



SAPRA & KALRA
CHARTERED ACCOUNTANTS

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AUDITORS REPORT

TO THE BOARD OF DIRECTORS OF HSIL LTD.

We have verified the accompanying financial statements of BARWOOD PRODUCTS LIMITED, expressed in INR, which comprises of Balance Sheet as at 31st March, 2014 and also the Profit & Loss Account & Cash flow Statement of the Company for the same period, duly converted into Indian GAAP as per the requirements of the Companies Act, 1956 and in compliance with The Companies (Accounting Standard) Rules 2006 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 Barwood Products 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 Accounting Standards 21- Consolidated Financial Statements – prescribed by the Central Government of India in The Companies (Accounting Standards) Rules, 2006.

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 "Integral Foreign Operation" and accounting treatment for the conversion of subsidiary's financial statements has been done as set out in the Accounting standard – 11 "The effects of changes in the Foreign Exchange Rates" prescribed by the Central Government of India in The Companies (Accounting Standards) Rules 2006.

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 Accounting standard -11 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 consolidated 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.

NEW DELHI.

DATED: 10/5/2014

For SAPRA & KALRA
[FIRM REGISTRATION NO 012421N]
CHARTERED ACCOUNTANTS

M.NO.091309

BARWOOD PRODUCTS LIMITED
BALANCE SHEET AS AT 31-03-2014

NOTE	AS AT 31-03-2014 RS.	AS AT 31-03-2014 GBP	AS AT 31-03-2013 RS.	AS AT 31-03-2013 GBP
<u>EQUITY AND LIABILITIES</u>				
1. SHAREHOLDERS' FUNDS				
(a)	66016027 (43346070)	750001 (549940)	46046067 (25473302)	550001 (299685)
(b)	(4405941)	200061	(772728)	19800037
(c)	18264017	0	0	250316
2. SHARE APPLICATION MONEY PENDING ALLOTMENT				
3. NON-CURRENT LIABILITIES				
(a)	0	0	358343	4353
(b)	0	0	627615	7624
				11977
4. CURRENT LIABILITIES				
(a)	35993457	360476	18713105	227319
(b)	39737025	397968	20261972	246134
(c)	3673075	36786	3936915	47824
(d)	3666585	36721	3437968	41763
	83070141	831951	46349960	563040
TOTAL	101334158	1032012	67135954	825333
<u>ASSETS</u>				
1. NON-CURRENT ASSETS				
(a)	4371814	60930	3247749	49270
(i)				
TOTAL	4371814	60930	3247749	49270
2. CURRENT ASSETS				
(a)	35539440	355929	36203497	439785
(b)	51469277	515467	23244706	282367
(c)	17374	174	53097	645
(d)	9936253	99512	4384905	53266
	96962344	971082	63886205	776063
TOTAL	101334158	1032012	67135954	825333

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS 21

DATED 10/5/2014
NEW DELHI



BARWOOD PRODUCTS LIMITED
PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31-03-2014

	YEAR ENDED 31-03-2014 RS.	YEAR ENDED 31-03-2013 RS.	YEAR ENDED 31-03-2013 GBP
I. REVENUE FROM OPERATIONS	199132781	150706062	1751673
TOTAL REVENUE	<u>199132781</u>	<u>150706062</u>	<u>1751673</u>
II. EXPENSES:			
(a) COST OF MATERIALS CONSUMED	19474277	202368	118815
(b) PURCHASES OF STOCK IN TRADE	105772922	1089145	1029486
(c) CHANGES IN INVENTORIES OF FINISHED GOODS WORK-IN-PROGRESS AND STOCK-IN-TRADE	1966099	(6903299)	(82022)
(d) EMPLOYEE BENEFIT EXPENSES	36483283	38012721	441826
(e) FINANCE COSTS	641675	829382	9640
(f) DEPRECIATION AND AMORTIZATION EXPENSE	1232347	633135	7359
(g) OTHER EXPENSES	43988898	38274097	444854
TOTAL EXPENSES	<u>209559502</u>	<u>169640686</u>	<u>1969968</u>
III. PROFIT BEFORE EXCEPTIONAL AND EXTRAORDINARY ITEMS AND TAX	<u>(10426720)</u>	<u>(18934624)</u>	<u>(218295)</u>
IV. EXCEPTIONAL ITEMS	8179720	0	0
V. PROFIT BEFORE EXTRAORDINARY ITEMS AND TAX	<u>(18606440)</u>	<u>(18934624)</u>	<u>(218295)</u>
VI. EXTRAORDINARY ITEMS	0	0	0
VII. PROFIT/(LOSS) BEFORE TAX	<u>(18606440)</u>	<u>(18934624)</u>	<u>(218295)</u>
VIII. TAX EXPENSE:			
(1) CURRENT TAX	0	14024	163
(2) DEFERRED TAX	(733673)	(7624)	(283)
		<u>(10324)</u>	<u>(120)</u>
IX. PROFIT/(LOSS) AFTER TAX	<u>(17872768)</u>	<u>(250255)</u>	<u>(218175)</u>
X. PROFIT/(LOSS) AFTER TAX TRANSFERRED TO BALANCESHEET	<u>(17872768)</u>	<u>(250255)</u>	<u>(218175)</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS



DATED 10/5/2014
 NEW DELHI

BARWOOD PRODUCTS LIMITED
SCHEDULES TO THE ACCOUNTS

	AS AT 31-03-2014 RS.	AS AT 31-03-2013 RS.	AS AT 31-03-2013 GBP
SCHEDULE 1 : SHARE CAPITAL & PREMIUM			
AUTHORISED			
XXXXX Equity Shares of Re. 10/- each	62468377	700501	
	3547650	49500	500501
	<u>66016027</u>	<u>750001</u>	<u>49500</u>
ISSUED, SUBSCRIBED AND PAID UP			
501 Equity Shares of GBP 1/- each fully paid up in cash		42498417	500501
Share Premium		46046067	550001
SCHEDULE 2 : RESERVES AND SURPLUS			
GENERAL RESERVE			
As per last Balance Sheet	(25473302)	(299665)	(81510)
	(17872768)	(250255)	(218175)
	<u>(43346070)</u>	<u>(549940)</u>	<u>(299685)</u>
SCHEDULE 3: LONG TERM BORROWINGS			
From Banks	0	358343	4353
	0	<u>358343</u>	<u>4353</u>
SCHEDULE 4: DEFERRED TAX LIABILITIES			
Deferred Tax Liabilities	0	627615	7624
	0	<u>627615</u>	<u>7624</u>
SCHEDULE 5: SHORT TERM BORROWINGS			
Bank loans and overdraft	15923647	6282649	76319
Amount owed to group undertakings	20069810	12430456	151000
	<u>35993457</u>	<u>18713105</u>	<u>227319</u>
SCHEDULE 6: TRADE PAYABLES			
Sundry Creditors	39737025	20261972	246134
	<u>39737025</u>	<u>20261972</u>	<u>246134</u>
SCHEDULE 7: OTHER CURRENT LIABILITIES			
Hire purchase contract	0	178389	2167
Social Security and other Taxes	8241	838274	10183
VAT	2850213	2920252	35474
	<u>3673075</u>	<u>3936915</u>	<u>47824</u>
SCHEDULE 8: SHORT TERM PROVISIONS			
Accrued Expense	3666585	3437968	41763
	<u>3666585</u>	<u>3437968</u>	<u>41763</u>
SCHEDULE 10: INVENTORIES			
(AS TAKEN, VALUED & CERTIFIED BY MANAGEMENT)			
i) Raw Materials	6899122	5597080	67991
ii) Finished and Traded Goods	28640318	30606417	371794
	<u>35539440</u>	<u>36203497</u>	<u>439785</u>
SCHEDULE 11: TRADE RECEIVABLES			
(Considered good except where provided for)			
Trade Debtors	51469277	23244706	282367
	<u>51469277</u>	<u>23244706</u>	<u>282367</u>
SCHEDULE 12: CASH & CASH EQUIVALENTS			
Cash in Hand (as certified)	17374	53097	645
	<u>17374</u>	<u>53097</u>	<u>645</u>
SCHEDULE 13: SHORT TERM LOANS & ADVANCES			
Prepayments & Accrued Income	9936253	4384905	53266
	<u>9936253</u>	<u>4384905</u>	<u>53266</u>



BARWOOD PRODUCTS LIMITED

9 FIXED ASSETS

Particulars	Gross Block				Depreciation				Net Block	
	As At 31.03.13	Additions	Deduction/ Retirement	As At 31.03.14	Upto 31.03.13	For the Year	Deduction/ Retirement	Upto 31.03.14	As At 31.03.14	As At 31.03.13
	GBP	GBP	GBP	GBP	GBP	GBP	GBP	GBP	GBP	GBP
Plant & Machinery	103,812	24,466	-	128,278	54,542	12,806	-	67,348	60,930	49,270
Trade Mark	-	-	-	-	-	-	-	-	-	-
Total	103,812	24,466	-	128,278	54,542	12,806	-	67,348	60,930	49,270

BARWOOD PRODUCTS LIMITED

9 FIXED ASSETS

Particulars	Gross Block				Depreciation				Net Block	
	As At 31.03.13	Additions	Deduction/ Retirement	As At 31.03.14	Upto 31.03.13	For the Year	Deduction/ Retirement	Upto 31.03.14	As At 31.03.14	As At 31.03.13
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Plant & Machinery	4,599,240	2,354,412	-	6,953,652	1,349,491	1,232,347	-	2,581,838	4,371,814	3,249,749
Trade Mark	-	-	-	-	-	-	-	-	-	-
Total	4,599,240	2,354,412	-	6,953,652	1,349,491	1,232,347	-	2,581,838	4,371,814	3,249,749



BARWOOD PRODUCTS LIMITED
PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31-03-2014

	YEAR ENDED 31-03-2014 RS.	YEAR ENDED 31-03-2013 RS.	YEAR ENDED 31-03-2013 GBP
SCHEDULE 14: REVENUE FROM OPERATIONS			
Sale of Product	199132781	150706062	1751673
	<u>199132781</u>	<u>150706062</u>	<u>1751673</u>
SCHEDULE 15: COST OF MATERIALS CONSUMED			
Raw Material Consumed	19474277	10222308	118815
	<u>19474277</u>	<u>10222308</u>	<u>118815</u>
SCHEDULE 16: PURCHASE OF TRADED GOODS			
Purchase of Traded Goods	105772922	88572343	1029486
	<u>105772922</u>	<u>88572343</u>	<u>1029486</u>
SCHEDULE 17: CHANGES IN INVENTORIES			
Finished Goods	30606417	23703118	289772
Opening Stock	28640318	30606417	371794
Closing Stock	<u>1966099</u>	<u>(6903299)</u>	<u>(82022)</u>
SCHEDULE 18: EMPLOYEE BENEFIT EXPENSE			
Salaries, Wages & Allowances	36421984	36076062	419316
Termination Payments	0	1926937	22397
Welfare Expenses	61300	9722	113
	<u>36483283</u>	<u>38012721</u>	<u>441826</u>
SCHEDULE 19: FINANCE COSTS			
Interest	641675	829382	9640
	<u>641675</u>	<u>829382</u>	<u>9640</u>
SCHEDULE 20: OTHER EXPENSES			
Light & Heat	1676265	817337	9500
Rent & Rates	11259144	9975816	115950
Bank Charges	533125	311965	3626
Insurance	2046470	864485	10048
Foreign exchange (profit)/losses	(881774)	(554069)	(6440)
Auditors Remuneration	578354	249847	2904
Recruitment Cost	0	25811	300
Legal Fees	1367072	2249054	26141
Hire of Plant & Machinery	2222093	1934938	22490
Packing & Carriage	45518	648191	7534
Sales Rebate & Commission	7847046	9841601	114390
Motor & Travel Expenses	3819448	3225213	37487
Repair & Maintenance (Others)	1954953	2305579	26798
Telephone, Postage & Telegram	1490345	1408401	16370
Miscellaneous expenses	7502150	6753787	78500
Charity & Donation	408178	217756	2531
Advertisement	2121627	1094974	12727
(Profit)/Loss on sale of fixed assets (Net)	0	(3042818)	(35367)
Bad & Doubtful debt	(2117)	(53772)	(625)
	<u>43988898</u>	<u>38274097</u>	<u>444864</u>



BARWOOD PRODUCTS LIMITED
Cash Flow Statement for the year ended 31 March 2014

	Year ended 31-Mar-14	Year ended 31-Mar-13
(Amount in Rs.)		
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax	(18,606,440)	(18,934,624)
Adjustments for:		
Depreciation and Amortisation	1,232,347	633,135
Interest expense	641,675	829,382
(Profit)/ Loss on Sale of Fixed assets	-	(3,042,818)
Foreign Translation Reserve	(3,633,213)	(396,613)
Operating Profit before working capital changes	(20,365,631)	(20,911,538)
Adjustments for :		
Inventories	664,058	(10,100,309)
Trade/other receivable	(33,775,920)	13,629,088
Trade / other payables	19,439,830	651,053
Cash generated from operations	(34,037,664)	(16,731,706)
Direct taxes paid	-	(14,024)
Net cash from operating activities	(34,037,664)	(16,745,730)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Sale of fixed assets	-	3,598,311
Purchase of fixed assets including capital work in progress	(2,354,412)	(856,617)
Net cash used in investing activities	(2,354,412)	2,741,694
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital	19,969,960	42,462,510
Proceeds/(Repayment) of long term borrowings (net)	(358,343)	(3,851,944)
Proceeds from short term borrowings (net)	17,280,352	(23,762,766)
Interest paid	(641,675)	(829,382)
Net cash used in financing activities	36,250,294	14,018,419
Increase in cash and cash equivalent	(141,782)	14,383
Effect of foreign exchange fluctuations	106,058	5,176
Net increase (decrease) in cash and cash equivalent	(35,724)	19,559
Cash and cash equivalents in the beginning	53,097	33,538
Cash and cash equivalents at the close	17,373	53,097

Cash Flow Statement for the year ended 31 March 2014 (Continued)

	Year ended 31st March 2014	Year ended 31st March 2013
Note:		
Cash and cash equivalent include:		
Cash and cheques in hand and remittances in transit	-	-
Balances with bank	17,374	53,097
Cash and cash equivalents	<u>17,374</u>	<u>53,097</u>
Balances in fixed deposit accounts - pledged	-	-
Balances in unpaid dividend accounts	-	-
Bonus fraction 2005 account	-	-
Share split fraction 2006 account	-	-
Balance in post office savings account (pledged)	-	-
Balance with bank not considered as cash equivalents	-	-
Cash and bank balances as per Balance Sheet	<u>17,374</u>	<u>53,097</u>



BARWOOD PRODUCTS LIMITED

NOTE-21

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2014.

1. BASIS OF ACCOUNTING

- i) The Financial Statements are prepared on historical basis.
- ii) The Organization follows the accrual method of accounting.

2. FOREIGN EXCHANGE TRANSACTIONS:

In translating the financial statements of an integral foreign operation for incorporation in financial statements, the assets and liabilities, monetary items, of the non-integral foreign operation are translated at the closing rate; non-monetary items are translated at the rates prevailing on the date of transaction; income and expense items of the non-integral foreign operation are translated at average exchange rates prevailing during the year; and all resulting exchange differences are accumulated in foreign currency translation reserve and shown in the balance sheet.

On the disposal of an Integral foreign operation, the cumulative amount of the exchange differences which have been deferred and which relate to that operation are recognized as income or as expenses in the same period in which the gain or loss on disposal is recognized.

When there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classification are applied from the date of change in the classification,

3. The breakup of opening stock, purchases and closing stock between raw materials, stock in trade are not available with the subsidiary and conversion has been effected on the basis of estimates as available with the subsidiary.

4. IN THE OPINION OF THE BOARD OF DIRECTORS OF THE COMPANY:

- i) All the assets of the company as appearing in the Balance Sheet are realizable in the ordinary course of Business.
- ii) No personal expenses have been charged to the revenue account.

As per our report on even date

For SAPRA & KALRA .
CHARTERED ACCOUNTANTS



DATED:
PLACE:

10/5/2014
New Delhi