

# HOVS HOLDINGS LIMITED

## STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 2017

# HOVS HOLDINGS LIMITED

## BALANCE SHEET AS AT MARCH 31, 2017

Amount in Rs.

	Note No.	As at March 31, 2017	As at March 31, 2016
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
Share capital	1	8,352	8,560
Reserves and surplus	2	99,960,014	102,372,475
<b>TOTAL</b>		<b>99,968,366</b>	<b>102,381,035</b>
<b>II. ASSETS</b>			
<b>1 Non Current Assets</b>			
Long Term Loans and Advances	3	99,736,860	102,035,441
<b>2 Current Assets</b>			
Cash and Bank Balances	4	231,506	345,594
<b>TOTAL</b>		<b>99,968,366</b>	<b>102,381,035</b>

Significant accounting policies and  
Accompanying Notes form an integral part of financial statements

6 & 7

As per our attached Report of even date  
For Lodha & Company  
Chartered Accountants

  
R.P. Baradiya  
Partner

For HOVS Holdings Limited

  
Manager

Place: Mumbai  
Date : May 25, 2017

## HOVS HOLDINGS LIMITED

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

Amount in Rs.

Particulars	Note No.	For the year ended March 31, 2017	For the year ended March 31, 2016
Revenue from operations		-	-
<b>Total Revenue</b>		-	-
<b>Expenses</b>			
Other Expenses	5	109,993	-
<b>Total Expenses</b>		109,993	-
Profit/(Loss) before tax		(109,993)	-
<b>Tax Expense</b>			
Current Tax		-	-
<b>Profit/(Loss) for the year</b>		<b>(109,993)</b>	-
Earnings per equity share of the face value of HKD 1 each : Basic & Diluted ( Refer note no. 7.3)		(109.88)	-


**Significant accounting policies and  
Accompanying Notes form an integral part of financial**

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As per our attached Report of even date  
**For Lodha & Company**  
**Chartered Accountants**

  
**R.P.Baradiya**  
Partner

**For HOVS Holdings Limited**

  
**Manager**

Place: Mumbai  
Date : May 25, 2017

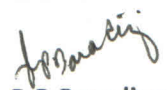
# HOVS HOLDINGS LIMITED

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

Amount in Rs.

	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>A Cash flow from Operating Activities:</b>		
Net Profit/ (Loss) before Tax as per statement of profit and loss	(109,993)	-
<b>Add Adjustments for :</b>		
Foreign Exchange Variation (Gain)/Loss	(4,095)	19,496
<b>Operating Profit before changes in Working Capital</b>	<b>(114,088)</b>	<b>19,496</b>
<b>Adjustments for changes in Working Capital :</b>		
Net cash from/(used in) Operating Activities - A	-	-
<b>B Cash flow from Investing Activities:</b>		
	-	-
<b>Net Cash from/(used in) Investing Activities - B</b>	<b>-</b>	<b>-</b>
<b>C Cash flow from Financing Activities: - C</b>	<b>-</b>	<b>-</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>(114,088)</b>	<b>19,496</b>
Opening Cash and Cash Equivalents	345,594	326,098
<b>Closing Cash and Cash Equivalents</b>	<b>231,506</b>	<b>345,594</b>

As per our attached Report of even date  
For Lodha & Company  
Chartered Accountants

  
R.P. Baradiya  
Partner

For HOVS Holdings Limited

  
Manager

Place: Mumbai  
Date : May 25, 2017

# HOVS HOLDINGS LIMITED

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

### Note 1- Share Capital

Particulars	As at March 31, 2017		As at March 31, 2016	
	Number	Amount in Rs.	Number	Amount in Rs.
<b>Share Capital</b>				
Equity Shares of HKD 1 each fully paid up	1001	8,352	1001	8,560
<b>Total</b>	1001	8,352	1001	8,560

### Details of members holding equity shares more than 5%

Name of Shareholder	As at March 31, 2017		As at March 31, 2016	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
HOV Services Limited- Parent Company	1001	100%	1001	100%

### Note 2 - Reserves and Surplus

Amount in Rs.

Particulars	As at March 31, 2017	As at March 31, 2016
<b>Foreign Exchange Translation Reserve</b>		
Opening Balance	33,030,473	27,255,237
Add :Addition during the year/period	(2,302,468)	5,775,236
Closing Balance	30,728,005	33,030,473
<b>Surplus : Profit &amp; Loss</b>		
Opening Balance	69,342,002	69,342,002
Profit/(Loss) for the year/period as per Statement of Profit & Loss	(109,993)	-
Closing Balance	69,232,009	69,342,002
<b>Total</b>	<b>99,960,014</b>	<b>102,372,475</b>

### Note 3 - Long Term Loans and Advances

Amount in Rs.

Particulars	As at March 31, 2017	As at March 31, 2016
Unsecured and considered good		
Advances recoverable from fellow subsidiaries	99,736,860	102,035,441
<b>Total</b>	<b>99,736,860</b>	<b>102,035,441</b>

### Note 4 - Cash and Bank Balances

Amount in Rs.

Particulars	As at March 31, 2017	As at March 31, 2016
<b>Cash and Cash Equivalents :</b>		
Balances with a bank		
In Current Account	231,506	345,594
<b>Total</b>	<b>231,506</b>	<b>345,594</b>

### Note 5 - Other Expenses

Amount in Rs.

Particulars	For the year ended on March 31, 2017	For the year ended on March 31, 2016
Professional Fees	109,993	-
<b>Total</b>	<b>109,993</b>	<b>-</b>



# HOVS HOLDINGS LIMITED

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

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### **Note 6: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

#### **1. Overview of the Company**

HOVS Holdings Ltd is 100% subsidiary of HOV Services Ltd. The Company was registered in China and its office is situated in Hong Kong.

#### **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 and in compliance with the Accounting Standards (AS) prescribed by the Companies Act, 2013 to the extent applicable and on the principles of going concern. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

#### **3. Use of estimates**

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

#### **4. 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.

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.

## 5. Foreign Exchange Transactions

As per the provisions of AS – 11 “Effects of changes in foreign exchange rates”, the 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 difference are accumulated in the foreign currency translation reserve until the disposal of net investment.

## 6. Provisions, Contingent Liabilities and Contingent Assets

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.

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.

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

## 7. Currency

The functional currency of the Company is HKD. However for reporting for the consolidation purpose, the Company has used the Indian Rupee as its reporting currency

## **Note 7: NOTES TO THE FINANCIAL STATEMENTS**

**7.1** 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.

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

### **7.2 Related Party Transactions**

#### **A) Name of the related parties :**

<b>Name</b>	<b>Relationship</b>
HOV Services Limited	Parent Company
HOVS, LLC	Subsidiary of Parent Company
HOV Environment Solutions Private Limited	Step down Subsidiary Parent Company
HOV Environment , LLC	Step down Subsidiary Parent Company

**B) There are no related party transactions entered during the current year as well as in the previous year with the aforesaid related parties.**

Balances with the related parties referred above in the ordinary course of business are as under:

(Amount in Rs.)

Name of Related Party	Nature of balances	As on March 31, 2017	As on March 31, 2016
HOVS LLC	Receivable	86,715,612	88,714,099
HOV Environment LLC	Receivable	13,021,248	13,321,342

**Note:-**

- Related party relationship is as identified by the management and relied upon by the Auditors.
- 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 / receivables.

**7.3 Earnings Per Share (EPS):**

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Net Profit/ (Loss) as per Statement of Profit and Loss (Rs.)	(109,993)	-
Weighted Average Number of Equity Shares (Nos.)	1001	1001
Basic and Diluted Earnings per Equity Share (Rs.)	(109.88)	0
Nominal value per Equity Share (in HKD)	1	1

**7.4 There are no pending litigations against or by the Company.**

**7.5 Previous period figures**

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 7  
For HOVS Holdings Limited**

  
**Manager**

Place: Mumbai  
Date: May 25, 2017



**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
HOVS Holdings Limited, China

**Report on the Standalone Financial Statements**

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

**Management's Responsibility for the Standalone Financial Statements**

Management 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 31<sup>st</sup> March, 2017;
- (ii) in the case of the Statement of Profit and Loss, of the net 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.

### OTHER MATTER:

The audit report has been prepared for the purpose of enabling Ultimate Parent Company's financial reporting requirement under the Act and should not be used for purposes other than that which it is meant for.

Place: Mumbai  
Date : May 25, 2017



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

A handwritten signature in dark ink, appearing to read "R.P. Baradiya".

R.P. Baradiya  
Partner  
Membership No. 44101