

HOVS LLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

INDEPENDENT AUDITORS' REPORT

**To the Board of Directors of
HOVS LLC**

Report on the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **HOVS LLC** ("the Company"), which comprise the Balance Sheet as at 31st March, 2021, 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.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (the Act) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2021, its profit, other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

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.

Material uncertainty related to Going Concern:

Without qualifying, we draw attention to note 16 regarding the standalone financial statements of the Company having been prepared on a Going Concern basis which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. The Company has accumulated losses and therefore, we are unable to express an opinion whether these standalone financial statements can be prepared on a going concern basis. The resultant adjustments to the assets and liabilities are also presently not ascertainable. In view of the management, it expects better future performance. Therefore, the management has prepared these financial statements on a going concern basis.

Emphasis of Matter:

We draw your attention to note no 12(c) of the standalone financial statements with regards to Management's assessment of, inter-alia, realisability of quoted financial investments of Rs. 918,896 thousands due to resurge in COVID 19 pandemic outbreak. The management apart from considering the internal and external information upto the date of approval of these standalone financial statements. The impact of the global health pandemic may be different from that estimated as at the

date of approval of these standalone financial statements. Considering the continuing uncertainties, the management will continue to closely monitor any material changes to future economic conditions.

Our Opinion is not modified in respect of this matter

Responsibilities of Management and those charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of 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 specified under section 133 of the Act, read with Rule 7 of the Companies (Account) Rules, 2014.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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.

In preparing the financial statements, the Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial control system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that individually or in aggregate makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work and (ii) to evaluate the effect of and identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters:

The audit report has been prepared for the purpose of enabling Ultimate Holding Company's financial reporting requirement under the Act/to be submitted before Reserve Bank of India with Annual Performance Report (APR) and should not be used for purposes other than that which it is meant for.

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

Mumbai
June 28, 2021

Vinay Somani
Partner
Membership No. 143503
UDIN : 21143503AAAAJV3517

HOVS LLC
Balance Sheet As At March 31, 2021
(All amounts in INR Thousands, unless otherwise stated)

Particulars	Note No	As At March 31, 2021	As At March 31, 2020
Assets			
Non-current assets			
Financial assets			
Investments in Subsidiaries	2	-	-
Other investments	2	918,896	265,864
Total non-current assets		918,896	265,864
Current assets			
Financial assets			
Cash & cash equivalents	3	944	968
Total current assets		944	968
Total assets		919,840	266,832
Equity and liabilities			
Equity			
Equity share capital	4	1,082,268	1,109,966
Other equity		(401,193)	(1,056,063)
Total equity		681,075	53,903
Liabilities			
Non-current liabilities			
Financial liabilities			
Deferred Tax Liabilities (Net)	5	36,890	-
Total non-current liabilities		36,890	-
Current liabilities			
Financial liabilities			
Other financial liabilities	6	201,875	212,929
Total current liabilities		201,875	212,929
Total equity and liabilities		919,840	266,832
Significant accounting policies	1		

The accompanying 2-18 notes are an integral part of the standalone 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 : Mumbai

Date : June 28, 2021

Jim Reynolds

Manager

Place : USA

Date : June 28, 2021

HOVS LLC
Statement of Profit and Loss For The Year Ended March 31, 2021
(All amounts in INR Thousands, unless otherwise stated)

Particulars	Note No	For The Year Ended March 31, 2021	For The Year Ended March 31, 2020
Income			
Revenue from operations		-	-
Other income	7	5,796	212
Total Income		5,796	212
Expenses			
Other expenses	8	-	2
Finance cost	9	-	5,536
Total Expenses		-	5,538
Profit/(loss) before exceptional items		5,796	(5,326)
Exceptional item		-	-
Profit/(loss) before tax for the year		5,796	(5,326)
Tax expense	10		
Current tax		-	-
Deferred tax		-	-
Profit/(loss) after tax for the year		5,796	(5,326)
Other comprehensive income (OCI)			
Items that will not be reclassified to profit or loss			
Changes in fair value of FVOCI equity instruments		659,666	(6,226,727)
Tax impact on above		(36,890)	1,040,732
Total other comprehensive income		622,776	(5,185,995)
Total comprehensive income for the year		628,572	(5,191,321)
Earnings per share	14		
Before Exceptional		5.80	(5.33)
After Exceptional		5.80	(5.33)
Significant accounting policies	1		

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Jim Reynolds

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Place : USA

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HOVS LLC

Statement of Changes in Equity for the year ended March 31, 2021

(All amounts in INR Thousands, unless otherwise stated)

EQUITY SHARE CAPITAL :

Particular	Balance as at April 1st, 2019	Changes in equity share capital during the year	Balance as at March 31st, 2020	Changes in equity share capital during the year	Balance as at March 31st, 2021
Common stock	69	6	75	(1)	74
Additional paid in capital	1,018,395	91,496	1,109,891	(27,697)	1,082,194
Equity Share Capital	1,018,464	91,502	1,109,966	(27,698)	1,082,268

OTHER EQUITY :

Particulars	Reserve & Surplus		Other	Total
	Retained earnings	Foreign Exchange Translation Reserve - arising on translation of foreign operations	Comprehensive Income for the year- Equity Instruments	
Balances as at April 1, 2019	(23,619)	(1,457)	3,819,746	3,794,670
Profit/(Loss) for the year before OCI	(5,326)	-	-	(5,326)
Addition/(deletion) for the year		(2,593)	343,181	340,588
Loss transferred to retained earnings on sale of Investments*	(535,692)	-	535,692	-
Other Comprehensive Income for the year		-	(5,185,995)	(5,185,995)
Balance as at March 31, 2020	(564,637)	(4,050)	(487,376)	(1,056,063)
Balance as at March 31, 2020	(564,637)	(4,050)	(487,376)	(1,056,063)
Profit/(Loss) for the year before OCI	5,796	-	-	5,796
Addition/(deletion) for the year	-	14,136	12,162	26,298
Other Comprehensive Income for the year	-	-	622,776	622,776
Balance as at March 31, 2021	(558,841)	10,086	147,562	(401,193)

*refer note 2.1

Significant accounting policies 1

The accompanying 2-18 notes are an integral part of the standalone financial statements

As per our report of even date

For Bagaria and Co. LLP

FRN - 113447W

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For HOVS LLC

Vinay Somani

Partner

M. No. 143503

Place : Mumbai

Date : June 28, 2021

Jim Reynolds

Manager

Place : USA

Date : June 28, 2021

HOVS LLC
Statement of Cash flows for the year ended March 31, 2021
(All amounts in INR Thousands, unless otherwise stated)

Particulars	For The Year Ended March 31, 2021	For The Year Ended March 31, 2020
A Cash flow from Operating Activities:		
Net profit/(loss) before tax & before exceptional items	5,796	(5,326)
Add: Adjustments for :		
Provisions no longer required written back	(5,796)	-
Finance cost	-	5,536
Operating profit before working capital changes	-	210
Adjustments for changes in working capital :		
Increase/(decrease) in trade receivable	-	-
Increase/(decrease) in trade and other payable	-	-
Cash generated from operations	-	210
Taxes paid (net of refund)	-	-
Net cash used in operating activities - A	-	210
B Cash flow from investing activities:		
Payment towards acquisition of Investments	-	(103,656)
Net cash from/(used in) investing activities - B	-	(103,656)
C Cash flow from financing activities:		
Advances taken from related party	-	103,656
Net cash used in financing activities - C	-	103,656
Net decrease in cash and cash equivalents (A+B+C)	-	210
Opening cash and cash equivalents	968	683
Unrealised foreign exchange gain/loss	(24)	75
Closing cash and cash equivalents	944	968
Significant accounting policies	1	
The accompanying 2-18 notes are an integral part of the standalone 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 : Mumbai
Date : June 28, 2021

Jim Reynolds
Manager
Place : USA
Date : June 28, 2021

Overview of the Company:

HOVS LLC ("HOVS") was formed on March 1, 2011, in Delaware State of United States of America (USA) as HOV SPV LLC and on March 17, 2011 and the name was subsequently changed to HOVS LLC, Limited Liability Company. The Company is formed for the purpose of acquisitions of different companies, investment activity, Sale of Software licenses, and other allied services and businesses.

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified under the Companies (Indian Accounting standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendments Rules 2016 prescribed under section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014.

The financial statements are prepared and presented on accrual basis and under the historical cost convention.

1.2 USE OF ESTIMATES AND JUDGEMENTS

The preparation of the financial statements requires that the Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The recognition, measurement, classification or disclosure of an item or information in the financial statements is made relying on these estimates.

The estimates and judgments used in the preparation of the financial statements are continuously evaluated and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Company believes to be reasonable under the existing circumstances. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

All the assets and liabilities have been classified as current or non-current as per the company's normal operating cycle of twelve months and other criteria set out in Schedule III to the Companies Act, 2013.

1.3 PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS

Property, Plant and Equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Costs include freight, import duties, non-refundable purchase taxes and other expenses directly attributable to the acquisition of the asset.

Intangible Assets

Intangible assets are held on the balance sheet at cost less accumulated amortisation and impairment losses. Intangible assets developed or acquired with finite useful life are amortized on straight line basis over the useful life.

Depreciation/amortisation:

Tangible Assets - Depreciation on Property, Plant and Equipment is provided based on useful life and in the manner prescribed in part C of Schedule II of the Companies Act, 2013 or as per Management's estimate of useful life of the assets.

Intangible Assets – Other Software products are amortized over its period of license.

Intangible assets developed or acquired with finite useful life are amortized on straight line basis over the useful life or within 8 years or its useful life as assessed by management. The Company reviews the useful lives and residual value at each reporting date.

1.4 IMPAIRMENT OF NON FINANCIAL ASSETS

The Company assesses at each reporting date whether there is any objective evidence that a non-financial asset or a group of non-financial assets are impaired. If any such indication exists, the Company estimates the amount of impairment loss.

An impairment loss is calculated as the difference between an asset's carrying amount and recoverable amount. Losses are recognised in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

1.5 REVENUE RECOGNITION

Revenue is recognized to the extent that it is probable that the economic benefit will flow to the Company and the revenue can be measured reliably.

Rendering of services:

Revenue from sale of services are recognized when the services are rendered.

In respect of consultancy services the income is recognized as and when the invoices are raised and accepted or certified by the party.

Other Income

Interest income is recognized on a time proportionate basis taking into account the amounts invested and the rate of interest.

1.6 FINANCIAL INSTRUMENTS

Financial assets - Initial recognition

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial assets other than trade receivables are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the Statement of Profit and Loss.

Subsequent measurement

Financial assets, other than equity instruments, are subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both:

- (a) the entity's business model for managing the financial assets and
- (b) the contractual cash flow characteristics of the financial asset.

(a) Measured at amortised cost:

A financial asset is measured at amortised cost, if it is held under the hold to collect business model i.e. held with an objective of holding the assets to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest on the principal outstanding.

(b) Measured at fair value through other comprehensive income (FVOCI):

A financial asset is measured at FVOCI, if it is held under the hold to collect and sell business model i.e. held with an objective to collect contractual cash flows and selling such financial asset and the contractual cash flows are solely payments of principal and interest on the principal outstanding. It is subsequently measured at fair value with fair value movements recognised in the OCI, except for interest income which recognised using EIR method. The losses arising from impairment are recognised in the Statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognised in the OCI is reclassified from the equity to Statement of Profit and Loss.

(c) Measured at fair value through profit or loss (FVTPL):

Investment in financial asset other than equity instrument, not measured at either amortised cost or FVOCI is measured at FVTPL. Such financial assets are measured at fair value with all changes in fair value, including interest income and dividend income if any, recognised in the Statement of Profit and Loss.

1.7 Equity Instruments:

All investments in equity instruments classified under financial assets are subsequently measured at fair value. Equity instruments which are held for trading are measured at FVTPL.

Impairment

The Company recognises a loss allowance for Expected Credit Losses (ECL) on financial assets that are measured at amortised cost and at FVOCI.

The Company's trade receivables or contract revenue receivables do not contain significant financing component and loss allowance on trade receivables is measured at an amount equal to life time expected losses i.e. expected cash shortfall, being simplified approach for recognition of impairment loss allowance.

For financial assets other than trade receivables, the Company recognises 12-month expected credit losses for all originated or acquired financial assets if at the reporting date the credit risk of the financial asset has not increased significantly since its initial recognition. The expected credit losses are measured as lifetime expected credit losses if the credit risk on financial asset increases significantly since its initial recognition.

The impairment losses and reversals are recognised in Statement of Profit and Loss. For equity instruments and financial assets measured at FVTPL, there is no requirement for impairment testing.

De-recognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers rights to receive cash flows from an asset, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of

the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

1.8 Financial Liabilities

Initial Recognition and measurement

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial liabilities are initially recognised at fair value net of transaction costs for all financial liabilities not carried at fair value through profit or loss.

The Company's financial liability includes trade and other payables, loans and borrowings.

Subsequent measurement

Financial liabilities measured at amortised cost are subsequently measured at using EIR method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

1.9 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

1.10 FOREIGN CURRENCY TRANSACTIONS

a) Initial Recognition

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the Statement of Profit and Loss of the year.

b) Measurement of Foreign Currency Items at the Balance Sheet Date

Foreign currency monetary items of the Company are restated at the closing exchange rates. Non-monetary items are recorded at the exchange rate prevailing on the date of the transaction. Exchange differences arising out of these transactions are charged to the Statement of Profit and Loss.

1.11 TAXES ON INCOME

Income tax comprises current and deferred tax. Income tax expense is recognized in the statement of profit and loss except to the extent it relates to items directly recognized in equity or in other comprehensive income.

Deferred income tax is recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements. Deferred income tax asset are recognized to the extent that it is probable that taxable profit will be

available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized. Deferred tax assets are not recognised where it is more likely than not that the assets will not be realised in the future.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

1.12 PROVISIONS AND CONTINGENCIES

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract.

A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation that may probably not require an outflow of resources or an obligation for which the future outcome cannot be ascertained with reasonable certainty. When there is a possible or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.

1.13 CASH AND CASH EQUIVALENTS

Cash and Cash equivalents include cash and Cheque in hand, bank balances, demand deposits with banks and other short-term highly liquid investments that are readily convertible to known amounts of cash & which are subject to an insignificant risk of changes in value where original maturity is three months or less.

1.14 CASH FLOW STATEMENT

Cash flows are reported using the indirect method where by the profit before tax is adjusted for the effect of the transactions of a non-cash nature, any deferrals or accruals of past and future operating cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the company are segregated.

1.15 EARNINGS PER SHARE

Basic EPS is arrived at based on net profit after tax available to equity shareholders to the weighted average number of equity shares outstanding during the year.

The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity shares unless impact is anti-dilutive.

1.16 EXCEPTIONAL ITEMS

When an item of income or expense within profit or loss from ordinary activity is of such size, nature or incidence that their disclosure is relevant to explain the performance of the Company for the year, the nature and amount of such items is disclosed as exceptional items.

HOVS LLC**Notes forming part of standalone financial statements for the year ended March 31, 2021**

(All amounts in INR Thousands, unless otherwise stated)

Particulars	As at March 31 2021	As at March 31 2020
2 Investments non current		
Unquoted - Fully paid up		
In subsidiaries		
HOV Environment LLC		
No of Shares	6110	6110
% of Holding	61.1%	61.1%
Common stock (Face value of USD 90)	40,420	41,455
Less Provision for impairment of investment	(40,420)	(41,455)
Total investment in HOV Environment LLC	-	-
Other Investment (FVOCI)		
Trade - Quoted		
In Equity instruments		
Exela Technologies, Inc - USA (Refer note 2.1 below)		
No of Shares of Common Stock	5734490	17203471
% of Holding	9.90%	11.35%
Opening value of Investment	265,864	5,862,250
Add/(Less): Fair value loss recognised through OCI	659,666	(6,226,727)
Add/(Less): Foreign exchange variation	(6,634)	630,341
Fair value of investment	918,896	265,864
Total	918,896	265,864
Aggregate market value of quoted investments	918,896	265,864
Aggregate amount of unquoted investments	-	-
Aggregate amount of provision for diminution of quoted investments	40,420	41,455
2.1	On January 25, 2021 Exela Technologies, Inc. (Exela) has done a reverse split of its common stock in the ratio 1:3. Although, it does not change the Group holding in the investee company, the number of shares held has been reduced from 17203471 to 5734490 in the ratio of reverse split without any change in the amount of investments.	
	The said investment in Equity is a financial instrument designated as Fair Value through Other Comprehensive Income (FVOCI), however, is not to be reclassified to profit and loss subsequently and accordingly the change in fair value is recognised net off deferred tax liability in Other Comprehensive Income.	
	Besides, Exela has issued the additional shares to others in March 2021 resulting in Group's percentage holding coming down from 11.35% as on March 31, 2020 to 9.9% as on March 31, 2021	
3 Cash and cash equivalents		
Balance with banks in current accounts	944	968
Total	944	968

HOVS LLC**Notes forming part of standalone financial statements for the year ended March 31, 2021**

(All amounts in INR Thousands, unless otherwise stated)

		As at March 31	As at March 31
		2021	2020
4	Equity Share Capital		
Issued, subscribed and paid up			
Number of Equity Shares of USD \$ 1 each		1000	1000
Equity Shares capital		74	75
Additional Paid in Capital		1,082,194	1,109,891
Total		1,082,268	1,109,966
The details of Shareholders holding more than 5% shares:			
HOV Services Limited			
No of Shares		1000	1000
% of Holding		100%	100%
5	Deferred Tax Liabilities (Net)		
Opening Balance		-	954,937
Addition during the year		36,890	(1,040,732)
Changes due to foreign exchange variation		-	85,795
Total		36,890	-
6	Other financial liabilities		
Advance repayable to related Parties (refer note 15) :			
HGM Fund		101,070	103,656
Interest accrued on Advance from HGM Fund		-	5,888
Rule 14 LLC		2,499	2,563
HOV Holdings Limited		98,306	100,822
Total		201,875	212,929
Particular		For the year ended	For the year ended
		March 31, 2021	March 31, 2020
7	Other income		
Interest provision no longer payable written back		5,796	212
Total		5,796	212
8	Other Expenses		
Bank charges		-	2
Total		-	2
9	Finance Cost		
Interest component of financial liability		-	5,536
Total		-	5,536

HOVS LLC
Notes forming part of standalone financial statements for the year ended March 31, 2021

(All amounts in INR Thousands, unless otherwise stated)

Particular	2020-21	2019-20
10 Income Taxes		
Tax expense recognised in the statement of profit and loss:		
Current tax	-	-
Deferred Tax	-	-
Total tax expense	-	-
As per USA tax requirement Company has to pay tax as a group and hence Considering the prior year losses and losses in subsidiary the deferred tax asset/current tax is not recognised.		

Amounts recognised in OCI	As at March 31, 2021	As at March 31, 2020
Deferred tax liability		
Opening Balance	-	(954,937)
Changes in fair value of FVOCI equity instruments	(36,890)	1,040,732
Changes due to foreign exchange variation	-	(85,795)
Net deferred tax liability recognised in the balance sheet	(36,890)	-

11 Financial Instruments	
The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:	
Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.	
Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.	
Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.	
The carrying amounts and fair values of financial instruments by category are as follows:	

A Financial assets						
Particular	Note No	Instruments carried at fair value		Instruments carried at amortised cost	Total carrying amount (A+B)	Total fair Value
		At cost	FVOCI Level 1	Carrying amount		
As at March 31, 2020						
Investment in subsidiaries	2	-	-	-	-	-
Other investments	2	-	265,864	-	265,864	265,864
Cash & cash equivalents	3	-	-	968	968	968
Total		-	265,864	968	266,832	266,832
As at March 31, 2021						
Investment in subsidiaries	2	-	-	-	-	-
Other investments	2	-	918,896	-	918,896	918,896
Cash & cash equivalents	3	-	-	944	944	944
Total		-	918,896	944	919,840	919,840
B Financial liabilities						
Particular		Instruments carried at fair value		Instruments carried at amortized cost	Total carrying amount	Fair value
		FVTPL	Total carrying amount and fair value	Carrying amount		
As at March 31, 2020						
Other financial liabilities	6	-	-	212,929	212,929	212,929
Total		-	-	212,929	212,929	212,929
As at March 31, 2021						
Other financial liabilities	6	-	-	201,875	201,875	201,875
Total		-	-	201,875	201,875	201,875

HOVS LLC

Notes forming part of standalone financial statements for the year ended March 31, 2021

(All amounts in INR Thousands, unless otherwise stated)

12 Risk Management

Financial risk management objectives and policies

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's activity expose it to market risk, liquidity risk, commodity risk and credit risk. In order to minimize any adverse effects on the financial performance of the Company.

The Company's financial risk management policy is set by the Managing Director and governed by overall direction of Board of Directors of the Company.

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and loans and borrowings.

S.No	Risk	Exposure arising from	Measurement	Management
A	Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost.	Ageing analysis Credit ratings	Diversification of bank deposits, credit limits.
B	Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of bank deposits and timely receipt.
C	Investment risk	Investment in Subsidiaries and Other Investments	Value of investment	Management of the Company keeps constant liaison and necessary information on timely basis.

A. Credit risk

Credit risk arises from the possibility that the counter party may not be able to settle their obligations as agreed. To manage this, the Company periodically assesses financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivable. Individual credit period and limits are set accordingly.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis through each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of default occurring on asset as at the reporting date with the risk of default as at the date of initial recognition.

It considers reasonable and supportive forwarding-looking information to decide on this such as:

- Actual or expected significant adverse changes in business
- Actual or expected significant changes in the operating results of the counterparty
- Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations
- Significant increase in credit risk on other financial instruments of the same counterparty.

HOVS LLC

Notes forming part of standalone financial statements for the year ended March 31, 2021

(All amounts in INR Thousands, unless otherwise stated)

The Company categorises financial assets based on the assumptions, inputs and factors specific to the class of financial assets into High-quality assets, negligible credit risk; Quality assets, low credit risk; Standard assets, moderate credit risk; Substandard assets, relatively high credit risk; Low quality assets, very high credit risk; Doubtful assets, credit-impaired.

Financial assets are written off when there is no reasonable expectations of recovery, such as a debtor failing to engage in a repayment plan with the Company. The Company categorises a loan or receivable for write off when a debtor fails to make contractual payments greater than one year past due. Where loans or receivables have been written off, the Company continues engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in profit or loss.

B. Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time, or at a reasonable price. The Company's liquidity, funding as well as settlement management processes policies and such related risk are overseen by management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

Maturity patterns of trade payables and other Financial Liabilities

Particulars	As at March 31	As at March 31
	2021	2020
Other financial liabiliti (Payable in 0-12 months)	201,875	212,929
Total	201,875	212,929

Derivative financial instruments

The Company has not entered into any derivative financial instruments during the current year and preceeding year.

C. Covid risk

Due to re-surge in global outbreak of Covid -19, a pandemic which continues to spread across the country. In assessing, inter-alia, the recoverability of financial investments of Rs. 918,896 thousands apart from considering the internal and external information up to the date of approval of these financial statement. The investment is a long term and strategic in nature and in the opinion of the management, the fall in value is temporary, and expects better future performance from the investee and therefore the management expects to recover the carrying amount of these investments. The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements. Considering the continuing uncertainties, the Company will continue to closely monitor any material changes to future economic conditions.

13 Capital risk management

A The Company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders maintain an optimal capital structure.

Company believes in conservative leverage policy. Its debt free company.

The company do not have any capex plan.

B The Company follows the policy as decided by Board of directors considering financial performance, available resources, other internal and external factors and upon recommendation from manager and guidance from the holding company for the declaration of dividend.

HOVS LLC**Notes forming part of standalone financial statements for the year ended March 31, 2021**

(All amounts in INR Thousands, unless otherwise stated)

14	Earnings per share (EPS)	2020-21	2019-20	
	Net profit/(loss) as per statement of profit and loss before exceptional after tax	5,796	(5,326)	
	Exceptional Items	-	-	
	Net profit/(loss) as per statement of profit and loss after exceptional after tax	5,796	(5,326)	
	Weighted average number of equity shares	1000	1000	
	Nominal value of equity shares (in USD)	\$ 1	\$ 1	
	Basic and diluted earning per equity share before exceptional	5.80	(5.33)	
	Basic and diluted earning per equity share after exceptional	5.80	(5.33)	
15	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-Hongkong	Subsidiary of Holding Company		
	HOV Environment Solutions Private Limited-India	Step down Subsidiary		
	Entities in which management having significance influence with whom transactions have been entered during the year :			
	Source HOV LLC- USA			
	Rule 14, LLC- USA			
	HGM Fund			
	During the year, there are no transactions were carried out with the above related parties in the ordinary course of business. Outstanding balances with the above related parties are given below:			
	Name of the Party	Nature of Balances	As at March 31, 2021	As at March 31, 2020
	HOVS Holdings Limited	Trade Payable	98,306	100,822
	HGM Fund	Advance Payable	101,070	103,656
	Rule 14 LLC	Other Payable	2,499	2,563
	HOV Environment LLC	Investments	40,420	41,455
	HOV Environment LLC	Provision for impairment of Investments	40,420	41,455
	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.			
16	The Company has accumulated losses which in the opinion of the management is a temporary. In view of the management, these investments are long term and strategic in nature and expects better future performance. Therefore, the Company has prepared these financial statements on a going concern basis.			
17	In the opinion of the management, assets other than Property, Plant and Equipment 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 financial assets and financial liabilities are 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.			
18	Previous years' figures have been regrouped/reclassified wherever necessary to conform the current year's classification. Figures in brackets pertain to previous year.			

Signature to Notes 1 - 18

For HOVS LLC

Place : USA
Date : June 28, 2021Jim Reynolds
Manager