

HOVS LLC

FINANCIAL STATEMENT
FOR THE YEAR ENDED
MARCH 31, 2018

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
HOVS LLC, USA

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of HOVS LLC Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2018 and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash flows and the Statement of Changes in Equity 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 including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards (Ind As) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error

Auditor's Responsibility

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

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made 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 standalone financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India,

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2018;
- (ii) in the case of the Statement of Profit and Loss, of the profit including other comprehensive income of the Company for the year ended on that date;
- (iii) in the case of the Statement of Changes in Equity, of the changes in equity for the year ended on that date, and
- (iv) in the case of the Statement of Cash Flows, of the cash flows of the Company for the year ended on that date.

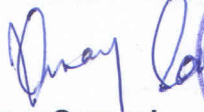
Other Matters:

Opening balances have been considered based on the audited financial statements prepared under previous Generally Accepted Accounting Practices (Previous GAAP) issued by the other auditors whose unqualified audit report dated May 25, 2017 have been furnished to us. The differences arising from transition from previous GAAP to Ind AS have been derived from such audited financial statements.

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.

Mumbai
May 29, 2018

For Bagaria and Co. LLP
Chartered Accountants
Firm Registration No.
113447W/W-100019


Vinay Somani
Partner
Membership No. 143503



HOVS LLC
Balance Sheet As At March 31, 2018

(Rs. in Thousands)

Particulars	Note No	As At March 31, 2018	As At March 31, 2017	As At April 1, 2016
Assets				
Non-current assets				
Financial assets				
Investment in associate & subsidiary	2	35,767	1,055,099	1,079,415
Other investments	2	9,872,426	-	-
Total non-current assets		9,908,193	1,055,099	1,079,415
Current assets				
Financial assets				
Trade receivables	3	-	6,160	6,302
Cash & cash equivalents	4	252	2,691	4,381
Total current assets		252	8,851	10,683
Total assets		9,908,445	1,063,950	1,090,098
Equity and liabilities				
Equity				
Equity share capital	5	957,696	954,670	976,672
Other equity		7,091,597	(22,311)	(22,825)
Total equity		8,049,293	932,359	953,847
Liabilities				
Non-current liabilities				
Financial liabilities				
Deferred Tax Liabilities (Net)	6	1,769,950	-	-
Total non-current liabilities		1,769,950	-	-
Current liabilities				
Financial liabilities				
Trade payables	7	-	9,726	11,940
Other financial liabilities	8	89,202	121,865	124,311
Total current liabilities		89,202	131,591	136,251
Total equity and liabilities		9,908,445	1,063,950	1,090,098
Significant accounting policies	1			
The accompanying notes are an integral part of the financial statements				

As per our report of even date

For Bagaria and Co. LLP

FRN - 113447W

Chartered Accountants

For HOVS LLC


Manager

Vinay Somani

Partner

M. No. 143503

Place : Vashi

Date : May 29, 2018

HOVS LLC

Statement of Profit and Loss For The Year Ended March 31, 2018

(Rs. in Thousands)

Particulars	Note No	For The Year Ended March 31, 2018	For The Year Ended March 31, 2017
Income			
Revenue from operations	9	-	24,152
Other income	10	33,865	-
Total Income		33,865	24,152
Expenses			
Other expenses	11	-	24,152
Total Expenses		-	24,152
Profit/(loss) before tax for the year		33,865	-
Tax expense	12		
Current tax			
Deferred tax			
Profit/(loss) after tax for the year		33,865	-
Other comprehensive income (OCI)			
Items that will not be reclassified to profit or loss			
Profit on divestment of stake in an associate in Business Combination		13,392,265	-
Changes in fair value of FVOCI equity instruments	5	(4,542,515)	-
Tax impact on above		(1,769,950)	-
Total other comprehensive income		7,079,800	-
Total comprehensive income for the year		7,113,665	-
Earnings per share	17		
Basic & diluted Earning Per Share (Face value of USD 1 each) :		34	-
Significant accounting policies	1		
The accompanying notes are an integral part of the consolidated financial statements.			

As per our report of even date

For Bagaria and Co. LLP

FRN - 113447W

Chartered Accountants

For HOVS LLC

Vinay Somani
Partner
M. No. 143503
Place : Vashi
Date : May 29, 2018


Manager

HOVS LLC

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

(Rs. in Thousands)

EQUITY SHARE CAPITAL :

Particular	Balance as at April 1st, 2016	Changes in equity share capital during the year	Balance as at March 31st, 2017	Changes in equity share capital during the year	Balance as at March 31st, 2018
Common stock	66	(1)	65	0	65
Additional paid in capital	976,606	(22,001)	954,605	3,026	957,631
Equity Share Capital	976,672	(22,002)	954,670	3,026	957,696

OTHER EQUITY :

Particulars	Reserve & Surplus		Other Comprehensive Income for the year- Equity Instruments		Total
	Retained earnings	Foreign Exchange Translation Reserve - arising on translation of foreign operations			
Balances as at April 1, 2016	(19,471)	(3,354)	-	-	(22,825)
Profit/(Loss) for the year before OCI	-	-	-	-	-
Addition/(deletion) from foreign exchange translation reserve	-	514	-	-	514
Balance as at March 31, 2017	(19,471)	(2,840)	-	-	(22,311)
Balance as at March 31, 2017	(19,471)	(2,840)	-	-	(22,311)
Profit for the year before OCI	33,865	-	-	-	33,865
Addition/(deletion) during the year	-	243	-	-	243
Other Comprehensive Income for the year	-	-	7,079,800	7,079,800	7,079,800
Balance as at March 31, 2018	14,394	(2,597)	7,079,800	7,079,800	7,091,597

Significant accounting policies

1

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

As per our report of even date

For Bagaria and Co. LLP

FRN - 113447W

Chartered Accountants

For HOVS LLC



Manager

Vinay Somani

Partner

M. No. 143503

Place : Vashi

Date : May 29, 2018

HOVS LLC

Statement of Cash flows for the year ended March 31, 2018

(Rs. in Thousands)

Particulars	For The Year Ended March 31, 2018	For The Year Ended March 31, 2017
A Cash flow from Operating Activities:		
Net profit before tax & before exceptional items	33,865	-
Add: Adjustments for :		
Amounts no longer payable are written back	(33,865)	
Foreign exchange (gain)/loss, net	372	(14)
Operating profit before working capital changes	372	(14)
Adjustments for changes in working capital :		
Increase/(decrease) in trade receivable	8,391	-
Increase/(decrease) in trade and other payable	(11,202)	(1,591)
Cash generated from operations	(2,439)	(1,605)
Taxes paid (net of refund)	-	-
Net cash used in operating activities - A	(2,439)	(1,605)
B Cash flow from investing activities:		
Investments	-	-
Net cash from/(used in) investing activities - B	-	-
C Cash flow from financing activities:		
Change in intercompany obligation	-	-
Net cash used in financing activities - C	-	-
Net decrease in cash and cash equivalents (A+B+C)	(2,439)	(1,605)
Opening cash and cash equivalents	2,691	4,296
Closing cash and cash equivalents	252	2,691

Notes :

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

As per our report of even date

For Bagaria and Co. LLP

FRN - 113447W

Chartered Accountants

For HOVS LLC


Manager

Vinay Somani

Partner

M. No. 143503

Place : Vashi

Date : May 29, 2018

HOVS LLC

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

(Rs. in Thousands except no of shares)

17	Earnings per share (EPS)	2017-18	2016-17
	Net profit/(loss) as per statement of profit and loss after tax	33,865	-
	Weighted average number of equity shares	1,000	1,000
	Nominal value of equity shares (in USD)	\$ 1	\$ 1
	Basic and diluted earning per equity share (Amount in Rs.)	33,865	-

18 Disclosure on related party transactions

Names of related parties and description of relationship:

Name	Relationship
HOV Services Limited-India	Holding Company
HOV Environment LLC-USA	Subsidiary
HOVS Holdings Limited-	Subsidiary of Holding Company
HOV Environment Solutions Private Limited-India	Step down Subsidiary

Associates with whom transactions have been entered during the year in the ordinary course of business:

Source HOV LLC- USA	Associate
Rule 14, LLC- USA	Associate

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

Name of the Party	Nature of Transactions	For the year ended March 31, 2018	For the year ended March 31, 2017
Rule 14 LLC	Services provided	-	2,415
SourceHOV, LLC	write back of Advance received towards reimbursement of expenses	33,865	-

Name of the Party	Nature of Balances	As at March 31, 2018	As at March 31, 2017
HOVS Holdings Limited	Trade Payable	86,990	88,156
HOV Services Limited	Trade Payable	-	9,726
	Other Payable	-	1,441
Rule 14 LLC	Trade receivables	-	6,160
	Other Payable	2,211	-
SourceHOV, LLC	Advance received	-	33,708

Notes:

- a) Related party relationship is as identified by the management and relied upon by the auditors.
b) No amounts in respect of related parties have been written off/ written back during the year or has not made any provision been made for doubtful debts/ receivable except as disclosed above.

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

20 Events after the end of the reporting year

No subsequent event has been observed which may required an adjustment to the financial statement.

Signature to Notes 1 - 20

For HOVS LLC



Place : Vashi
Date : May 29, 2018

Manager