



HOV SERVICES LIMITED

35th ANNUAL REPORT 2022-23

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HOVS request the shareholders to attend its 35th Annual General Meeting to be held on July 28, 2023 through online mode.

The 35th AGM will be held in video-conference mode in accordance with regulatory guidelines. Shareholders are requested to follow the instructions in the Notice of 35th AGM to attend the meeting.

CORPORATE INFORMATION

Registered Office & Head office	3rd Floor, Sharda Arcade, Pune Satara Road, Bibwewadi, Pune -411 037 Tel: (91 20) 24221460
Registrar & Share Transfer Agent	KFin Technologies Ltd., Selenium Tower B, Plot No. 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad – 500032 Tel: (91 40)- 67161562
Statutory Auditors¹	Lodha& Co, Chartered Accountants, 6, Karim Chambers, 40, A, Doshi Marg, (Hamam Street), Mumbai-400 001 Tel: (91 22)- 2269 1414
Secretarial Auditor	J. B. Bhawe & Co., Company Secretaries, Flat No. 9, Karan Aniket, Plot No. 37, Shri Varanasi Co-op Soc. Ltd, Off Banglore Mumbai Bangalore Bypass, Behind Atul Nagar, Warje, Pune- 411058 Tel: (91 20)- 25204357/59
Internal Auditors	Arth & Associates, Chartered Accountants, Flat No. 102/103, Beena Apartments, Behind Chrysallis Institute, Opp. SBI Bank, S. B. Road, Pune- 411016 Tel: (91 20)- 2565 3300
VP- Corporate Affairs & Company Secretary & Compliance Officer	Mr. Bhuvanesh Sharma investor.relations@hovsltd.com
Chief Financial Officer	Mr. Nilesh Bafna investor.relations@hovsltd.com
Website	www.hovsltd.com

¹ Appointed in 34th AGM held on July 20, 2022

THE BOARD OF DIRECTORS

Mr. Parvinder S Chadha ¹	Chairman & Executive Director&Promoter
Mr. Vikram Negi ²	Executive Director
Mr. Surinder Rametra ³	Executive Director & Promoter
Mr. Sunil Rajadhyaksha	Executive Director & Promoter
Mr. Harjit Singh Anand	Independent Director
Mr. Ajay Puri	Independent Director
Mrs. Lakshmi Kumar	Independent Director

¹ Effective November 11, 2022 appointed as the Chairman & Executive Director

² Effective November 11, 2022 ceases to be the Chairman

³ Effective November 11, 2022 retired from the office of Executive Director

THE EXECUTIVE MANAGEMENT

Mr. Parvinder S Chadha	Executive Chairman
Mr. Vikram Negi	Executive Director
Mr. Bhuvanesh Sharma	VP-Corporate Affairs & Company Secretary & Compliance Officer
Mr. Nilesh Bafna	Chief Financial Officer

COMMITTEES OF THE BOARD OF DIRECTORS

AUDIT COMMITTEE

Name	Designation/Category
Mr. Harjit Singh Anand	Chairman (Independent Director)
Mrs. Lakshmi Kumar	Member (Independent Director)
Mr. Ajay Puri	Member (Independent Director)
Mr. Surinder Rametra ¹	Member (Executive Director)
Mr. Parvinder S Chadha ¹	Member (Executive Director)

¹ Effective November 11, 2022 Mr. Rametra ceases to be member of the Committee and Mr. Chadha became member thereof.

NOMINATION & REMUNERATION COMMITTEE

Name	Designation/Category
Mrs. Lakshmi Kumar	Chairman (Independent Director)
Mr. Harjit Singh Anand	Member (Independent Director)
Mr. Ajay Puri	Member (Independent Director)
Mr. Vikram Negi ¹	Member (Executive Director)
Mr. Parvinder S Chadha	Member (Chairman & Executive Director)

¹ Effective November 11, 2022 Mr. Negi ceases to be member of the Committee and Mr. Chadha became member thereof.

STAKEHOLDERS RELATIONSHIP COMMITTEE

Name	Designation/Category
Mr. Ajay Puri	Chairman (Independent Director)
Mr. Harjit Singh Anand	Member (Independent Director)
Mr. Sunil Rajadhyaksha	Member (Executive Director)

Chairman Message:

Dear Shareholders:

I am full of optimism as we plot our strategy for the future. Although we are small, in a very large high growth India economy, we benefit from our experiences, and we are energized. My mantra “act small, think big, deliver big” does not require any introduction. It has served us well in the past and we are beginning to take small steps towards growth.

My relationship started back in 2003 with the Company and I have seen many ups and downs in our company and our country. The global macro uncertainties, in my experience, benefit companies like us. We are a business process outsourcing company at heart and our customers business models include outsourcing more of their work to their partners during uncertainty.

I am a change agent, and we thrive in change. The ride is not always smooth, but we are focused on getting over these bumps and putting sustainable growth back in our business. We will add new initiatives to our portfolio including generative artificial intelligence, services, and robotics automation. Our strategy will continue to add new pieces and expand our business teams along our journey. Our mission and objective is to participate both in growth at home and rest of the world. However, we will be very selective in the choices we make as we execute our strategy.

I am proud of our team as they weathered big challenges during pandemic and used our small resources wisely. We will make structural changes to prepare for what lies ahead to better manage our long-term vision at the expense of our short-term earnings. We will ask the type of questions for example, risk and reward, return on investment, could be it big and sustainable, is our approach advantageous. May be most important, do we have the knowledge, right leverage and competence as we consider our next leg of growth opportunities.

I am pleased to welcome you to the 35th Annual General Meeting (AGM) of your Company and share with you its 35th Annual Report for FY 2022-23. This AGM, is being held virtually to enable larger participation while maintaining quality of life that our stakeholders deserve.

I express my sincere gratitude to all our stakeholders and the Company’s Board of Directors, for their continued faith in our Company and its people.

I strongly believe that our best days are ahead and look forward to providing updates through shareholder communication channels, for example SpeakUp.

Best regards and wishing you and your families a great 2023.

Parvinder S Chadha

Chairman & Executive Director

Directors' Report

The Board of Directors present the 35th Annual Report of HOV Services Limited (the "Company" or "HOVS") along with audited Financial Statements for the financial year ended March 31, 2023.

FINANCIAL RESULTS AND OPERATIONS:

Particulars	₹ in Lakhs			
	Consolidated		Standalone	
	Year Ended		Year Ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
INCOME				
Revenue from operations	1,205.51	1,005.81	1,205.51	1,005.81
Other income	381.41	134.33	194.44	134.33
Total Income	1,586.92	1,140.14	1,399.95	1,140.14
Expenses				
Employee Benefits Expense	815.90	626.35	815.90	626.35
Finance Costs	15.95	9.07	15.95	9.07
Depreciation and Amortisation Expense	60.48	62.30	60.48	62.30
Other Expenses	149.48	141.41	149.48	141.41
Total Expenses	1,041.81	839.13	1,041.81	839.13
Profit before exceptional items from continuing operations	545.11	301.01	358.14	301.01
Exceptional items: Reversal / (Provision) for Diminution in Value of Investment in subsidiary	-	-	-	(6,607.70)
Profit/(Loss) after exceptional items from continuing operations	545.11	301.01	358.14	(6,306.69)
Tax Expense :				
Current Tax	(99.80)	(82.80)	(99.80)	(82.80)
Deferred Tax	3.01	(4.03)	3.01	(4.03)
Relating to earlier years	-	-	-	-
Profit/(Loss) after tax for the period from continuing operations	448.32	214.18	261.35	(6,393.52)
Discontinued Operations				
Profit/(Loss) from discontinued operations before tax	8.62	1.53	-	-
Tax expense of discontinued operations	(0.01)	(0.81)	-	-
Profit/(Loss) after tax from continuing & discontinued operations	456.93	214.90	261.35	(6,393.52)
Other Comprehensive Income / (Loss) Items that will not be reclassified subsequently to Profit or loss :				
Remeasurement of net defined benefit plans	(4.32)	(2.14)	(4.32)	(2.14)
Changes in fair value of FVOCI equity instruments	(1,262.48)	(7,667.51)	-	-
Tax impact of Items that will not be reclassified subsequently to Profit or loss	1.20	609.33	1.20	0.59
Total Other Comprehensive Income / (Loss)	(1,265.60)	(7,060.32)	(3.12)	(1.55)
Total Comprehensive Income / (Loss) For The Period	(808.67)	(6,845.42)	258.23	(6,395.07)

1. Results of Operations

For the financial year ended March 31, 2023 as follows: -

Consolidated Financial Performance:

- Consolidated total Income for the current year was ₹ 1586.92 Lakhs.
- Profit from continuing operations was ₹ 448.32 Lakhs.
- Profit from discontinued operations was ₹ 8.61 Lakhs.
- Profit from continuing & discontinued operations was ₹ 456.93 Lakhs.
- Total Comprehensive Income/(Loss) for the current year was ₹ (1265.60) Lakhs.
- The basic and diluted Earnings Per Share (EPS) for the current year from :
Continued Operations was ₹ 3.56
Discontinued Operations was ₹ 0.07
Continued and Discontinued Operations was ₹ 3.63

Standalone Financial Performance:

- Total Income for the current year was ₹ 1399.95 Lakhs.
- Net Profit for the current year was ₹ 261.35 Lakhs.
- Total Comprehensive Income/(Loss) for the current year was ₹ 258.23 Lakhs.
- The basic and diluted Earnings Per Share (EPS) for the current year was ₹ 2.08

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

Keeping in view the performance of the Company during the year underreview and also with a view to conserve resources to meet the business requirements, your Directors expresses their inability to recommend any dividend for the financial year 2022-23.

(ii) Transfer to Reserve:

No amount was transferred to Reserve during the financial year ended on March 31, 2023.

3. Subsidiary companies

The Company has below subsidiaries as on March 31, 2023 and there has been no material change in these subsidiaries with respect to the nature and structure. Your Company has provided the audited Consolidated Financial Statements for the year ended March 31, 2023, together with Auditors' Report and a statement containing salient features of the financial statements of Company's subsidiaries (in Form AOC-1), is forming part of this Annual Report, which includes financial information of all the subsidiaries of the Company.

- HOVS LLC incorporated in Delaware 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 Laws.

4. Policy on Material Subsidiaries

The Company's wholly owned subsidiary HOVS LLC is a material subsidiary in accordance with the thresholds laid down under the SEBI Listing Regulations 2015 as amended from time to time.

The Company had adopted the policy for determining material subsidiary pursuant to the SEBI (Listing Obligation and Disclosure Requirements) (Amendment) Regulations, 2018. The said policy has been displayed on the website of the Company at <https://hovsltd.com/policies-other-disclosures/>

5. Investment

The Company's wholly owned subsidiary HOVS LLC holds 285,606 Series B1 Preferred Stock of Exela Technologies, Inc., NASDAQ listed, with cumulative dividends @ 6.00% per annum.

6. 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.

7. Share Capital of the Company

The paid up share capital of the Company as on March 31, 2023 has 12,594,972 equity shares of Rs. 10/- each aggregating to Rs. 125,949,720/-.

8. Employee Stock Option Plan (ESOP)

The Company in year 2007 instituted "HOVS Stock Option Plan 2007" for its employees and for employees of its subsidiary companies as detailed below:

Plan	Shareholder's Approval Date	No. of Options for employees of the Company	No. of Options for employees of subsidiary companies	Total
"HOVS Stock Option Plan 2007"	July 21, 2007	400,000	700,000	1,100,000

There are no employees of subsidiaries eligible for ESOP during the reporting year. The information to be disclosed as per SEBI (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, is provided herewith as "ANNEXURE- A" to this report.

9. Conservation of Energy, Technology Absorption and Foreign Exchange

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

10. Human Resources

During the reported financial year, the Company had maintained cordial relations with the employees doing work from home and there was no complaint received to the Committee constituted under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Company adopted a Policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at

Workplace (Prevention, Prohibition and Redressal Act, 2013) and the Rules made thereunder for prevention and Redressal of complaints of sexual harassment at workplace.

The Human Resource department of the Company follows the philosophy to maintain cordial relations with all its employees and the Company value its human resources and takes utmost care of its employees deployed. It encourages all employees to strike a perfect work life balance.

11. Particular of Employees and Related Disclosures

During the year under review there was no employee/s 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. The disclosure required in terms of provisions of Section 197 (12) of the Companies Act, 2013 and Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided herewith as “ANNEXURE- C” to this report.

12. Directors Responsibility Statement

The Directors Responsibility Statement in terms of Section 134(5) of the Companies Act, 2013 is provided herewith as “ANNEXURE- D” to this report.

13. Financial Summary and Highlights

The Company’s current financial summary and highlights are presented under the Management Discussion and Analysis Report part of the Annual Report.

14. Meetings of the Board

The maximum interval between any two meetings did not exceed 120 days as prescribed under the Companies Act, 2013 and as per relaxation provided from time to time during the year by the regulators. During the financial year 5 (Five) Board Meetings were held. The details of meetings of Board of Directors are provided in the Report on Corporate Governance that forms a part of this Annual Report. Other provisions related to Board and its Committees are stated in the Corporate Governance Report forming part of this Annual Report.

15. Directors and Key Managerial Personnel

Mr. Sunil Rajadhyaksha, Executive Director being liable to retire by rotation at the 35th Annual General Meeting. Mr. Sunil has confirmed his eligibility and willingness for re-appointment.

The Board in its meeting held on November 11, 2022 accepted the willingness of Mr. Surinder Rametra to relinquish his office of Executive Directorship. The Board of Directors placed on record its deep sense of appreciation for Mr. Surinder Rametra as a member of the Board and for his strong leadership, valuable contribution and support extended to the Company at all times during his tenure. He continues to be the Promoter of the Company.

The Board in its meeting held on November 11, 2022 appointed Mr. Parvinder S Chadha, as the Chairman and Executive Director of the Company. The approval of the shareholders of the Company was availed through postal ballot process concluded on December 16, 2022 for the appointment of Mr. Parvinder S Chadha as a Whole-time Director, designated as Chairman & Executive Director of the

Company for a term of five years commencing from December 1, 2022 till November 30, 2027. The shareholders have approved his appointment by 99.99% votes in favor. Mr. Chadha is one of the Promoter of the Company. The Central Government approval for appointment of Mr. Chadha as Whole Time Director for his term from December 1, 2022 till November 30, 2027 was duly obtained by the Company.

Mr. Harjit Singh Anand, Independent Director will complete his first term as an independent director on September 9, 2023. The Board of Directors recommends to the shareholders in ensuing 35th Annual General Meeting for his re-appointment as an Independent Director for his 2nd term of five years from September 10, 2023 to September 9, 2028.

Mr. Vikram Negi, Executive Director term as the Whole-time Director got over on August 31, 2022. The shareholders in their 34th Annual General Meeting held on July 20, 2022 had appointed him for a further term of five years from September 1, 2022 until August 22, 2027. The Central Government approval for appointment of Mr. Vikram Negi as Whole Time Director for his term from September 1, 2022 till August 22, 2027 is duly obtained by the Company.

Key Managerial Personnel

In accordance with the provisions of Section 203 of the Act, Mr. Parvinder S Chadha, Whole-time Director; Mr. Vikram Negi, Whole-time Director; Mr. Sunil Rajadhyaksha, Whole-time Director; Mr. Nilesh Bafna, Chief Financial Officer; and Mr. Bhuvanesh Sharma, Company Secretary are the Key Managerial Personnel of the Company as on March 31, 2023. There were no changes in Company Secretary and Chief Financial Officer of the Company during the year.

16. Declarations from Independent Directors

The independent directors have submitted declarations that each of them meet the criteria of independence as provided in Section 149(6) of the Act along with Rules framed thereunder and Regulation 16(1)(b) of the SEBI Listing Regulations. There has been no change in the circumstances affecting their status as independent directors of the Company.

17. Meeting of Independent Directors

Independent Directors of the Company met on February 11, 2023 to review the performance of non-independent directors, the Board as a whole and the Chairman of the Company was evaluated, taking into account the views of executive directors and non-executive directors. The Independent Director's also assessed the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to function effectively.

18. Familiarisation Programme

The familiarisation programme was arranged by the Company during the year on February 11, 2023 for its Independent Directors with regard to their roles, rights, responsibilities with the Company. The details of the familiarisation program was disclosed under Investor Relations section of the Company's website www.hovsltd.com.