

AUDITORS REPORT

TO THE BOARD OF DIRECTORS OF HSIL LTD.

We have verified the accompanying financial statements of HALIS INTERNATIONAL LIMITED, expressed in INR, which comprises of Balance Sheet as at 31st March, 2017 and also the Profit & Loss Account & Cash flow Statement of the Company for the year ended on that date, duly converted into IND AS and we have signed under reference to this certificate.

The conversion has been done by the management of HSIL LTD. ("the Company") being the holding company of Halis International Limited ("the subsidiary"), in accordance with generally accepted accounting practice in India and other recognized accounting practices and policies followed by the Company to enable their incorporation in the consolidated financial statements of the Company pursuant to IND AS ~~27~~ Consolidated & Separate Financial Statements – prescribed by the Central Government of India.

The conversion of these financial statements into the relevant formats is the responsibility of the management of the Company. Our responsibility is to certify whether these financial statements and relevant formats prepared for the purpose outlined above and verified by us are accurate and in accordance with the generally accepted auditing standards in India.

The management of the company has considered the operation of its subsidiary as "Non Integral Foreign Operation" and accounting treatment for the conversion of subsidiary's financial statements has been done as set out in the IND AS – 21 "The effects of changes in the Foreign Exchange Rates" prescribed by the Central Government of India.

Based on our verification and on the basis of information and explanations given to us, the accompanying converted financial statements and relevant formats of the Subsidiary read with notes thereon and attached thereto have been converted as per the requirements of IND AS - 21 and are in conformity with generally accounting principles and other recognized accounting practices and policies in India.

This certificate is intended solely for the information and use of the Company and its statutory auditors in connection with their audit of consolidation financial statements of Company. We do not accept or assume any liability or duty of care for any other purposes or to any third parties to whom the certificate is shown, or into whose hands it may come, save where expressly agreed by our prior consent in writing.

For V S S A & ASSOCIATES
[FIRM REGISTRATION NO 012421N]
CHARTERED ACCOUNTANTS

NEW DELHI.

DATED: 12-05-2017



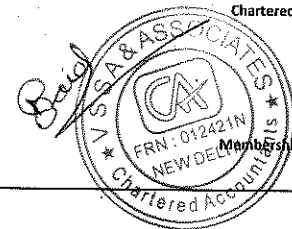
HALIS INTERNATIONAL LIMITED
Balance sheet as at 31 March 2017

Particulars	Note No.	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
		INR	USD	INR	USD	INR	USD
A							
ASSETS							
1 Non-current assets							
(a) Property, plant and equipment		-	-	-	-	-	-
(b) Capital work-in-progress		-	-	-	-	-	-
(c) Goodwill		-	-	-	-	-	-
(d) Other intangible assets		-	-	-	-	-	-
(e) Financial assets		-	-	-	-	-	-
(f) Investments	2	15,894,456	304,404	14,887,206	289,404	173,236,616	3,394,307
(g) Loans		-	-	-	-	-	-
(h) Other financial assets		-	-	-	-	-	-
(i) Other non-current assets		-	-	-	-	-	-
Total non-current assets		15,894,456	304,404	14,887,206	289,404	173,236,616	3,394,307
2 Current assets							
(a) Inventories		-	-	-	-	-	-
(b) Financial assets		-	-	-	-	-	-
(c) Trade receivables		-	-	-	-	-	-
(d) Cash and cash equivalents	3	28,856	445	277,007	4,176	104,089	1,663
(e) Bank balances other than (ii) above		-	-	-	-	-	-
(f) Loans	4	122,804	1,894	116,281	1,753	136,135	2,175
(g) Other financial assets		-	-	-	-	-	-
(h) Other current assets		-	-	-	-	-	-
Total current assets		151,660	2,339	393,288	5,929	240,224	3,838
Total assets (1+2)		16,046,116	306,743	15,280,493	295,333	173,476,840	3,398,145
B							
EQUITY AND LIABILITIES							
1 Equity							
(a) Equity Share capital	5(a)	186,247,990	3,603,000	184,904,990	3,583,000	177,158,500	3,462,000
(b) Other Equity	5(b)	(170,299,132)	(3,297,757)	(169,723,996)	(3,289,167)	(3,775,546)	(65,355)
Total equity		15,948,858	305,243	15,180,994	293,833	173,382,954	3,396,645
2 Liabilities							
Non-current liabilities							
(a) Financial liabilities							
(i) Borrowings		-	-	-	-	-	-
(ii) Trade payables		-	-	-	-	-	-
(iii) Other financial liabilities measured at amortised cost		-	-	-	-	-	-
(b) Provisions		-	-	-	-	-	-
(c) Deferred tax liabilities (Net)		-	-	-	-	-	-
(d) Other non-current liabilities		-	-	-	-	-	-
Total non-current liabilities		-	-	-	-	-	-
3 Current liabilities							
(a) Financial liabilities							
(i) Borrowings		-	-	-	-	-	-
(ii) Trade payables		-	-	-	-	-	-
(iii) Other financial liabilities		-	-	-	-	-	-
(b) Other current liabilities	6	97,258	1,500	99,499	1,500	93,886	1,500
(c) Provisions		-	-	-	-	-	-
(d) Current tax liabilities (Net)		-	-	-	-	-	-
Total current liabilities		97,258	1,500	99,499	1,500	93,886	1,500
Total equity and liabilities (1+2+3)		16,046,116	306,743	15,280,493	295,333	173,476,840	3,398,145

See accompanying notes to the financial statements

Dated : 12 May 2017
New Delhi

As per our report of even date
For V S S A & Associates
Chartered Accountants.



Partner
Membership No. 091309

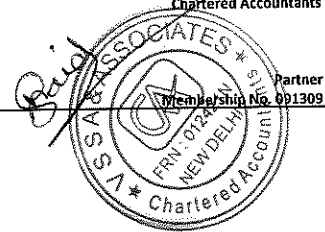
HALIS INTERNATIONAL LIMITED
Statement of profit and loss for the year ended 31 March 2017

Particulars	Note no.	Year ended 31 March 2017		Year ended 31 March 2016	
		INR	USD	INR	USD
Continuing operations					
I Revenue from operations		-	-	-	-
II Other income		-	-	-	-
III Total revenue (I + II)		-	-	-	-
IV Expenses					
Cost of materials consumed		-	-	-	-
Changes in stock of finished goods, work-in-progress and stock-in-trade		-	-	-	-
Employee benefits expense		-	-	-	-
Finance costs		-	-	-	-
Depreciation and amortisation expense		-	-	-	-
Other expenses	7	576,296	8,590	648,653	9,909
Total expenses (IV)		576,296	8,590	648,653	9,909
V Profit/(loss) before exceptional items and tax (III - IV)		(576,296)	(8,590)	(648,653)	(9,909)
Exceptional Items	8	-	-	(165,326,100)	(3,213,903)
VI Share of profit / (loss) of joint ventures and associates		-	-	-	-
VII Profit/(loss) before tax		(576,296)	(8,590)	(165,974,753)	(3,223,812)
VIII Tax expense					
(1) Current tax		-	-	-	-
(2) Deferred tax		-	-	-	-
Total tax expense (VIII)		-	-	-	-
IX Profit/(loss) after tax (VII - VIII)		(576,296)	(8,590)	(165,974,753)	(3,223,812)
X Other comprehensive income					
A (i) Items that will not be reclassified to profit or loss		-	-	-	-
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-	-	-
B (i) Items that may be reclassified to profit or loss		-	-	-	-
(ii) Income tax on items that may be reclassified to profit or loss		-	-	-	-
Total tax expense (X)		-	-	-	-
XI Total comprehensive income for the period (IX+X)		(576,296)	(8,590)	(165,974,753)	(3,223,812)

See accompanying notes to the financial statements

As per our report of even date
For V S S A & Associates
Chartered Accountants

Dated : 12 May 2017
New Delhi



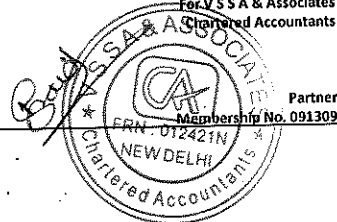
HALLS INTERNATIONAL LIMITED
Cash flow statement for the year ended 31 March 2017

Particulars	Year ended	Year ended
	31 March 2017	31 March 2016
	INR	INR
Cash flows from operating activities		
Profit before tax	(576,296)	(165,974,753)
Adjustments for:		
Impairment losses	-	165,326,100
Net foreign exchange (gain)/loss	1,161	26,304
	(575,136)	(622,348)
Movements in working capital:		
Increase in trade and other receivables	(6,523)	19,853
Decrease in trade and other payables	(2,241)	5,613
	(8,765)	25,467
Cash generated from operations	(583,900)	(596,882)
Income taxes paid		
Net cash generated by operating activities	(583,900)	(596,882)
Cash flows from investing activities:		
Purchase of investments	(1,007,250)	(6,976,690)
Net cash (used in)/generated by investing activities	(1,007,250)	(6,976,690)
	(1,591,150)	(7,573,572)
Cash flows from financing activities:		
Proceeds from borrowings	1,343,000	7,746,490
Proceeds from Issue of Share Capital	1,343,000	7,746,490
Net cash used in financing activities	(248,150)	172,918
Net increase in cash and cash equivalents:	277,007	104,089
Cash and cash equivalents at the beginning of the year	277,007	104,089
Cash and cash equivalents at the end of the year	28,856	277,007

This is the cashflow referred to in our report of even date.
See accompanying notes to the financial statements

Dated : 12 May 2017
New Delhi

As per our report of even date
For V S S A & Associates
Chartered Accountants



Partner
Membership No. 091309

HALIS INTERNATIONAL LIMITED
Note 2- Non current investment

Particulars	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	INR	USD	INR	USD	INR	USD
Investments Carried at: Investments carried at fair value (unquoted) Investments in Equity Instruments - of Subsidiaries						
Opening balance	14,887,206	289,404	173,236,616	3,394,307	173,236,616	3394307
Add: Addition during the year	1,007,250	15,000	6,976,690	109,000	-	-
Less: Provision for impairment	-	-	165,326,100	3,213,903	-	-
Total investments carrying value	15,894,456	304,404	14,887,206	289,404	173,236,616	3,394,307

Note 3 - Other Current assets (unsecured, considered good unless otherwise stated)	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	INR	USD	INR	USD	INR	USD
Other current assets (i) Prepayments (ii) Advance recoverable in cash or in kind						
	122,804	1,894	116,282	1,753	136,135	2,175
TOTAL	122,804	1,894	116,282	1,753	136,135	2,175

Note 4 - Cash and bank balances	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	INR	USD	INR	USD	INR	USD
Current Cash and bank balances (a) Balances with banks						
	28,856	445	277,006	4,176	104,089	1,663
Total cash and cash equivalent	28,856	445	277,006	4,176	104,089	1,663

HALIS INTERNATIONAL LIMITED

Note 5(a) Statement of changes in equity for the year ended 31 March 2017	As at 31 March 2017		As at 31 March 2016	
	INR	USD	INR	USD
a. Share capital Issued and paid up capital at 1 April 2015				
Balance as at 1 April 2015	177,158,500	3,462,000	177,158,500	3,462,000
Changes in equity share capital during the year	7,746,490	121,000	7,746,490	121,000
Balance as at 31 March 2016	184,904,990	3,583,000	184,904,990	3,583,000
Changes in equity share capital during the year	1,343,000	20,000	-	-
Balance as at 31 March 2017	186,247,990	3,603,000	184,904,990	3,583,000

Note 5(b) - Other equity	Reserves and Surplus					
	Foreign currency translation		Retained earning		Total	
	INR	USD	INR	USD	INR	USD
Balance as at 1 April 2015	(295,976)	-	(3,479,570)	(65,355)	(3,775,546)	(65,355)
Changes during the year	26,304	-	(165,974,753)	(3,223,812)	(165,948,450)	(3,223,812)
Balance as at 31 March 2016	(269,672)	-	(169,454,324)	(3,289,167)	(169,723,996)	(3,289,167)
Changes during the year	1,161	-	(576,296)	(8,590)	(575,136)	(8,590)
Balance as at 31 March 2017	(268,511)	-	(170,030,620)	(3,297,757)	(170,299,132)	(3,297,757)
Profit for the year	-	-	(576,296)	(8,589.95)	(576,296)	(8,590)
Other comprehensive income for the year (net of income tax)	-	-	-	-	-	-
Total comprehensive Income for the year	-	-	-	-	(576,296)	(8,590)

Note 6 - Other financial liabilities	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	INR	USD	INR	USD	INR	USD
Current Others (1) Creditors for expenses payable (2) Other liabilities						
	97,258	1,500	99,499	1,500	93,886	1,500
Total other financial liabilities	97,258	1,500	99,499	1,500	93,886	1,500

Note no. 7 Exceptional item	Year ended 31 March 2017		Year ended 31 March 2016	
	INR	USD	INR	USD
Impairment losses	-	-	(165,326,100)	(3,213,903)
	-	-	(165,326,100)	(3,213,903)

Note 8 Other expenses	Year ended 31 March 2017		Year ended 31 March 2016	
	INR	USD	INR	USD
Miscellaneous expenses	576,296	8,590	648,653	9,909
	576,296	8,590	648,653	9,909

