

Independent Auditor's Report on Quarterly Financial Results and Year Ended Results of HOV Services Limited Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To
Board of Directors of **HOV SERVICES LIMITED**

We have audited the accompanying Statement of Standalone Financial Results of **HOV Services Limited** ('the Company') for the quarter and year ended 31st March, 2018 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Circular No. CIR/CFD/FAC/62/2016 dated 5th July, 2016.

This Statement, which is the responsibility of the company's management and approved by the Board of Directors, has been prepared on the basis of the related financial statement which are in accordance with the Accounting Standard prescribed, under Section 133 of the Companies Act, 2013 read with relevant rules issued there under and other accounting principles generally accepted in India. Our responsibility is to express an opinion on the Statement.

We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts disclosed in the Statement. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the significant accounting estimates made by the Management, as well as evaluating the overall presentation of the Statement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion and to the best of our information and according to the explanations given to us the Statement;

- (i) is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Circular No. CIR/CFD/FAC/62/2016 dated 5th July, 2016; and
- (ii) gives a true and fair view in conformity with aforesaid Accounting Standards and other accounting principles generally accepted in India of the Net loss and other financial information of the Company for the quarter and year ended 31st March, 2018.

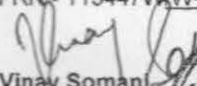
Other Matter:

The Statement includes the results for the Quarter ended 31st March, 2018 and corresponding quarter ended of the previous year being the balancing figure between audited figures in respect of full financial year and the published year to date figures up to the third quarter of the current and previous financial years which were subject to limited review by us.

The Comparative financial information of the Company for the corresponding quarter and year ended March 31, 2017 were reviewed and audited by the predecessor auditor who expressed an unmodified opinion in the audit report dated May 29, 2017 on those financial results. Our report is not modified in respect of this matter. The differences arise from transition from previous GAAP to Ind AS have been derived from such audited financial statements.

Place: Mumbai
Date: 29th May, 2018

For **BAGARIA and CO. LLP**
Chartered Accountants
FRN - 113447WWW-100019


Vinay Soman
Partner
M. No. 143503



Auditor's Report On year to date Consolidated Financial Results of HOV Services Limited Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To
The Board of Directors of HOV Services Limited

We have audited the consolidated financial results of HOV Services Limited (**Parent Company**) and its subsidiaries (together referred to as "the Group") for the year ended 31 March 2018, attached herewith, being submitted by the Parent Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Circular No. CIR/CFD/FAC/62/2016 dated 5th July, 2016.

These consolidated financial results have been prepared from consolidated financial statements, which are the responsibility of the Parent Company's management. Our responsibility is to express an opinion on these consolidated financial results based on our audit of such consolidated financial statements, which have been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard for mandated under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder or by the Institute of Chartered Accountants of India, as applicable and other accounting principles generally accepted in India.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts disclosed in financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of two subsidiaries, whose financial statements reflect total assets of Rs. 597 lakhs as at March 31, 2018, total revenues and net loss of Rs. 105 lakhs and Rs. 249 lakhs for the year ended March 31, 2018, as considered in the consolidated financial statements. These financial statements of subsidiaries have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the reports of the other auditors.

The consolidated financial statements do not include the Group's share of profit or loss for the period from January 1, 2017 to July 12, 2017 (being effective date of transfer on which associate ceases to have significant influence) in respect of an associate as the same was not prepared in view its business combination mentioned in the note no. 5 of the attached results. Our opinion is not modified in the matter.



In our opinion and to the best of our information and according to the explanations given to us these consolidated financial results:

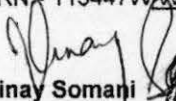
- (i) include the financial results for the year of the following entities :
 - i. HOVS Holdings Limited- Subsidiary -Hongkong
 - ii. HOVS LLC- Subsidiary- USA
 - iii. HOV Environment Solutions Private Limited- Subsidiary- India
 - iv. HOV Environment, LLC- Subsidiary- USA
- (ii) have been presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in this regard; and
- (iii) give a true and fair view of the consolidated net profit and other financial information for the year ended 31 March 2018.

Other Matter:

The Comparative financial information for the year ended March 31, 2017 were audited by the predecessor auditor who expressed an unmodified opinion in the audit report dated May 29, 2017 on those financial results. Our report is not modified in respect of this matter. The differences arise from transition from previous GAAP to Ind AS have been derived from such audited financial statements.

Place: Mumbai
Date: 29th May, 2018.

For BAGARIA and CO. LLP
Chartered Accountants
FRN, 113447WAV-100019


Vinay Somani
Partner
M. No. 143503





HOV SERVICES LIMITED

Registered Office: 3rd Floor Sharda Arcade, Pune Satara Road, Bibwewadi, Pune-411037

website: www.hovs ltd.com; email: investor.relations@hovs ltd.com

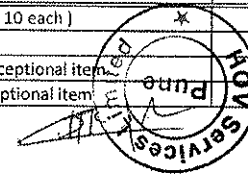
Phone: 020-24231623; Fax: 020-24221470

CIN: L72200PN1989PLC014448

AUDITED RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2018

(Rs. in Lakhs, except per share data)

CONSOLIDATED		Particulars	STANDALONE				
Year Ended			Quarter Ended			Year Ended	
March 31, 2018	March 31, 2017		March 31, 2018	December 31, 2017	March 31, 2017	March 31, 2018	March 31, 2017
Audited	Audited		Audited*	Unaudited	Audited*	Audited	Audited
		Income					
1,359.95	1,543.21	Revenue from operations	269.27	291.87	343.75	1,254.55	1,364.51
420.32	100.79	Other income	17.10	35.38	29.30	106.31	106.15
1,780.27	1,644.00	Total Revenue	286.37	327.25	373.05	1,360.86	1,470.66
		Expenses					
911.96	1,005.84	Employee Benefits Expense	183.08	216.06	244.55	884.89	995.85
25.42	62.27	Finance Costs	-	-	-	-	-
106.62	85.40	Depreciation and Amortization Expense	2.19	2.22	2.90	9.76	17.92
428.02	529.46	Other Expenses	47.57	74.88	86.86	269.12	284.88
1,472.02	1,682.97	Total Expenses	232.84	293.16	334.31	1,163.77	1,298.65
308.25	(38.97)	Profit/(Loss) before Exceptional items	53.53	34.09	38.74	197.09	172.01
(0.38)	-	Exceptional Items (refer note 4 below)	(1,022.72)	-	-	(1,022.72)	-
307.87	(38.97)	Profit/(Loss) before Tax	(969.19)	34.09	38.74	(825.63)	172.01
		Tax Expense					
(57.10)	(59.00)	Current Tax	(14.70)	(10.40)	(12.30)	(57.10)	(59.00)
(12.95)	0.03	Deferred Tax	(5.19)	2.02	(5.13)	(0.97)	0.03
237.82	(97.94)	Profit/(Loss) before share of Associate Profit/(Loss)	(989.08)	25.71	21.31	(883.70)	113.04
-	(14,457.91)	Profit/(Loss) from an Associate	-	-	-	-	-
237.82	(14,555.85)	Profit/(Loss) for the Period	(989.08)	25.71	21.31	(883.70)	113.04
		Other Comprehensive Income					
		Items that will not be reclassified subsequently to Profit or loss :					
1.70	4.35	Remeasurement of defined benefit plans	(2.05)	1.25	0.88	1.70	4.35
135,146.14	-	Profit on divestment of stake in associate in business Combination	-	-	-	-	-
(45,425.15)	-	Changes in fair value of FVOCI equity instruments	-	-	-	-	-
(28,711.19)	(1.30)	Tax impact on above	0.47	(0.31)	(0.26)	(0.47)	(1.30)
61,011.50	3.05	Total Other Comprehensive Income	(1.58)	0.94	0.62	1.23	3.05
61,249.32	(14,552.80)	Total Comprehensive Income for the Period	(990.66)	26.65	21.93	(882.47)	116.09
1,253.57	1,253.25	Paid-up equity share capital (Face Value of Rs. 10 each)	1,253.57	1,253.57	1,253.25	1,253.57	1,253.25
70,376.04	2,149.96	Other Equity				6,657.65	7,537.03
1.90	(116.14)	Basic and Diluted Earning Per Share before exceptional item	0.27	0.21	0.17	1.11	0.90
1.90	(116.14)	Basic and Diluted Earning Per Share after exceptional item	(7.89)	0.21	0.17	(7.05)	0.90



(Rs. in Lakhs)

Segment wise Revenue, Results and Capital Employed - CONSOLIDATED		
Particulars	For the Year Ended	
	March 31, 2018	March 31, 2017
Segment Revenue :		
(a) Software and IT Enabled Services	1,254.55	1,364.61
(b) Environment Solutions Business	105.40	178.60
Net sales/Income From Operations	1,359.95	1,543.21
Segment Results Profit/(Loss) before tax and finance costs from segment :		
(a) Software and IT Enabled Services	74.49	(14,393.04)
(b) Environment Solutions Business	(161.52)	(142.36)
(c) Unallocable (Net of Expenses)	420.32	100.79
Total	333.29	(14,434.61)
Less :- Finance Costs	(25.42)	(62.27)
Provision for Taxation Current (Unallocable)	(70.05)	(58.97)
Add :- Other Comprehensive Income	61,011.50	3.04
Net Profit/(Loss) After Tax	61,249.32	(14,552.82)
Segment Assets :		
(a) Software and IT Enabled Services	1,111.93	3,925.19
(b) Environment Solutions Business	367.98	368.37
(c) Unallocable	99,657.02	951.58
Total	101,136.93	5,245.14
Segment Liabilities :		
(a) Software and IT Enabled Services	183.45	539.39
(b) Environment Solutions Business	91.20	698.18
(c) Unallocable	29,232.67	604.36
Total	29,507.32	1,841.93
Capital Employed		
(a) Software and IT Enabled Services	928.48	3,385.80
(b) Environment Solutions Business	276.77	(329.81)
(c) Unallocable	70,424.36	347.23
Total	71,629.61	3,403.22

Notes:

- The above Audited standalone and Consolidated financial results were reviewed by the audit committee and approved by the Board of Directors at its meeting held on May 29, 2018.
- Other income includes net rental income/Loss as follows:


Particulars	Quarter Ended			Year ended	
	31-Mar-18	31-Dec-17	31-Mar-17	31-Mar-18	31-Mar-17
Rent Income	27.41	27.41	27.41	109.66	109.66
Less: Finance and borrowing cost	14.18	16.75	18.39	66.22	77.28
Less: Amortisation expense	4.70	4.70	4.70	18.81	18.81

- The Company has adopted Indian Accounting Standards ('IND AS') effective April 1, 2017 (transition date being April 1, 2016) notified by the Ministry of Corporate Affairs. Reconciliation of financial results between previously reported in accordance with Generally Accepted Accounting Principles in India (referred to as "Previous GAAP") and IND-AS for the quarter and year ended March 31, 2017 are as under:

Particulars	Standalone			Consolidated	
	Quarter ended March 31, 2017	Year ended March 31, 2017	Equity Reconciliation as on March 31, 2017	Year ended March 31, 2017	Equity Reconciliation as on March 31, 2017
Net Profit/(Loss) under Previous GAAP/Equity as per previous GAAP	22.14	116.08	8,790.24	(14,552.81)	3,403.17
Add : Net loss on financial liabilities fair valued through statement of profit and loss	(0.21)	0.01	0.04	0.01	0.04
Total Comprehensive Income/(Loss) under Ind-AS/Equity under IND AS	21.93	116.09	8,790.28	(14,552.80)	3,403.21

- "Exceptional items" for the quarter and year ended March 31, 2018 represents provision made towards receivable including interest thereon from a subsidiary in view of the substantial slow-down in its business activities.
- As part of the SourceHOV Business Combination Agreement, the Company's wholly owned subsidiary HOVS, LLC received equity stake in Exela Technologies, Inc. through Ex-Sigma LLC a special purpose vehicle formed for this transaction.
- The figures of the Current quarter and corresponding quarter of the previous year are the balancing figures between audited figures for the full financial year and unaudited published year to date figures up to the third quarter.
- In terms of SEBI circular CIR/CFD/CMD/56/2016 dated 27th May, 2016, the Company/Group hereby declares that the Auditors have issued audit report with un-modified opinion on annual audited standalone/consolidated financial results for the year ended March 31, 2018.

For HOV Services Limited


Sunil Rajadhyaksha
Chairman & Executive Director
(DIN:00011683)

Place: Mumbai
Date: May 29, 2018



HOVS

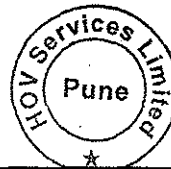
HOV SERVICES LIMITED

Registered Office: 3rd Floor Sharda Arcade, Pune Satara Road, Bibwewadi, Pune-411037
 website: www.hovsLtd.com; email: investor.relations@hovsLtd.com
 Phone: 020-24231623; Fax: 020-24221470
 CIN: L72200PN1989PLC014448

(Rs. In Lakhs)

CONSOLIDATED			STANDALONE	
As at March 31,			As at March 31,	
2018	2017		2018	2017
Audited	Audited		Audited	Audited
		ASSETS		
		Non-current assets		
138.82	168.06	Property, Plant and Equipment	29.01	18.22
932.77	951.58	Investment Property	932.77	951.58
2.38	63.12	Intangible Assets	2.38	5.96
-	0.38	Goodwill on consolidation	-	-
		Financial assets		
-	2,031.97	Investments in subsidiaries and associate	6,607.77	6,607.77
98,724.26	-	Other Investments	-	-
-	-	Loans	-	123.92
14.76	14.68	Other Financial assets	14.76	14.68
21.47	41.45	Income Tax Assets	-	31.31
198.63	218.58	Deferred Tax Assets	198.63	206.60
6.74	8.99	Other Non-Current Assets	6.74	8.99
		Current assets		
		Financial assets		
431.25	433.81	Trade Receivables	411.64	393.69
496.56	230.74	Cash and cash equivalents	372.65	199.60
87.77	871.54	Other bank balances	3.19	863.20
39.01	115.80	Other financial assets	28.28	123.64
42.51	94.44	Other Current Assets	41.34	47.79
101,136.93	5,245.14	TOTAL - ASSETS	8,649.15	9,596.95
		EQUITIES AND LIABILITIES		
		EQUITY		
1,253.57	1,253.25	Equity Share Capital	1,253.57	1,253.25
70,376.04	2,149.96	Other Equity	6,657.65	7,537.03
		LIABILITIES		
		Non-current liabilities		
		Financial liabilities		
428.32	523.21	Borrowings	428.32	523.21
28,710.72	-	Deferred Tax Liabilities	-	-
		Current liabilities		
		Financial liabilities		
-	681.40	Short term borrowings	-	-
86.41	103.28	Trade payables	74.51	90.17
146.16	453.19	Other financial liabilities	124.05	114.30
40.99	22.95	Other Current liabilities	16.33	21.10
59.15	57.89	Provisions	59.15	57.89
35.57	-	Current Tax Liabilities	35.57	-
101,136.93	5,245.14	TOTAL - EQUITY AND LIABILITIES	8,649.15	9,596.95

For HOV Services Limited



[Signature]
 Sunil Rajadhyaksha
 Chairman & Executive Director
 (DIN:00011683)

Place: Mumbai
 Date: May 29, 2018

