mr. Sriram Iyengar, Chief Financial Officer, as long as otherwise resolved by the Audit Committee.

6.2 All Protected Disclosures should be addressed to the 'Competent Authority' for investigation. All reasonable care must be taken to keep the identity of the Whistle Blower strictly confidential.

6.3 'Protected Disclosure' should preferably be reported in writing so as to ensure a clear understanding of the issues raised and should either be typed or written in a legible handwriting in English, Hindi or in the regional language of the place of employment of the Whistle Blower.

6.4 In case when 'Protected Disclosure' is reported orally by 'Whistle Blower', the disclosure shall be documented by the 'Competent Authority' and shall be counter signed by 'Whistle Blower'.

6.5 The 'Protected Disclosure' should be accompanied with copy of Official Identity Card of 'Whistle Blower' for the purpose of providing protection to 'Whistle Blower'.

6.6 The contact details of 'Competent Authority' and Chairman of Audit Committee for addressing and sending the Protected Disclosure is as follows:

Competent Authority/ Chairman of Audit Committee
Vigil/Whistle Blower Mechanism
C/o Company Secretary
3rd Floor Sharda Arcade, Pune Satara Road
Bibwewadi, Pune - 411036

7. Investigation:

7.1 All Protected Disclosures reported under this Policy will be thoroughly examined/ investigated by the 'Competent Authority', who at their own discretion involves any Investigators for the purpose of investigation.

7.2 The process of investigation should be guided with principal of a neutral fact-finding process, free from any malicious or envious intention.

7.3 'Subject' will normally be informed of the allegations at the outset of a formal investigation and have opportunities for providing their inputs during the investigation

7.4 'Subject' will be duty bound to co-operate with 'Competent Authority' / 'Investigators' during investigation to the extent that such co-operation will not compromise self-incrimination protections available under the applicable laws.

- 7.5 'Subject' will have a right to consult with any persons or to engage counsel at their own cost to represent them in the investigation proceedings. However, if the allegations against the subject are not sustainable, then the Company may see reason to reimburse such costs.
- 7.6 All persons concerned to the investigation, shall have a responsibility not to interfere with the investigation. Evidence shall not be withheld, destroyed or tampered with, and witnesses shall not be influenced, coached, threatened or intimidated by anybody.
- 7.7 Unless there are compelling reasons not to do so, 'Subject' will be given a reasonable opportunity to respond to material findings contained in an investigation report. No allegation of wrongdoing against a 'Subject' shall be considered as maintainable unless there is good evidence in support of the allegation.
- 7.8 'Subject' will have a right to be informed of the outcome of investigation. If allegations are not sustained, the 'Subject' may be consulted as to whether the results of investigation should be made public or not.
- 7.9 The investigation should be completed normally within 45 days of the receipt of the 'Protected Disclosure'.

8. Protection

- 8.1 No unfair treatment will be given to a 'Whistle Blower' by virtue of his/her having reported a 'Protected Disclosure' under this Policy. The Company, as a policy, condemns any kind of discrimination, harassment, victimization or any other kind of unfair employment practice against Whistle Blowers.
- 8.2 A complete protection will, therefore, be given to 'Whistle Blower' against any unfair practice like retaliation, threat or intimidation of termination / suspension of service, disciplinary action, transfer, demotion, refusal or promotion, or the like including any direct or indirect use of authority to obstruct the Whistle Blower's right to continue to perform his duties/ functions including making further 'Protected Disclosure'.
- 8.3 The Company will take steps to minimize difficulties, which the Whistle Blower may experience as a result of making the Protected Disclosure. Thus, if the Whistle Blower is required to give evidence in criminal or disciplinary proceedings, the Company may arrange for the Whistle Blower to receive advice about the procedure, etc.
- 8.4 A Whistle Blower may report any violation of the above clause to the 'Competent Authority', who shall investigate into the same and recommend suitable action to the management.
- 8.5 The identity of a 'Subject' and the 'Whistle Blower' will be kept confidential to the extent possible given the legitimate needs of law and the investigation.
- 8.6 Any other Employees assisting in the said investigation shall also be protected to the same extent as the Whistle Blower.

9. Investigators

- 9.1 Investigators are required to conduct a process towards fact-finding and analysis. Investigators shall derive their authority and access rights from the 'Competent Authority' when acting within the course and scope of their investigation.
- 9.2 Technical and other resources may be drawn upon as necessary to augment the investigation. All investigators shall be independent and unbiased both in fact and as perceived.
- 9.3 Investigators shall be bound with a duty of fairness, objectivity, thoroughness, ethical behaviour and observance of legal and professional standards.
- 9.4 Investigations will be launched only after a preliminary review by the 'Competent Authority' as the case may be, which establishes that:
- a) the alleged act constitutes an improper or unethical activity or conduct and
 - b) the allegation is supported by information specific enough to be investigated or it is felt that the concerned matter is worthy of management review.

10. Decision

- 10.1 If an investigation leads to conclude that an improper or unethical act has been committed, the 'Competent Authority' shall recommend to the management of the Company to take such disciplinary or corrective actions in consultation with 'Competent Authority'.
- 10.2 It is clarified that any disciplinary or corrective action initiated against the 'Subject' as a result of the findings of an investigation pursuant to this Policy shall adhere to the applicable personnel or staff conduct and disciplinary procedures.

11. Reporting

The 'Competent Authority' shall submit a report to the Management on a regular basis about all Protected Disclosures referred to him/ her since the last report together with the results of investigations, if any.

12. Retention of documents

All Protected Disclosures received in writing or documented alongwith the results of investigation relating thereto shall be retained by the Company for a minimum period of seven years.

13. Annual Affirmation

The Company shall annually affirm that it has not denied any personnel access to the Audit Committee and that it has provided protection to whistle blower from adverse personnel action. The affirmation shall form part of Corporate Governance report as attached to the Annual Report of the Company.

14. Modification

The Board of Directors reserves its right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever. However, no such amendment or modification will be binding on the Employees unless the same is notified to the Employees in writing.

Policy on Related Party Transactions**1. SCOPE AND PURPOSE**

HOV Services Limited ("**HOVS**" or the **Company**") recognizes that related party transactions can present potential or actual conflicts of interest and may raise questions about whether such transactions are consistent with the Company and its shareholders' best interests and in compliance with the provisions of the Companies Act, 2013 ("**Act**") and Clause 49 of the Equity Listing Agreement ("**Listing Agreement**"), as amended by the Securities and Exchange Board of India ("**SEBI**") from time to time.

Clause 49(VII)(C) of the Listing Agreement requires a company to formulate a policy on materiality of related party transactions and dealing with related party transactions.

Keeping the prescribed requirements in view, HOVS has framed this policy on Related Party Transactions ("**Policy**"). This Policy is intended to provide a framework for governance and reporting of Related Party Transactions.

This Policy would come into effect once the same is adopted by the Board of Directors of the Company.

2. ABOUT THE COMPANY

Established in 1989, HOVS is currently engaged in the business of Information Technology Enabled Services (ITES) and operates as a hybrid between an investment company and a diversified services corporation.

3. DEFINITIONS

- i) "**Act**" means the Companies Act, 2013 and applicable rules made thereunder and includes any amendments, statutory re-enactments, or modification thereof from time to time;
- ii) "**Arm's Length Transaction**" means a transaction between two related parties that is conducted as if they are unrelated, so that there is no conflict of interest;
- iii) "**Audit Committee**" means the Audit Committee constituted by the Board of Directors of the Company in accordance with Section 177 of the Act and Clause 49 of the Listing Agreement;
- iv) "**Board of Directors**" or "**Board**" means the collective body of the Directors of the Company;
- v) "**Key Managerial Personnel (KMP)**" shall have the same meaning as defined in Section 2(51) of the Act. The following personnel, if any, would constitute KMPs of the Company:
 - a) the Chief Executive Officer (CEO)
 - b) the Managing Director (MD)
 - c) the Manager;
 - d) the Company Secretary (CS);
 - e) the Whole-Time Director (WTD);
 - f) the Chief Financial Officer (CFO); and
 - g) any other person as may be prescribed under the Act.

- vi) **“Listing Agreement”** means the Clause 49 of the Equity Listing Agreement, as amended by the SEBI from time to time;
- vii) **“Material Related Party Transactions”** will have the same meaning as defined in Clause 49(VII)(C) of the Listing Agreement.
- viii) **“Ordinary Course of Business”** means a transaction which is:
- carried out in the normal course of business envisaged in accordance with the Memorandum of Association (MoA) of the Company as amended from time to time, or
 - historical practice with a pattern of frequency, or
 - common commercial practice, or
 - meets any other parameters / criteria as decided by the Board/Audit Committee.
- ix) **“Related Party”** will have the same meaning as defined under Section 2(76) of the Act, read with Rule 3 of the Companies (Specification of definitions details) Rules, 2014, and / or the Clause 49(VII)(B) of the Listing Agreement as amended from time to time, which includes the following:
- a director or his relative;
 - a key managerial personnel or his relative;
 - a director (other than an independent director) or key managerial personnel of the holding company or his relative;
 - a firm, in which a director, manager or his relative is a partner;
 - a private company in which a director or manager or his relative is a member or director;
 - a public company in which a director or manager is a director and holds along with his relatives, more than two per cent of its paid-up share capital;
 - any body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
 - any person on whose advice, directions or instructions a director or manager is accustomed to act:
Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;
 - any company which is—
 - a holding, subsidiary or an associate company of such company; or
 - a subsidiary of a holding company to which it is also a subsidiary;
- Further Related Party will include such entity which is a related party under the applicable accounting standards.
- Reference and reliance may be placed on the clarifications issued by the Ministry of the Corporate Affairs, Government of India and SEBI and other Authorities from time to time on the interpretation of the term **“Related Party”**.
- x) **“Related Party Transactions”** mean all transactions between the Company on one hand and one or more related party on the other hand including contracts, arrangements and transactions as envisaged in Section 188(1) of the Act and/or Clause 49(VII)(A) of the Listing Agreement, which includes the following:
- Sale, purchase or supply of any goods or materials;
 - Selling or otherwise disposing of, or buying property of any kind;
 - Leasing of property of any kind;
 - Availing or rendering of any services;

- e) Appointment of any agent for the purchase or sale of goods, materials, services or property;
- f) Such related party's appointment to any office or place of profit in the Company, its subsidiary Company or associate Company;
- g) Underwriting the subscription of any securities or derivatives thereof, of the Company; and

Further Related Party Transactions shall also mean transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged.

A transaction with a related party shall be construed to include single transaction or a group of transactions in a contract.

- xi) **"Relative"** in relation to a Related Party shall have the same meaning assigned to in Section 2(77) of the Act read with Rule 4 of the Companies (Specification of definitions details) Rules, 2014, as amended from time to time, which includes the following:
 - a) Members of a Hindu undivided family;
 - b) Husband or wife;
 - c) Father (including step-father);
 - d) Mother (including step-mother);
 - e) Son (including step-son);
 - f) Son's wife;
 - g) Daughter;
 - h) Daughter's husband;
 - i) Brother (including step-brother); and
 - j) Sister (including step-sister).

4. MATERIALITY THRESHOLDS

Clause 49 of the Listing Agreement requires a company to provide materiality thresholds for transactions beyond which the shareholders' approval shall be required by way of a special resolution.

The Company has fixed its materiality threshold at 10% of the annual consolidated turnover of the Company as per last audited financial statements of the Company as specified in Clause 49(VII)(C) of the Listing Agreement.

Therefore, a transaction with a Related Party shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

5. MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS

I. Identification of related parties

Every director and KMP of the Company shall provide a declaration in the format annexed as **Annexure 1** hereto, containing the prescribed disclosures, to the Company Secretary of the Company, on an annual basis.

Every Director and the KMP will also be responsible to update the Company Secretary of any changes in such disclosures immediately on him/her becoming aware of such changes.

The Company Secretary of the Company shall be responsible for maintaining the updated

database of all Related Parties (in addition to the above). The database shall be updated whenever necessary and shall be reviewed at least once a year by the Company Secretary and by any of the other KMPs of the Company. The directors, KMPs, functional and business heads shall have access to the updated database.

II. Identification of Related Party Transactions

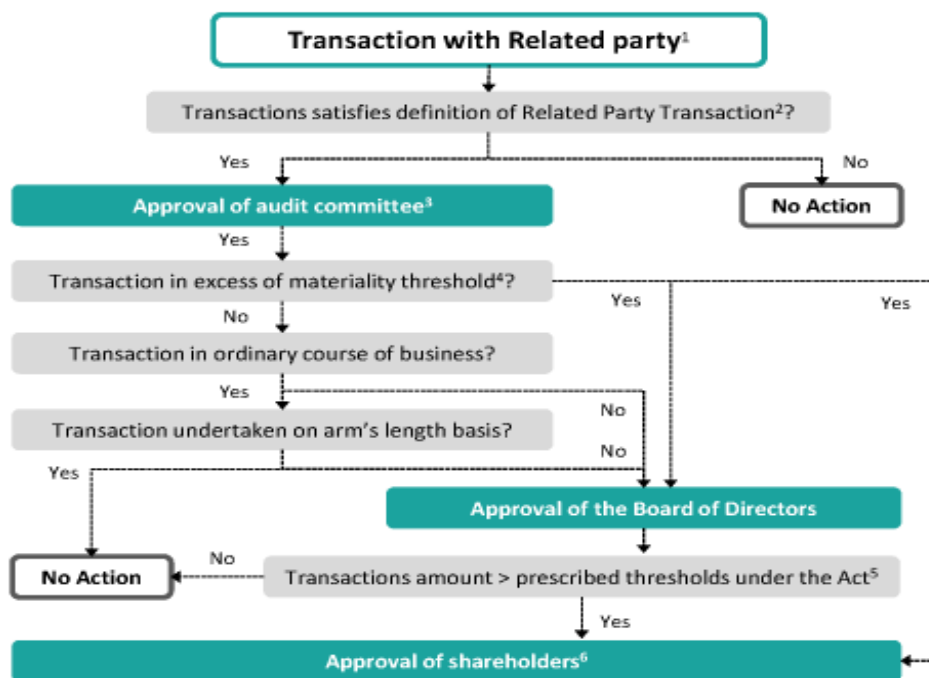
All Related Party Transactions must be brought to the notice of the Audit Committee of the Company.

Any employee of the Company who is aware of any transaction that is or may be perceived to be a Related Party Transaction is required to bring the same to the attention of the Audit Committee of the Company through Company Secretary.

Such notice of any potential Related Party Transaction should be given well in advance so that the Company Secretary has adequate time to obtain and review information about the proposed transaction and to refer it to the Audit Committee.

6. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

The review and approval process that may be followed for approval of Related Party Transactions is summarized in diagrammatic form for ease of reference:



Note:

1. Contracts entered by the Company after making necessary compliances under Section 297 of the Companies Act, 1956 which already came into effect before the commencement of Section 188 of the Act, will not require fresh approvals under the Section 188 of the Act till the original term of such contract. Thus, if any modification in such contract is made on or after 1st April 2014, the requirement under Section 188 of the Act will have to be complied with
2. Either under Section 188 of the Act or under Clause 49 of the Listing Agreement
3. Either an omnibus approval or a specific approval, as the case may be
4. Prescribed under Clause 49 of the Listing Agreement
5. Prescribed in Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014
6. Whether by way of ordinary resolution or special resolution, as may be required under the provisions of the Act or Clause 49

I. Approval of the Audit Committee

All Related Party Transactions require prior approval of the Audit Committee. However, the Company may obtain omnibus approval from the Audit Committee for such transactions, subject to compliance with the following conditions:

- a) The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the Policy and such approval shall be applicable in respect of repetitive transactions;
- b) The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;
- c) The omnibus approval shall provide the following details :
 - (i) the name/s of the Related Party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into;
 - (ii) the indicative base price / current contracted price and the formula for variation in the price if any; and
 - (iii) such other conditions as the Audit Committee may deem fit.

However, in case of Related Party Transactions which cannot be foreseen and where the above details are not available, Audit Committee may grant omnibus approval provided the value does not exceed Rs.1 crore per transaction;

- d) The Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the company pursuant to each of the omnibus approvals given; and
- e) Such omnibus approval shall be valid for 1 year and shall require fresh approval after the expiry of 1 year.

In addition to the above, the Audit Committee shall also comply with any conditions that may be prescribed by the Central Government in this regard.

Any member of the Audit Committee, who has a potential interest in any Related Party Transaction, will recuse himself or herself and abstain from discussions and voting on the approval or ratification of such Related Party Transaction. Such member may, however, participate in discussions with respect to other Related Party Transactions placed for approval or ratification of the Audit Committee.

II. Information required by Audit Committee/Board for approval

While assessing a proposal put up before the Audit Committee / Board for approval, the Audit Committee / Board may review the following documents or seek, *inter-alia*, the following information from the management in order to determine if the transaction is in the Ordinary Course of Business and at arm's length:

- a) Nature of the transaction i.e. details of goods or property to be acquired / transferred or services to be rendered / availed – including description of functions to be performed, risks to be assumed and assets to be employed under the proposed transaction;
- b) Key terms (such as price and other commercial compensation contemplated under the arrangement) of the proposed transaction, including value and quantum;
- c) Key covenants (non-commercial) as per the draft of the proposed agreement/ contract to be entered into for such transaction;

- d) Special terms covered / to be covered in separate letters or undertakings or any other special or sub arrangement forming part of a composite transaction;
- e) Benchmarking information that may have a bearing on the arm's length basis analysis, such as:
 - i) market analysis, research report, industry trends, business strategies, financial forecasts, etc.;
 - ii) third party comparables, valuation reports, price publications including stock exchange and commodity market quotations;
 - iii) management assessment of pricing terms and business justification for the proposed transaction;
 - iv) comparative analysis, if any, of other such transaction entered into by the company.

III. Approval of the Board of Directors of the Company

All Related Party Transactions which are either not in the Ordinary Course of Business or not at arm's length basis, are to be placed before the Board for its approval.

In addition to the above, the following kinds of transactions with Related Parties are also to be placed before the Board for its approval:

- a) Transactions in respect of which the Audit Committee is unable to determine whether or not they are in the Ordinary Course of Business and/or at arm's length basis and decides to refer the same to the Board for approval;
- b) Transactions which are in the Ordinary Course of Business and at arm's length basis, but which, in the Audit Committee's view, requires Board approval;
- c) Transactions meeting the materiality thresholds laid down Clause 4 of the Policy, which are intended to be placed before the shareholders for approval except in case the transactions entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders of the Company at the general meeting for approval.

IV. Approval of the Shareholders of the Company

- a) All Related Party Transactions exceeding the materiality thresholds, laid down in Clause 4 of the Policy, are to be placed before the shareholders for approval by way of passing a special resolution except in case the transactions entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders of the Company at the general meeting for approval.
- b) All kinds of transactions specified under Section 188 of the Act which exceed the thresholds laid down in The Companies (Meetings of Board and its Powers) Rules, 2014, as amended from time to time, and satisfy either of the following two conditions:
 - (i) The transaction is not in the Ordinary Course of Business of the Company; or
 - (ii) The transaction is not undertaken on an arm's length basis.

For this purpose, all Related Parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

7. DISCLOSURES

The Company shall make all relevant disclosures as prescribed in the Act and the Listing Agreement as amended from time to time. In relation to Related Party Transactions, the Company shall also specifically make the following disclosures, *inter-alia*:

a) Disclosure in the Board's report

Prescribed details regarding Related Party Transactions shall be disclosed in the Board's report in the format prescribed in Rule 8 of the Companies (Accounts) Rules, 2014 ie Form AOC-2.

b) Disclosure to the Board

The agenda for the Board meeting at which a contract/ arrangement with a Related Party is proposed to be approved shall disclose details of such contract/ arrangement as prescribed in Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 as amended from time to time.

c) Disclosure to the shareholders

In the notice to the general meeting where approval of shareholders is sought to be obtained, disclosure of details of proposed contracts/ arrangements as prescribed in Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 shall be made in the explanatory statement annexed to the notice for convening general meeting at which the special resolution is proposed to be passed.

d) Disclosures to the stock exchange

Details of all material transactions with related parties shall be disclosed by the Company on a quarterly basis, along with the compliance report on corporate governance to the stock exchanges.

e) Other disclosures

- Register of Related Party Transactions: the Company shall maintain a register of contracts/ arrangements entered into with Related Party in the prescribed format in Rule 16 of the Companies (Meetings of Board and its Powers) Rules, 2014 ie Form MBP-4. The Register of Related Party Transactions shall be kept open for inspection at the registered office of the Company during business hours;
- The Company shall disclose the Policy on its website and a web link thereto shall be provided in the Annual Report;
- Further as part of the annual return filing with the Registrar of Companies in the prescribed format in Rule 11 of the Companies (Management and Administration) Rules, 2014 ie Form MGT-7, Company shall disclose prescribed details regarding Related Party Transactions entered into by it.

8. TRANSITIONAL PROVISIONS

All Material Related Party Transactions of the Company which are in effect as on the date of this Policy coming into effect, which are likely to continue beyond March 31, 2015 shall be placed for approval of the shareholders in the first general meeting subsequent to the coming into effect of this Policy.

9. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

In the event that the Company becomes aware of a transaction with a Related Party that has not been approved in accordance with this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all of the relevant facts and circumstances regarding such transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction.

The Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Audit Committee under this Policy and failure of the internal control systems, and shall take any such action it deems appropriate.

In any case, where the Audit Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, discontinuation of the transaction or seeking the approval of the shareholders, payment of compensation for the loss suffered by the Related Party etc. In connection with any review/approval of a Related Party Transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy not specifically prescribed under the applicable law.

10. CONSEQUENCES OF NON-COMPLIANCE

Non-compliance of this Policy may lead to initiation of disciplinary proceedings against any employee or officer involved. Details of such disciplinary proceedings will form part of the personal file of such employee or officer and will be considered as a default on his or her key responsibilities.

The above would be over and above the prescribed consequences under the Act and the Listing Agreement, if any.

11. AMENDMENTS

All amendments to the Policy would be subject to approval by Board of Company as per the recommendations of the Audit Committee except in case the amendment in the Policy is necessitated on account of change in the applicable law. In such a case Audit Committee can amend the Policy at its own discretion and any such amendment will be noted by Board in its subsequent board meeting.

12. INTERPRETATION

All capitalised terms used in this Policy but not defined herein shall have the meaning ascribed to such term in the Act, and the Rules framed there under and the Listing Agreement, as amended from time to time.

This Policy is only meant for general guidance. In the event of any conflict between the provisions of this Policy and the provisions of any statutory enactment or any rules or regulations made thereunder, such provisions shall prevail over the provisions of this Policy.

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.

**Code of Conduct for Prevention of Insider Trading in Shares of HOV Services Limited
("PIT Code")**

1. This PIT Code shall come into force from *May 15, 2015* and shall be applicable to the "Designated Person" defined in the PIT Code.

2. **Definitions:**

For the purpose of the Codes the following terms shall have the meanings assigned to them hereunder:

- i. "Act" means the Securities and Exchange Board of India Act, 1992;
- ii. "Board" means the Board of Directors of the Company;
- iii. "Company" or "the Company" or "HOVS" means HOV Services Limited;
- iv. "Compliance Officer" means any senior officer, so designated, reporting to the Board, and who is responsible for compliance of policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of UPSI, monitoring of trades and the implementation of the Codes under the overall supervision of the Board;
- v. "Connected Person" means:
 - a) any person who is or has during the six months prior to the concerned act been associated with the Company, directly or indirectly, in any capacity including by reason of frequent communication with its officers or by being in any contractual, fiduciary or employment relationship or by being a director, officer or an employee of the Company or holds any position including a professional or business relationship between himself and the Company whether temporary or permanent, that allows such person, directly or indirectly, access to UPSI of the Company or is reasonably expected to allow such access;
 - b) Without prejudice to the generality of the foregoing, the persons falling within the following categories shall be deemed to be connected persons unless the contrary is established:
 - I. an immediate relative of connected persons specified in clause (a); or
 - II. a holding company or associate company or subsidiary company of the Company; or
 - III. an intermediary as specified in Section 12 of the Act or an employee or director thereof; or
 - IV. an official of a stock exchange or of clearing house or corporation; or
 - V. a member of board of trustees of a mutual fund or a member of the board of directors of the asset management company of a mutual fund or is an employee thereof; or
 - VI. a member of the board of directors or an employee, of a public financial institution as defined in Section 2 (72) of the Companies Act, 2013; or
 - VII. an official or an employee of a self-regulatory organization recognised or authorized by the Board; or
 - VIII. a banker of the Company; or

- IX. a concern, firm, trust, Hindu undivided family, company or association of persons wherein a director of the Company or his immediate relative or banker of the Company, has more than ten per cent of the holding or interest;
- vi. "Director" means a member of the Board of Directors of the Company;
- vii. "Designated Employee (s)" shall include:
- a) Key Managerial Personnel ("KMP");
 - b) Officers comprising one level below KMP;
 - c) Employees of the accounts, finance, tax and secretarial departments of the Company;
 - d) Permanent invitees to the meetings of the Board of Directors of the Company; and
 - e) Such other persons as may be notified by the Compliance Officer from time to time in consultation with the Board of the Company.
- viii. "Designated Person(s)" shall include:
- a) Promoters of the Company;
 - b) Directors of the Company;
 - c) Designated Employee(s);
 - d) Any person in possession of or having access to UPSI;
 - e) Connected Persons; and
 - f) Immediate Relatives of Designated Person(s).
- ix. "Employee (s)" means every employee of the Company;
- x. "Fair Disclosure Code" means the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information as amended from time to time;
- xi. "Generally Available Information" means information that is accessible to the public on a non-discriminatory basis;
- xii. "Immediate Relative" means a spouse of a person, and includes parent, sibling, and child of such person or of the spouse, any of whom is either dependent financially on such person, or consults such person in taking decisions relating to trading in Securities;
- xiii. "Insider Trading Regulations" means the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time;
- xiv. "Key Managerial Personnel" means person as defined in Section 2(51) of the Companies Act, 2013;
- xv. "PIT Code" shall mean this Code of Conduct for Prevention of Insider Trading in Securities as amended from time to time;
- xvi. "Promoter" shall have the meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 or any modification thereof;
- xvii. "Securities" shall have the meaning assigned to it under the Securities Contracts (Regulation) Act, 1956 (42 of 1956) or any modification thereof except units of a mutual fund;

- xviii. "Stock Exchanges" means the stock exchanges on which the Securities of the Company are listed currently being National Stock Exchange Limited and the BSE Limited;
- xix. "Takeover Regulations" means the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and any amendments thereto;
- xx. "Trading" means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities, and "trade" shall be construed accordingly;
- xxi. "Trading Day" means a day on which the recognized stock exchanges on which Securities of the Company are listed are open for trading and the word "trade" shall be construed accordingly;
- xxii. "Trading Window" means the period determined by the Compliance Officer, within which the Designated Persons are permitted to Trade; and
- xxiii. "Unpublished Price Sensitive Information" or "UPSI" means any information, relating to the Company or its Securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of the Securities and shall, ordinarily include without limitation, information relating to the following: –
 - a) financial results;
 - b) dividends;
 - c) change in capital structure including issuance of ADRs, GDRs or any other Securities issued abroad;
 - d) mergers, de-mergers, acquisitions, delisting, disposals, amalgamation, restructuring, arrangement, spin off and expansion of business and such other transactions;
 - e) changes in Key Managerial Personnel; and
 - f) proposed changes in the general character or nature of its business;
 - g) litigation/dispute with a material impact; and
 - h) material events in accordance with the listing agreement.
- xxiv. "Working Day" means the working day when the regular trading is permitted on the concerned Stock Exchange.

Words and expressions used and not defined in this PIT Code but defined in the Act, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 or the Companies Act, 2013 and rules and regulations made there under shall have the meanings respectively assigned to them in those legislation as the context may so require.

3. Purpose of the code

This self-regulated PIT Code is designed to maintain the highest ethical standards of Trading in Securities of the Company by persons to whom it is applicable. The provisions of the PIT Code are designed to prohibit a Designated Person from Trading in Securities of the Company when in possession of Unpublished Price Sensitive Information. Further, the provisions of the PIT Code are also designed to regulate communication of UPSI relating to the Company Securities by Designated Persons.

4. Role of Compliance Officer

- 4.1 The Compliance Officer shall be responsible for :-
- i. setting forth policies, procedures, monitoring adherence to the rules for the preservation of Unpublished Price Sensitive Information;
 - ii. pre-clearing of trades done by Designated Person;
 - iii. monitoring trades and the implementation of this Code under the overall supervision of the Board of Directors of the Company.
- 4.2 The Compliance Officer shall assist all Designated Person(s) in addressing any clarifications regarding the Insider Trading Regulations and the Company's Codes.
- 4.3 The Compliance Officer shall report on insider trading to the Board of Directors of the Company and in particular, shall provide reports to the chairman of the audit committee of the Company, if any, or to the chairman of the Board of Directors at such frequency as may be stipulated by the Board.
- 4.4 The Compliance Officer shall seek such express undertakings from Designated Person(s) as may be necessary before approving trade plans and to monitor the implementation of trade plan.
- 4.5 The Compliance Officer shall be entitled to seek declarations to the effect that the applicant for pre-clearance is not in possession of any Unpublished Price Sensitive Information.
- 4.6 The Compliance Officer shall confidentially maintain a list of such securities as a "restricted list" which shall be used as the basis for approving or rejecting applications for pre-clearance of trades.
- 4.7 The Compliance Officer shall maintain a record of the disclosures made for a minimum period of five years.

5. Preservation of Unpublished Price Sensitive Information

- 5.1 The Designated Person shall maintain the confidentiality of all UPSI and all UPSI shall be handled within the Company on a "Need to Know" basis. Designated Persons shall not communicate UPSI to any person directly or indirectly, except where such communication is in furtherance of legitimate purpose, performance of duties or discharge of obligations.
- 5.2 "Need to Know" basis for the purpose of this PIT Code means UPSI should be disclosed only to those persons within the Company who need the information to discharge their duties.
- 5.3 UPSI may be communicated, provided, allowed access to or procured, in connection with a transaction that would:
- a) entail an obligation to make an open offer under the Takeover Regulations where the Board of Directors of the Company is of informed opinion that the proposed transaction is in the best interest of the Company; or
 - b) not entail an obligation of open offer but where the Board of Directors of the Company is of informed opinion that the proposed transaction is in the best interest of the Company and the information that constitute UPSI is disseminated to be made generally available at least 2 (two) trading days prior to the proposed transaction being effected in such form as the Board may determine.

- 5.4 The Board of the Company shall require the parties, who are in possession of or made access to UPSI to execute agreements to contract confidentiality and non-disclosure obligations on the part of such parties and such parties shall keep information so received confidential, except for the limited purposes set forth herein above and shall not otherwise Trade in Securities of the Company when in possession of UPSI.
- 5.5 All UPSI directly received by any Designated Person should immediately be reported to the Compliance Officer through his/her head of department.
- 5.6 If, in the performance of duties, it becomes necessary for the Designated Person to disclose any UPSI to any person outside the Company, e.g., advisors, auditors, consultants, merchant bankers, etc., the Designated Person shall inform the Compliance Officer of the UPSI proposed to be disclosed, and obtain the prior written consent of the Compliance Officer. The Designated Person shall ensure that the concerned advisor, auditor, consultant, merchant banker, etc., executes an agreement in the prescribed format (Form G hereto) with the Company.
- 5.7 Files/data having UPSI shall be kept secure; computer files must have adequate security of login and password etc.

6. Prevention of misuse of UPSI

No Designated Person shall Trade in Securities when in possession of UPSI as his Trades would be presumed to have been motivated by the knowledge and awareness of such UPSI in his/her possession.

7. Trading Plans

- 7.1 The Designated Person(s) who is in possession of UPSI may be entitled to Trade in Securities in accordance with their trading plans ("**Trading Plan**"). The Trading Plan shall:
- i. not entail commencement of trading on behalf of the Designated Person earlier than 6 (six) months from the public disclosure of the Trading Plan;
 - ii. not entail trading for the period between the 20th (twentieth) trading day prior to the last day of any financial period for which results are required to be announced by the Company and the second trading day after the disclosure of such financial results;
 - iii. entail trading for a period of not less than 12 (twelve) months;
 - iv. not entail overlap of any period for which another Trading Plan is already in existence;
 - v. set out either the value of trades to be effected or the number of Securities to be traded along with the nature of the trade and the intervals at, or dates on which such trades shall be effected; and
 - vi. not entail Trading in Securities for market abuse.
- 7.2 The Compliance Officer shall consider the Trading Plan and shall approve it after reviewing the same, and the approved Trading Plan shall be notified to Stock Exchanges. However, Compliance Officer shall be entitled to take express undertakings as may be necessary to enable such assessment and to approve and monitor the implementation of the Trading Plan as per provisions of the Insider Trading Regulations.

7.3 The Trading Plan once approved shall be irrevocable and the Designated Person shall mandatorily have to implement the Trading Plan, without being entitled to either deviate from it or to execute any trade in the Securities outside the scope of the Trading Plan.

However, the implementation of the Trading Plan shall not be commenced, if at the time of formulation of the Trading Plan, the Designated Person is in possession of any UPSI and the said information has not become generally available at the time of the commencement of implementation. The commencement of the Trading Plan shall be deferred until such UPSI becomes generally available information.

7.4 The Designated Person(s) shall not be allowed to trade in Securities of the Company, if the date of Trading in Securities of the Company, as per the approved Trading Plan, coincides with the date of closure of Trading Window announced by the Compliance Officer.

7.5 Although a Trading Plan allows Trading in Securities by the Designated Person when in possession of UPSI, it does not however grant absolute immunity from bringing proceedings for market abuse. Proceedings for alleged breach of SEBI (Prohibition of Fraudulent and Unfair Trade Practice Relating to the Securities Market) Regulations, 2003 may still be initiated.

8. Trading Window and Window Closure

8.1 Trading Window:

The Securities of the Company shall be Traded by the Designated Persons only during such period during which the Trading Window is open, subject to the compliance of the Insider Trading Regulations and provisions of this PIT Code.

8.2 Window Closure

The Designated Person or their Immediate Relatives shall not Trade in Securities of the Company during the closure of the Trading Window period as specified by the Compliance Officer. The Trading Window shall be closed during the time the information mentioned hereunder is unpublished by the Company:

- a. Declaration of Financial results (quarterly, half yearly and annual);
- b. Declaration of dividends (interim and final);
- c. Issue of Securities by way of public/rights/bonus etc.;
- d. Any major expansion plans or execution of new projects;
- e. Amalgamations, mergers, takeovers and buy-back;
- f. Disposal of whole or substantially whole of the undertaking;
- g. Any changes in policies, plans or operations of the Company;
- h. Such other information as may be specified by the Compliance Officer for this purpose.

The Trading Window shall, inter-alia, be closed 7 (seven) days prior to and during the time the UPSI is unpublished. The Trading Window shall re-open after forty-eight hours from the date when UPSI becomes generally available or published.

- 8.3 As regards declaration of interim dividend and other matters referred to in (b) to (h) of paragraph 8.2 above, the whole time directors of the Company shall, well before initiation of such activity/project, form a core team of Designated Employees and/or designated group of persons who would work on such assignment. The whole time directors shall also designate a senior Employee who would be in-charge of the project. Such team members will execute an undertaking not to deal in the Securities of the Company till the UPSI regarding the activity/project is made public or the activity/project is abandoned and the Trading Window would be regarded as closed for them.
- 8.4 In case of ESOPs, exercise of options may be allowed in the period when the Trading Window is closed. However, sale of shares allotted on exercise of ESOPs shall not be allowed when the Trading Window is closed.
- 8.5 The Compliance Officer shall intimate the closure of the Trading Window to all the Designated Person(s) of the Company when he determines that a Designated Person or class of Designated Persons can reasonably be expected to have possession of UPSI. Such closure shall be imposed in relation to such Securities to which such UPSI relates.
- 8.6 The Compliance Officer after taking into account various factors including the UPSI in question becoming generally available and being capable of assimilation by the market, shall decide the timing for re-opening of the Trading Window, provided that in no event shall it be earlier than 48 (forty-eight) hours after the information becomes generally available.
- 8.7 The Trading Window shall also be applicable to any person having contractual or fiduciary relation with the Company, such as auditors, accountancy firms, law firms, analysts, consultants etc., assisting or advising the Company.

9. Pre-clearance of trades

- 9.1 All Designated Person, who intend to Trade in the Securities of the Company, when Trading Window is open, should pre-clear the transactions, by making an application in the prescribed form (Form E) and containing the prescribed undertaking to the Compliance Officer where the trades during a calendar month exceed 10,000 (ten thousand) in number or where the market value of the securities of the Company to be acquired in a calendar month exceeds Rs. 5,00,000 (Rupees five lakhs only) (market value), whichever is lower. However, no Designation Person shall be entitled to apply for pre-clearance of any proposed trade if such Designation Person is in possession of UPSI even if the Trading Window is not closed.
- 9.2 The Compliance Officer shall either clear the requested trade or decline to clear the requested trade within 7 (seven) Working Days from the receipt of the application in the prescribed Form F. In case the Compliance Officer does not reply within the aforesaid period of 7(seven) days, a Trade shall be deemed to have been cleared/approved by him. In case the Compliance Officer declines to clear the requested trade, he shall assign reasons in writing for doing so.
- 9.3 All Designated Person(s) and/or their Immediate Relatives shall execute their order in respect of Securities of the Company within 1 (one) week after the approval of pre-clearance is given and shall file within 2 (two) days of the execution of the Trade, the details of such Trade with the Compliance Officer in the prescribed form. In case the transaction is not undertaken, a report to that effect shall be filed in prescribed form (Form E-2).

- 9.4 If the pre-clearance trade order is not executed within 7 (seven) days after the approval is given, the same must be pre-cleared again.
- 9.5 The Designated Person who buys or sells any number of shares of the company shall not enter into an opposite transaction i.e. sell or buy any number of shares during the next 6 (six) months following the prior transaction. All Designated Persons shall also not take positions in derivative transactions in the shares of the Company at any time. The Compliance Officer has the authority to grant relaxation in strict application of such restriction for reasons to be recorded in writing, provided that, such relaxation does not violate this PIT Code or the Insider Trading Regulations. Should an opposite trade be executed, inadvertently or otherwise, the profits from such trade shall be liable to be disgorged for remittance to SEBI for credit to the Investor Protection and Education Fund administered by SEBI under the Act.
- 9.6 In case the Compliance Officer or any of his Immediate Relatives wish to deal in the Securities of the Company, he would have to make the application in the prescribed Form E-1 to the whole time Director of the Company who would consider the requested deal within 7 (seven) Working Days as aforesaid. The remaining provisions of this paragraph 9, as applicable to Designated Person would also apply to the Compliance Officer.
- 9.7 In the case of subscription in the primary market (initial public offers), the Designated Persons shall hold their investments for a minimum period of 30 (thirty) days. The holding period would commence when the Securities are actually allotted. The Compliance Officer may waive off the holding period in case of sale of Securities in personal emergency after recording reasons for the same. However, no such sale will be permitted when the Trading Window is closed.

10. Disclosure Requirements for transactions in Securities

Initial Disclosure

- 10.1 Every Promoter, Key Managerial Personnel and Director of the Company, shall within 30 (thirty) days of this PIT Code taking effect, disclose to the Company the details of all holdings in Securities of the Company presently held by him including the statement of holdings of their Immediate Relatives in the prescribed Form A.
- 10.2 Every person, on appointment as a Key Managerial Personnel or a Director of the Company or upon becoming a promoter shall disclose his holding of Securities of the Company as on the date of appointment or becoming a promoter, to the Company within 7 (seven) days of such appointment or becoming a promoter.

Continual Disclosure

- 10.3 Every promoter, Employee and Director of the Company shall disclose to the Company in prescribed Form C the number of such Securities acquired or disposed of within 2 (two) trading days of such transaction if the value of the Securities traded, whether in one transaction or a series of transactions over any calendar quarter, aggregates to a traded value in excess of Rs. 10,00,000/- (Rupees ten lakhs only).

Disclosure by Company to Exchanges

10.4 Within 2 (two) Working Days of the receipt of disclosure or becoming of aware of such information under Clause 10.3, the Compliance Officer shall disclose to all Stock Exchanges on which the Company is listed particulars of such trades.

10.5 The Compliance Officer shall maintain records of all the disclosure for a minimum period of 5 (five) years.

Periodic Reporting by Designated Persons

10.6 Every Designated Person, shall on a semi-annual basis, disclose to the Company the details of all holdings in Securities of the Company held by him including the statement of holdings of their Immediate Relatives in the prescribed. The first such disclosure shall be made within 30 (thirty) days of end of December 2015. Thereafter disclosures shall be made each year, every 6 (six) months i.e. 6 months ending June and December, within 30 (thirty) days of expiry of the respective period.

11. Penalty for contravention of the PIT Code

11.1 Every Designated Person(s) shall be individually responsible for complying with the provisions of this PIT Code (including to the extent the provisions hereof are applicable to his/her dependents).

11.2 Every Designated Person(s) who trades in Securities or communicates any information for trading in Securities, in contravention of this PIT Code may be penalised and appropriate action may be taken by the Company.

11.3 Every Designated Person(s), who violates the PIT Code shall also be subject to disciplinary action by the Company, which may include wage freeze, suspension, ineligibility for future participation in employee stock option plans, etc.

11.4 The action by the Company shall not preclude SEBI from taking any action in case of violation of the Insider Trading Regulations.

11.5 In case it is observed by the Compliance Officer that there has been a violation of the Insider Trading Regulations, SEBI shall be informed by the Company.

11.6 *Any contravention to the Insider Trading Regulations shall be dealt with in accordance with the Act. Penalties for contravention of provisions of the Insider Trading Regulations may be leviable by SEBI which as on the effective date of the PIT Code as per Section 15G of the Act is a penalty of at least Rs. 10,00,000/- (Rupees ten lakhs only), which may extend to Rs. 25,00,00,000 (Rupees twenty five crores only) or three times of profits made out of insider trading, whichever is higher. Further under Section 24 of the Act, any contravention of the provisions of the Act is punishable with imprisonment up to 10 years or fine up to Rs. 25,00,00,000/- (Rupees Twenty Five Crore only), or both.*

CODE OF CONDUCT FOR FAIR DISCLOSURE OF UNPUBLISHED PRICE SENSITIVE INFORMATION ("Fair Disclosure Code")

1 This Fair Disclosure Code shall come into force from *May 15, 2015* and shall be published on the official web site of the Company.

2 Corporate Disclosure Policy

To ensure timely and adequate disclosure of UPSI, the policy set out in this Fair Disclosure Code shall be followed by the Company.

3 Prompt disclosure of UPSI

3.1 The Company shall promptly make public disclosure of UPSI that would impact price discovery no sooner than credible and concrete information comes into being in order to make such information generally available.

3.2 The Company may also consider uniform and universal dissemination of UPSI to avoid selective disclosure.

3.3 The Company shall handle all UPSI on a 'Need to Know' basis and shall be disclosed only to those within the Company who need the information to discharge their duties.

4 Overseeing and Co-ordinating disclosure

4.1 The Company shall designate the Compliance Officer to deal with the dissemination of information and disclosure of UPSI.

4.2 The Compliance Officer shall be responsible for ensuring that the Company complies with continual disclosure requirements, overseeing and co-ordinating disclosure of UPSI to stock exchange, analysts, shareholders and media, and educating staff on disclosure policies and procedure.

4.3 If UPSI gets disclosed selectively, inadvertently or otherwise then such UPSI shall be promptly disseminated.

5 Responding to market rumours

The Company shall provide appropriate responses to any queries on news reports or requests for verification of market rumors by Stock Exchanges or SEBI.

6 Timely Reporting of shareholdings/ownership and changes in ownership

Disclosure of shareholdings/ ownership by major shareholders and disclosure of changes in ownership as provided under any regulations made under the Act and the listing agreement shall be made in a timely and adequate manner.

7 Disclosure/dissemination of UPSI with special reference to Analysts, Institutional Investors

The Company should follow the guidelines given hereunder while dealing with analysts and institutional investors:-

7.1 Only Public information to be provided

The Company shall provide only public information to the analyst/research persons/large investors like institutions. Alternatively, the information given to the analyst should be simultaneously made public at the earliest. In no case the UPSI shall be provided.

7.2 Recording of discussion

In order to avoid misquoting or misrepresentation, it is desirable that at least two Company representatives be present at meetings with analysts, brokers, institutional investors and discussions and the same should preferably be recorded.

7.3 Handling of unanticipated questions

The Company should be careful when dealing with Analysts questions that raise issues outside the intended scope of discussion. Unanticipated questions may be taken on notice and a considered response given later. If the answer includes price sensitive information, a public announcement should be made before responding.

7.4 Simultaneous release of Information

When a Company organizes meetings with analysts or other investor relations conferences, the Company shall make a press release or post relevant information on its website after every such meet. The Company may also consider live web casting of analyst meets or investor relations conferences.

8 Medium of disclosure/dissemination

- 8.1 Disclosure/dissemination of information may be done through various media so as to achieve maximum reach and quick dissemination.
- 8.2 The Company shall ensure that disclosure to Stock Exchanges is made promptly within stipulated timelines if any.
- 8.3 The Company may also facilitate disclosure through the use of their dedicated internet website.
- 8.4 The Company website may provide a means of giving investors a direct access to analyst briefing material, significant, background information and questions and answers.
- 8.5 The information filed by the Company with Stock Exchanges under continuous disclosure requirement may be made available on the Company website.

9 Submission of disclosures and prescribed forms

All submissions, forms etc., envisaged under the Codes should be addressed to the Compliance Officer and forwarded to the following for administrative purpose and taking appropriate action:

"To
Bhuvanesh Sharma
The Company Secretary & Compliance Officer
3rd Floor, Sharda Arcade,
Pune-Satara Road,
Bibwewadi, Pune-411037"

THIS POLICY IS ONLY AN INTERNAL CODE OF CONDUCT AND ONE OF THE MEASURES TO AVOID INSIDER TRADING. IT WILL BE THE RESPONSIBILITY OF EACH DESIGNATED PERSON TO ENSURE COMPLIANCE OF SEBI REGULATIONS AND GUIDELINES AND OTHER RELATED STATUTES FULLY.

Notice of 27th Annual General Meeting

NOTICE is hereby given that the Twenty-Seventh Annual General Meeting (the "AGM") of the members of HOV Services Limited will be held on Wednesday, July 22, 2015 at 10:30 A.M at Le Meridien, Raja Bahadur Mill Road, Pune-411001, Maharashtra to transact the following business:

ORDINARY BUSINESS:

1 To consider and adopt

- a) the audited financial statements of the Company for the financial year ended March 31, 2015 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, 2015.

2 Appointment of Director

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

3 Ratification for appointment of Statutory Auditors

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

RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed there under, pursuant to the recommendations of the Audit Committee of the Board of Directors, M/s Lodha & Company, Chartered Accountants (Registration No. 301051E) (who were appointed by the Shareholders up to the conclusion of 29th AGM which is to be held in the year 2017 as a Statutory Auditor of the Company), be and is hereby ratified until the conclusion of the next AGM of the Company, on such remuneration as may be mutually agreed between the Board of Directors of the Company and the Auditors.

SPECIAL BUSINESS:

4 Appointment of Mrs. Lakshmi Kumar (DIN: 06780272) as an Independent Director of the Company

To consider and if thought fit to pass the following resolution as 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 and Clause 49 of the Listing Agreement, Mrs. Lakshmi Kumar (DIN: 06780272) who was appointed as an Additional Director of the Company by the Board of Directors with effect from October 24, 2014 and who holds office until the date of this AGM in terms of Section 161 of the Companies Act, 2013 be and is hereby appointed as an Independent Director of the Company with effect from July 22, 2015 up to July 21, 2020.

5 Remuneration payable to Mr. Sunil Rajadhyaksha (DIN: 00011683), Whole-time Director for remaining period of 2 years (from April 1, 2014 to March 31, 2016) out of his term of 5 years commenced from April 1, 2011 and ending on March 31, 2016

To consider and if thought fit to pass the following resolution as a special resolution:

RESOLVED THAT pursuant to the Shareholders' approval granted in 23rd Annual General Meeting held on August 3, 2011 for re-appointment of Mr. Sunil Rajadhyaksha (DIN: 00011683) as a Whole-time Director designated as Executive Director of the Company for a

period of 5 years with remuneration of 48,00,000/- per annum payable to him for the term of 5 years from April 1, 2011 to March 31, 2016 and subsequent approval from the Central Government vide its letter dated October 13, 2011 approving his re-appointment for a period of 5 years from April 1, 2011 to March 31, 2016 but with remuneration of Rs 48,00,000/- per annum payable for a period of three years from April 1, 2011 to March 31, 2014, approval of the Company be and is hereby accorded, pursuant to the provisions of Sections 197 read with Schedule V and all other applicable provisions, if any of the Companies Act, 2013, for the payment of remuneration of Rs. 48,00,000/- per annum for the remaining 2 years period of April 1, 2014 to March 31, 2016 of his existing term of appointment ending on March 31, 2016.

6 To approve continuation of employment of Mr. Surinder Rametra (DIN: 00019714) as a Whole-time Director designated as Executive Director

To consider and if thought fit to pass the following resolution as a special resolution:

RESOLVED THAT in accordance with the provisions of Sections 196 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 approval of the Company be and is hereby accorded for the continuation of employment of Mr. Surinder Rametra (DIN: 00019714), who has crossed the age of seventy years, as a Whole-time Director, designated as Executive Director of the Company, up to March 31, 2016, i.e. up to the expiry of his present term of office as approved by the Shareholders' in their 23rd Annual General Meeting of the Company held on August 3, 2011.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution.

7 Re-appointment of Mr. Sunil Rajadhyaksha (DIN: 00011683) as a Whole-time Director of the Company for a further term of five years from April 1, 2016 to March 31, 2021

To consider and if thought fit to pass the following resolution as a special resolution:

RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, read with Schedule V of the Companies Act, 2013, subject to the approval of the Central Government, the consent of the Company be and is hereby accorded for the re-appointment of Mr. Sunil Rajadhyaksha (DIN: 00011683) as the Whole-time Director designated as Executive Director of the Company for a period of five years from April 1, 2016 to March 31, 2021 with remuneration of Rs. 4,00,000/- (Four Lakhs) per month all inclusive payable to him, with effect from April 1, 2016 as detailed below:

- a) Fees of Rs. 1,00,000/- (One Lakh) per month.
- b) Special Allowance - Such sum as may be decided by the Board of Directors year to year, but not exceeding 100% of fees per month and subject to the overall ceiling laid down in Section 197 and Schedule V of the Companies Act, 2013.
- c) Perquisites and Other Allowances - Such sum as may be decided by the Board of Directors year to year, but not exceeding 100% per month of total remuneration payable at (a) and (b), herein above subject to the overall ceiling laid down in Section 197 and Schedule V of the Companies Act, 2013. Perquisites shall include accommodation (furnished or otherwise) or House Rent allowance in lieu thereof, House maintenance allowance, reimbursement of expenses or allowances for utilities such as gas, electricity, water, servant/ gardener salaries, Leave Travel Allowance for self and family, club fees, bonus

etc. and Provision for use of car with chauffeur and telephone at residence; and Reimbursement of Medical expenses for self and dependent family members; for the purpose of determining the perquisites, family means spouse, dependent children and dependent parents. Perquisites shall be evaluated as per Income Tax Rules, wherever applicable or at actual cost, as the case may be.

- d) Minimum Remuneration- where in any financial year during his tenure as Whole-time Director, the Company has no profits or its profits are inadequate, the Company may pay remuneration to him by way of fees, dearness allowance, perquisites and any other allowance not exceeding the ceiling limits laid down in Section II of Part II of Schedule V of the Companies Act, 2013.

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

- 8 Re-appointment of Mr. Parvinder Chadha (DIN: 00018468) as a Whole-time Director of the Company for a further term of five years from April 1, 2016 to March 31, 2021 with no remuneration**

To consider and if thought fit to pass the following resolution as a special resolution:

RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, read with Schedule V of the Companies Act, 2013, subject to the approval of the Central Government, the consent of the Company be and is hereby accorded for the re-appointment of Mr. Parvinder Chadha (DIN: 00018468) as the Whole-time Director designated as Executive Director of the Company for a period of five years from April 1, 2016 to March 31, 2021 without remuneration.

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

- 9 Re-appointment of Mr. Surinder Rametra (DIN: 00019714) as a Whole-time Director of the Company for a further term of five years from April 1, 2016 to March 31, 2021 with no remuneration**

To consider and if thought fit to pass the following resolution as a special resolution:

RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, read with Schedule V of the Companies Act, 2013, subject to the approval of the Central Government, the consent of the Company be and is hereby accorded for the re-appointment of Mr. Surinder Rametra (DIN: 00019714), who has crossed the age of 74 years, as the Whole-time Director designated as Executive Director of the Company for a period of five years from April 1, 2016 to March 31, 2021 without remuneration.

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

10. Contract of Leave & License Agreement entered on October 25, 2012 with BancTec TPS India Private Limited by the Company for 3 years period ending on October 24, 2015

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 the approval of the Company be and is hereby accorded for the Leave and License Agreement entered on October 25, 2012 by the Company with BancTec TPS India Private Limited for lease of the Company premises situated at VAT 331, Vashi Infotech Park, Vashi, Navi Mumbai to BancTec TPS India Private Limited for a 3 (three) years lease term ending on October 24, 2015.

RESOLVED FURTHER THAT the Board of Directors the Company be and is hereby authorized to deal in respect of renewal of existing leave & license for further periods as may deemed fit by the Board and perform all such acts, matters, deeds and things, as may be necessary or expedient in its own discretion, including the power to delegate, to give effect to this Resolution.

11. 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 a special resolution:

RESOLVED THAT pursuant to the Section 188 of the Companies Act, 2013 and rules framed there under and in terms the Clause 49 (VII) of the Listing Agreement, 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 2015-16 on such terms and conditions as may be mutually agreed upon between the Board of Directors of the Company and SourceHOV LLC.

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

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

Sd/-

Bhuvanesh Sharma
VP-Corporate Affairs &
Company Secretary

Place: Pune
Date: June 10, 2015

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE COMMENCEMENT OF THE MEETING.** A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
2. The relevant Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the business under Item Nos. 4 to 11 of the Notice, is annexed hereto. The relevant details as required under Clause 49 of the Listing Agreements entered into with the Stock Exchanges, of persons seeking appointment/ re-appointment as directors, are annexed.
3. Members / proxies should bring the duly filled Attendance Slip enclosed herewith to attend the meeting.
4. The Register of Members and Transfer Books of the Company will be closed from July 16, 2015 to July 22, 2015, both days inclusive.
5. 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.
6. Members holding share in dematerlized form are requested to contact their Depository Participant for any change in their particulars.
7. The Notice of the AGM along with the Annual Report of FY 2014-15 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.
8. 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.
9. 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.
10. The certificate from the Auditors of the Company certifying that the Company's HOVS ESOP Plan 2007 & HOVS ESOP Plan 2008 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.

11. Pursuant to the provisions of Section 108 of the Companies Act, 2013 and the Companies (Management and Administrations) Rules, 2014, as amended and Clause 35B of the Listing Agreement, 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.
12. 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 July 21, 2015.
 - 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.

By Order of the Board
For HOV Services Limited

Place: Pune
Date: June 10, 2015

Sd/-
Bhuvanesh Sharma
VP-Corporate Affairs &
Company Secretary

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

As required under provisions of Section 102 of the Companies Act, 2013 the following explanatory statement sets out all material facts relating to the business mentioned under Item Nos. 4 to 11 of the accompanying Notice:

Item No. 4.

Mrs. Lakshmi Kumar, who was appointed as an Additional Director of the Company w.e.f October 24, 2014 pursuant to the provisions of Section 161 of the Companies Act, 2013 can hold office up to the 27th AGM and is eligible for appointment. In terms of Section 160 the Companies Act, 2013 the Company has received a Notice for the candidature of Mrs. Lakshmi Kumar for the office of the Director of the Company. It is proposed to appoint Mrs. Lakshmi Kumar as an Independent Director for a term of five years w.e.f. July 22, 2015 up to July 21, 2020. In the opinion of the Board of Directors of the Company, Mrs. Lakshmi Kumar, Independent Director, propose to be appointed, fulfills the conditions specified in the Companies Act, 2013, the Rules made there under and Listing Agreement.

The copy of draft appointment letter setting out terms and conditions of appointment of Mrs. Lakshmi Kumar shall be open for inspection by the Members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

The resolution seeks the approval of shareholders for the appointment of Mrs. Lakshmi Kumar as an Independent Director of the Company pursuant to Section 149 read with Schedule IV of the Companies Act, 2013, the Rules made there under and Listing Agreement.

Except Mrs. Lakshmi Kumar no other Directors or Key Managerial Personnel or their relatives are directly or indirectly, concerned or interested, financial or otherwise in the proposed resolution of her appointment.

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

Item No. 5

The Shareholders' of the Company in their 23rd Annual General Meeting held on August 3, 2011 had already approved the re-appointment of Mr. Sunil Rajadhyaksha, Executive Director as a Whole-time Director of the Company with remuneration payable for period of five years commenced from April 1, 2011 to March 31, 2016 as per the erstwhile applicable provisions of the Companies Act, 1956.

The Central Government vide its letter dated October 13, 2011 approved re-appointment of Mr. Sunil Rajadhyaksha as a Whole-time Director for a period of five years w.e.f April 1, 2011 to March 31, 2016 but remuneration of Rs. 48,00,000/- per annum payable was approved by Central Government for a period only of three years from April 1, 2011 to March 31, 2014. The Company has filed application on March 21, 2014 to the Central Government seeking approval for the same amount of remuneration payable for remaining period of two years from April 1, 2014 to March 31, 2016. The Central Government vides its letter dated July 31, 2014 directed the Company to comply inter-alia, seeking shareholders approval for payment of remuneration to whole-time directors under provisions of the Companies Act, 2013.

In view of the aforesaid requirements, the Board of Directors again seeks approval of the Shareholders' of the Company in order to pay the remuneration to Mr. Sunil Rajadhyaksha for his remaining office period of two years from April 1, 2014 to March 31, 2016. All the terms and conditions with respect to payment of his remuneration remain unchanged.

Except Mr. Sunil Rajadhyaksha, Executive Director of the Company, no other Directors or Key Managerial Personnel or their relatives are directly or indirectly, concerned or interested, financial or otherwise in the proposed resolution.

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

Item No. 6

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

Mr. Surinder Rametra who was appointed as a Whole-time Director by the Shareholders' to hold office up to March 31, 2016 has crossed age of seventy years and hence continuation of his employment as a whole-time director requires the approval of Shareholders' by a special resolution. Keeping in view that Mr. Surinder Rametra has rich and varied experience in the industry and has been actively involved in overseeing your Company, it would be in the best interest of the Company to continue the employment of Mr. Surinder Rametra as a Whole-time Director designated as an executive director.

Except Mr. Surinder Rametra, Executive Director of the Company, no other Directors or Key Managerial Personnel or their relatives are directly or indirectly, concerned or interested, financial or otherwise in the proposed resolution.

The Board recommends the resolution set forth in Item No. 6 for approval of the shareholders.

Item No. 7

The Shareholders' of the Company in their 23rd Annual General Meeting held on August 3, 2011 appointed Mr. Sunil Rajadhyaksha, Executive Director as a Whole-time Director of the Company for a period of five years from April 1, 2011 to March 31, 2016. The appointment for the same period of five years was also approved by the Central Government vide its letter dated October 13, 2011. The tenure of his office as a whole-time director will be ending on March 31, 2016.

Pursuant to the provisions of the Sections 196, 197, read with Schedule V of the Companies Act, 2013 the approval of the Shareholders' of the Company is being sought for his re-appointment as a whole-time director with remuneration payable for a further term of five years from April 1, 2016 to March 31, 2021.

The Board of Directors in its Meeting held on May 22, 2015 considered re-appointment of Mr. Sunil Rajadhyaksha, Promoter Director as whole-time director for a further term of five years from April 1, 2016 to March 31, 2021 with remuneration payable to him.

Mr. Sunil Rajadhyaksha is Promoter Director, acting as Chairman of the Company. The Company will be immensely benefited as he is overseeing the operations of the Company and has more than 30 years of leadership experience.

Except Mr. Sunil Rajadhyaksha, Executive Director no other Directors or Key Managerial Personnel or their relatives are directly or indirectly, concerned or interested, financial or otherwise in the proposed resolution.

The Board recommends the resolution set forth in Item No. 7 for approval of the shareholders.

Item No. 8 and 9

The Shareholders' of the Company in their 23rd Annual General Meeting held on August 3, 2011 appointed Mr. Parvinder S Chadha, Executive Director and Mr. Surinder Rametra, Executive Director as whole-time directors of the Company for a period of five years from April 1, 2011 to March 31, 2016. Their appointments for the same period of five years was also approved by the Central Government vide its letter dated October 13, 2011. The tenure of their office as whole-time director will be ending on March 31, 2016.

Pursuant to the provisions of the Sections 196, 197, read with Schedule V of the Companies Act, 2013 the approval of the Shareholders' of the Company is being sought for their re-appointment as whole-time directors for a further term of five years from April 1, 2016 to March 31, 2021.

The Board of Directors in its Meeting held on May 22, 2015 considered re-appointment of Mr. Mr. Parvinder S Chadha, Promoter Director and Mr. Surinder Rametra, Promoter Director as whole-time directors for a further term of five years from April 1, 2016 to March 31, 2021 with remuneration payable.

Mr. Parvinder S Chadha, Promoter Director and Mr. Surinder Rametra, Promoter Director vide their letter dated June 1, 2015 had voluntarily decided for not receiving any remuneration retrospectively with effect from April 1, 2015 till their current term of appointment ending on March 31, 2016 and have also decided to continue to act as whole time directors of the Company for further periods without any remuneration, subject to their re-appointment in 27th AGM.

The aforesaid submission made by Mr. Parvinder S Chadha, Promoter Director and Mr. Surinder Rametra, Promoter Director was considered by the Nomination and Remuneration Committee and it was recommended to the Board of Directors of the Company. The Board of Directors considered the matter vides its circulation resolution dated June 3, 2015 and the same was approved by the Board of Directors on June 5, 2015.

Mr. Parvinder S Chadha is Promoter Director of the Company and possesses over 37 years of experience in building business in Americas, Europe and Asia. His hands on experience have proven to be invaluable contribution to the Company and the Company will be immensely benefited by continuation of his office as Executive Director.

Mr. Surinder Rametra is Promoter Director of the Company and possesses more than 40 years of leadership qualities. His expertise has always been a valuable contribution as he is overseeing the overall governance of the Company and the Company will be immensely benefited by continuation of his office as Executive Director.

Except Mr. Parvinder S Chadha, Executive Director and Mr. Surinder Rametra, Executive Director no other Directors or Key Managerial Personnel or their relatives are directly or indirectly, concerned or interested, financial or otherwise in the proposed resolutions.

The Board recommends the resolution set forth in Item No. 8 and 9 for approval of the shareholders.

Item No. 10

The Company vides Leave and License Agreement dated October 25, 2012 had given the premises situated at VAT 331, Vashi Infotech Park, Vashi, Navi Mumbai to BancTec TPS India Private Limited (Formerly known as Tracmail India Private Limited) for a 3 (three) years lease term ending

on October 24, 2015. The Leave and License Agreement was executed by the Company before the Companies Act, 2013 came into force.

On November 4, 2014 the merger of BancTec Group LLC was completed with SourceHOV Holdings Inc., post-merger, the BancTec TPS India Private Limited became related party of the Company as per provisions of Section 188 of the Companies Act, 2013. As per the provisions of Section 188 of the Companies Act, 2013 the Leave and License Agreement entered in year 2012 was not in ordinary course of business of the Company, therefore require Shareholders' approval by way of ordinary resolution.

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:-	BancTec TPS India Private Limited
b) Name of Director/ KMP who is related, if any:-	Parvinder S Chadha; Sunil Rajadhyaksha; Surinder Rametra (Promoter Directors of the Company)
c) Nature of relationship:-	A company of Associate- SourceHOV Holdings, Inc.
d) Nature, material terms, monetary value and particulars of the contract or arrangements:-	Leave & License for 3 years with monthly rent of Rs. 8.87 Lakh per month.
e) Any other information relevant or important for the members to take a decision on the proposed resolution:-	The agreement for Leave and License was entered before coming in force the Companies Act, 2013 and the rent receivable by the Company is accounted as other income.

None of the Directors, except as stated above and Key Managerial Personnel or their relatives are directly or indirectly, concerned or interested, financial or otherwise in the proposed resolution.

The Promoter Directors of the Company will abstain from voting on the resolution as it is a 'related party transaction' as per Companies Act, 2013 and the Listing Agreement entered with the Stock Exchanges.

The Board recommends the resolution set forth in Item No. 10 for approval of the Shareholders' in the best interest of the Company.

Item No. 11

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 Clause 49 (VII) of the Listing Agreement and thus the contract for

providing services to SourceHOV LLC require approval of Shareholders' by way of special resolution as per Listing Agreement.

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 Directors of the Company)
c) Nature of relationship:-	A company of Associate- SourceHOV Holdings, Inc.
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. 8.8 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.

None of the Directors, except as stated above and Key Managerial Personnel or their relatives are directly or indirectly, concerned or interested, financial or otherwise in the proposed resolution.

The Promoter Directors of the Company will abstain from voting on the resolution as it is a 'related party transaction' as per Companies Act, 2013 and the Listing Agreement entered with the Stock Exchanges.

The Board recommends the resolution set forth in Item No. 11 for approval of the Shareholders' in the best interest of the Company.

Additional information on directors seeking appointment/ re-appointment as required under Clause 49 of the Listing Agreement:-

Profile of directors:

Mr. Sunil Rajadhyaksha

Mr. Rajadhyaksha co-founded Codec Pvt. Ltd. in 1989, an HOV acquisition and now a publicly traded company. With more than 30 years executive leadership experience, Mr. Rajadhyaksha has served as COO or Global President of companies deployed in the US and India. Mr. Rajadhyaksha's achievements include launching international operations for Bay Area Credit Service and its 1000 plus seat call center, and creating and deploying strategic and operational direction for Meret Optical Communications.

Mr. Rajadhyaksha holds a B.S. degree in telecommunications and electronics from University of Pune, India, and a M.S. degree in electrical engineering from Illinois Institute of Technology.

Mrs. Lakshmi Kumar

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

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

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

She has set up the Orchid Learning and Development Centre, a training and development center that provides range of training services and consultation in the areas of intercultural work, education, curriculum development and other allied field of education.

She has also been a research consultant for scholars from U.S.A and U.K. doing research in India and her main focus was to help in cultural interpretation of participants' responses for the study. She has worked as an International coordinator for world famous Philosopher Roy Bhaskar and visited London to work with him.

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

She is Board Member of SIETAR(Society for Inter-cultural Education and Research), India Chapter; an executive committee member for a youth organization Centre For Youth Development and Activities; Member, Education committee, Maratha Chamber of commerce, Industries and

Agriculture (MCCIA, Pune); School Managing Council member for MIT Vishwashanti Gurukul Schools, Pune; Advisory Member for Saathi Haath Badhana, A Social Foundation for helping people communicate through listening post; Member, Committee for Prevention of Child Sexual Abuse, Shikshan Mandal, State Education Department, Pune.

Mr. Surinder Rametra

In 1983, Mr. Rametra founded Sun Computers and Software, Inc. and took the company public in 1994 under the name ATEC. He served as ATEC's Chairman and CEO until 2003. Mr. Rametra currently serves as an Executive Director of the HOV Services Limited, a HandsOn3 portfolio company.

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

Mr. Rametra has a degree in Mechanical Engineering from Punjab Engineering College, India, a Master's degree in Industrial Engineering from the Indian Institute of Technology, India and an MBA in Finance from New York University.

Mr. Rametra is married, has three children and is blessed with four grandchildren.

Mr. Parvinder S Chadha

Mr. Chadha brings over 37 years of experience in building businesses in the Americas, Europe and Asia. His business model – invest, innovate and scale, combined with his hands-on involvement in the entire portfolio, have proven to be invaluable assets to the growth and development of the group. Mr. Chadha's accomplishments include numerous mergers, acquisitions and public offerings. Over the last two decades he has been responsible for delivering more than ~ \$3 billion in shareholder value.

Mr. Chadha holds a B.S. degree in electrical engineering from Punjab Engineering College, India, and completed graduate-level coursework in computer science at the Illinois Institute of Technology.

Companies (other than HOV Services Limited) in which appointee directors holds directorship and committee membership as required are mentioned in the below table:

Name of Director	Directorship	Chairmanship of committee	Member of board committee	Shareholding in the Company
Mr. Sunil Rajadhyaksha	None	None	None	5,88,720
Mrs. Lakshmi Kumar	Orchid Learning & Development Centre Private Limited	None	None	None
Mr. Surinder Rametra	Universal Town Planner Private Limited	None	None	1,20,000
Mr. Parvinder S Chadha	None	None	None	29,300

**HOV Services Limited****PROXY FORM**

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

HOV SERVICES LIMITED

CIN: L72200PN1989PLC014448

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

Tel:91 20 24231623, Fax: 91 20 24221470

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

27th Annual General Meeting – July 22, 2015

Name of the member(s)

Registered address

Email

Folio no. / Client ID

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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 27th Annual General Meeting of the Members of HOV Services Limited to be held on Wednesday, the 22nd day of July, 2015 at 10:30 A.M. at Le Meridien, Raja Bahadur Mill Road, Pune- 411001 and at any adjournment thereof in respect of such resolutions as are indicated below in respect of such resolutions as are indicated below:

Resolution number	Resolution	Vote (<i>Optional see Note 2</i>) (Please mention no. of shares)		
		For	Against	Abstain
Ordinary business				
1	To consider and adopt:			
	a) the audited financial statements for the financial year ended March 31, 2015 and the Reports of the Directors' the Auditors' thereon; and b) the audited consolidated financial statements of the Company for the financial year ended March 31, 2015.			
2	To re-appoint Mr. Sunil Rajadhyaksha (DIN: 00011683), who retires by rotation and, being eligible, seeks re-appointment.			
3	Ratification for appointment of M/s. Lodha & Co. as the Statutory Auditors of the Company.			
Special business				
4	Appointment of Mrs. Lakshmi Kumar (DIN: 06780272) as an Independent Director of the Company.			
5	Remuneration payable to Mr. Sunil Rajadhyaksha (DIN: 00011683), Whole-time Director for remaining period of 2 years (from April 1, 2014 to March 31, 2016) out of his term of five years commenced from April 1, 2011 and ending on March 31, 2016.			
6	To approve continuation of employment of Mr. Surinder Rametra (DIN: 00019714) as a Whole-time Director designated as Executive Director.			
7	Re-appointment of Mr. Sunil Rajadhyaksha (DIN: 00011683) as a Whole-time Director of the Company for a further term of five years from April 1, 2016 to March 31, 2021.			
8	Re-appointment of Mr. Parvinder Chadha (DIN: 00018468) as a Whole-time Director of the Company for a further term of five years from April 1, 2016 to March 31, 2021 with no remuneration.			

9	Re-appointment of Mr. Surinder Rametra (DIN: 00019714) as a Whole-time Director of the Company for a further term of five years from April 1, 2016 to March 31, 2021 with no remuneration.			
10	Contract of Leave & License Agreement entered on October 25, 2012 with BancTec TPS India Private Limited by the Company for 3 (Three) years period ending on October 24, 2015.			
11	Contract of services for revenue in ordinary course of business of the Company with SourceHOV LLC.			

Signed this day of 2015.

.....
Signature of the member

.....
Signature of the proxy holder(s)

Affix revenue stamp of not less than ` 1/-
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Notes:

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

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

- A. In case a Member receiving an email from Karvy [for Members whose email IDs are registered with the Company/Depository Participant(s)]:
- a) Launch internet browser by typing the URL: <https://evoting.karvy.com>.
 - b) Enter the login credentials (i.e., **User ID and password mentioned overleaf**). The e-voting EVENT No. + Folio No. or DP ID Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote. If required, please visit <https://evoting.karvy.com> or contact toll free number 1-800-3454-001 for your existing password.
 - c) After entering these details appropriately, Click on "LOGIN".
 - d) You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,\$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. **It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.**
 - e) You need to login again with the new credentials.
 - f) On successful login, the system will prompt you to select the "EVENT" i.e., HOV Services Limited
 - g) On the voting page, enter the number of shares (which represents the number of votes) as on the Cut Off Date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/AGAINST" taken together should not exceed your total shareholding as on the cut off date. You may also choose the option "ABSTAIN". If the shareholder does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
 - h) Shareholders holding multiple folios/demat accounts shall choose the voting process separately for each folios/demat accounts.
 - i) Voting has to be done for each resolution of the Notice separately. In case you do not desire to cast your vote on any specific resolution it will be treated as abstained.
 - j) You may then cast your vote by selecting an appropriate option and click on "Submit".
 - k) A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote. **During the voting period, Members can login any numbers of times till they have voted on the Resolution(s).**
 - l) Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/ Power of Attorney/ Authority Letter, etc. together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer at **e-mail ID: prajot@prajottungarecs.com** with a copy marked to evoting@karvy.com and may also upload the same in the e-voting module in their login. The scanned image of the above mentioned documents should be in the naming format "Corporate Name_ EVENT NO."
- B. In case a Member receiving physical copy of the Notice by Post [for Member whose email IDs are not registered with the Company/Depository Participant(s)]:
- a) **User ID and initial password-** as provided overleaf.
 - b) Please follow all steps from Sr. No. (a) to (l) as mentioned in (A) above, to cast your vote.

2. Once the vote on a resolution is cast 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. July 15, 2015.**
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. July 15, 2015 may obtain the User ID and password as mentioned below:
 - a. If the mobile number of the member is registered against Folio No. / DP ID Client ID, the member may send SMS : MYEPWD <space> Event number+ Folio No. or DP ID Client ID to 9212993399
 Example for NSDL : MYEPWD <SPACE> IN12345612345678
 Example for CDSL : MYEPWD <SPACE> 1402345612345678
 Example for Physical : MYEPWD <SPACE> XXX1234567
 - b. If e-mail or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of <https://evoting.karvy.com>, the member may click "forgot password" and enter Folio No. or DP ID Client ID and PAN to generate a password.
 - c. Member may call Karvy's toll free number 1-800-3454-001
 - 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	Saturday, July 18, 2015 at 9.00 AM IST
Date and time of end of voting by electronic means	Tuesday, July 21, 2015 at 5.00 PM IST
9. At the AGM at the end of the discussion on the resolutions on which voting is to be held, the Chairman shall, with the assistance of the Scrutinizer, arrange voting through ballot paper for all those members who are present but have not cast their votes electronically using the e-voting facility.
10. The scrutinizer shall immediately after the conclusion of voting at the AGM, count the votes cast at the AGM and thereafter unblock the votes cast through e-voting in the presence of at least two witnesses not in employment of the Company. The Scrutinizer shall submit a consolidated Scrutinizer's Report of the total votes cast in favor or against, if any, not later than three days after the conclusion of the AGM to the Chairman of the Company or a person authorized by the Chairman. The Chairman or the person authorized by the Chairman, shall declare the result of the voting forthwith.
11. The Results on resolutions shall be declared after the AGM of the Company and subject to the requisite number of votes in favor the resolutions shall be deemed to be passed on the date of the Meeting i.e. July 22, 2015.
12. The Results declared along with the Scrutinizer's Report will be placed on the website of the Company (www.hovsltd.com) and Karvy's website (<https://evoting.karvy.com>) and shall be communicated to the BSE Limited and the National Stock Exchange of India Limited.
13. In case of any query pertaining to e-voting, please visit Help & FAQ's section of <https://evoting.karvy.com> (Karvy's website).



HOV Services Limited

Registered Office:

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

Day and Date : Wednesday, July 22, 2015

Time : 10:30 A.M.

**Venue : Le Meridien, 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**


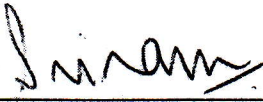
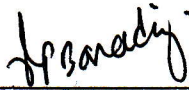
Tel: (91 40) - 23420815;

Fax: (91 40) – 23420814

Email : einward.ris@karvy.com

Form A
(Clause 31 of Listing Agreement)

Format of covering letter of the annual audit report to be filed with the stock exchanges

1.	Name of the Company:	HOV Services Limited
2.	Annual financial statements for the financial year ended	March 31, 2015
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Not applicable
5.	To be signed by – Sunil Rajadhyaksha Chairman & Executive Director Sriram Gopalan Iyengar Chief Financial Officer Lodha & Co. Auditor of the Company B R Gupta Chairman Audit Committee	Sign  Sign  Sign  Sign 