

AUDITORS REPORT

TO THE BOARD OF DIRECTORS OF HSIL LTD.

We have verified the accompanying financial statements of ALCHEMY INTERNATIONAL COOPERATIEF U.A., 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 Alchemy International Cooperatief U.A. ("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.

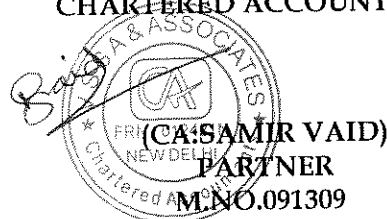
Based on our verification and on the basis of information and explanations given to us, the accompanying converted financial statements and relevant formats of the Subsidiary read with notes thereon and attached thereto have been converted as per the requirements of IND AS - 21 and are in conformity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



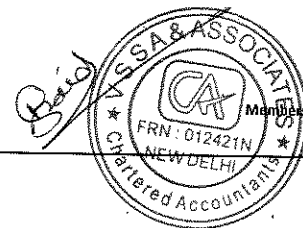
ALCHEMY INTERNATINAL COOPERATIEF U.A.
Balance sheet as at 31 March 2017

Particulars	Note No.	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
		INR	EURO	INR	EURO	INR	EURO
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	18,747,128	287,432	18,747,128	287,432	171,926,507	2,644,834
(g) Loans		-	-	-	-	-	-
(f) Other non-current assets		-	-	-	-	-	-
Total non-current assets		18,747,128	287,432	18,747,128	287,432	171,926,507	2,644,834
2 Current assets							
(a) Inventories		-	-	-	-	-	-
(b) Financial assets		-	-	-	-	-	-
(i) Trade receivables		-	-	-	-	-	-
(ii) Cash and cash equivalents		1,169,720	16,892	370,446	4,933	14,245	211
(iii) Bank balances other than (ii) above	3	-	-	-	-	-	-
(iv) Loans	4	599,511	8,658	260,656	3,471	-	-
(v) Other financial assets		-	-	-	-	-	-
(c) Other current assets		-	-	-	-	-	-
Total current assets		1,769,231	25,549	631,103	8,404	14,245	211
Total assets (1+2)		20,516,359	312,981	19,378,230	295,836	171,940,752	2,645,045
B							
EQUITY AND LIABILITIES							
1 Equity							
(a) Equity Share capital	5(a)	181,232,778	2,774,355	180,225,528	2,760,731	173,248,838	2,663,166
(b) Other Equity	5(b)	(164,611,296)	(2,517,620)	(163,495,240)	(2,500,156)	(3,242,327)	(46,772)
Total equity		16,621,482	256,736	16,730,288	260,575	170,006,511	2,616,394
Liabilities							
2 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	6	1,472,518	21,265	696,886	9,280	180,253	2,670
(b) Other current liabilities	7	2,422,359	34,981	1,951,056	25,981	1,753,988	25,981
(c) Provisions		-	-	-	-	-	-
(d) Current tax liabilities (Net)		-	-	-	-	-	-
Total current liabilities		3,894,877	56,246	2,647,942	35,261	1,934,240	28,651
Total equity and liabilities (1+2+3)		20,516,359	312,981	19,378,230	295,836	171,940,752	2,645,045

See accompanying notes to the financial statements

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

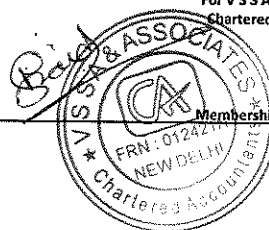
Dated : 12 May 2017
New Delhi



Partner
Membership No. 091309

ALCHEMY INTERNATIONAL COOPERATIEF U.A.
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	EURO	INR	EURO
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		-	-	-	-
Total expenses (IV)	8	1,285,448	17,464	698,855	9,665
V Profit/(loss) before exceptional items and tax (III - IV)		1,285,448	17,464	698,855	9,665
Exceptional items	9	(1,285,448)	(17,464)	(698,855)	(9,665)
VI Share of profit / (loss) of joint ventures and associates		-	-	(159,386,269)	(2,443,719)
Share of profit / (loss) of joint ventures and associates		-	-	-	-
VII Profit/(loss) before tax		(1,285,448)	(17,464)	(160,085,124)	(2,453,384)
VIII Tax expense		-	-	-	-
(1) Current tax		-	-	-	-
(2) Deferred tax		-	-	-	-
Total tax expense (VIII)		-	-	-	-
IX Profit/(loss) after tax (VII - VIII)		(1,285,448)	(17,464)	(160,085,124)	(2,453,384)
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)		(1,285,448)	(17,464)	(160,085,124)	(2,453,384)
See accompanying notes to the financial statements					
As per our report of even date For V S S A & Associates Chartered Accountants					
Partner Membership No. 091309					
Dated : 12 May 2017 New Delhi					



ALCHEMY INTERNATIONAL COOPERATIEF U.A.
Cash flow statement for the year ended 31 March 2017

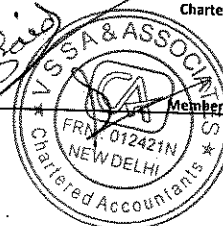
Particulars	Year ended 31 March 2017 INR	Year ended 31 March 2016 INR
Cash flows from operating activities		
Profit before tax		
Adjustments for:	(1,285,448)	(160,085,124)
impairment losses	-	159,386,269
Net foreign exchange (gain)/loss	169,392	(167,789)
Movements in working capital:	(1,116,056)	(866,643)
Increase in trade and other receivables		
Decrease in trade and other payables	(338,855)	(260,656)
Cash generated from operations	1,246,935	713,702
Income taxes paid	908,080	453,045
Net cash generated by operating activities	(207,976)	(413,598)
Cash flows from investing activities:		
Purchase of investments	-	(6,206,890)
Net cash (used in)/generated by investing activities	-	(6,206,890)
Cash flows from financing activities:	(207,976)	(6,620,488)
Proceeds from borrowings		
Proceeds from Issue of Share Capital		
Net cash used in financing activities	1,007,250	6,976,690
	1,007,250	6,976,690
	799,274	356,202
Net Increase in cash and cash equivalents:		
Cash and cash equivalents at the beginning of the year	370,446	14,245
Cash and cash equivalents at the end of the year	370,446	14,245
	1,169,720	370,446

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

Said



Partner
Membership No. 091309

ALCHEMY INTERNATINAL COOPERATIEF U.A.

Note 2- Non current investment

Particulars	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	INR	EURO	INR	EURO	INR	EURO
Investments Carried at:						
Investments carried at fair value (unquoted)						
Investments In Equity Instruments						
- of Subsidiaries						
Opening balance	18,747,128	287,432	171,926,507	2,644,834	171,926,507	2,644,834
Add: Addition during the year	-	-	6,206,890	86,317	-	-
Less: Provision for Impairment	-	-	159,386,269	2,443,719	-	-
Total investments carrying value	18,747,128	287,432	18,747,128	287,432	171,926,507	2,644,834

Note 3 - Cash and bank balances	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	INR	EURO	INR	EURO	INR	EURO
Current Cash and bank balances						
Balances with banks	1,169,720	16,892	370,446	4,933	14,245	211
Total cash and cash equivalent	1,169,720	16,892	370,446	4,933	14,245	211

Note 4 - 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	EURO	INR	EURO	INR	EURO
Other current assets						
Advance recoverable in cash or In kind	599,511	8,658	260,656	3,471	-	-
TOTAL	599,511	8,658	260,656	3,471	-	-

ALCHEMY INTERNATINAL COOPERATIEF U.A.

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	EURO	INR	EURO
	a. Share capital			
Issued and paid up capital at 1 April 2015				
Balance as at 1 April 2015	173,248,838	2,663,166	173,248,838	2,663,166
Changes in equity share capital during the year	6,976,690	97,565	6,976,690	97,565
Balance as at 31 March 2016	180,225,528	2,760,731	180,225,528	2,760,731
Changes in equity share capital during the year	1,007,250	13,624	-	-
Balance as at 31 March 2017	181,232,778	2,774,355	180,225,528	2,760,731

Note 5(b) - Other equity

	Reserves and Surplus					
	Foreign currency translation reserve		Retained earning		Total	
	INR	EURO	INR	EURO	INR	EURO
Balance as at 1 April 2015	24,357	-	(3,266,683)	(46,772)	(3,242,327)	(46,772)
Changes during the year	(167,789)	-	(160,085,124)	(2,453,384)	(160,252,914)	(2,453,384)
Balance as at 31 March 2016	(143,433)	-	(163,351,808)	(2,500,156)	(163,495,240)	(2,500,156)
Changes during the year	169,392	-	(1,285,448)	(17,464)	(1,116,056)	(17,464)
Balance as at 31 March 2017	25,960	-	(164,637,256)	(2,517,620)	(164,611,296)	(2,517,620)
Profit for the year			(1,285,448)	(17,463.74)	(1,285,448)	(17,464)
Other comprehensive income for the year (net of income tax)						
Total comprehensive income for the year					(1,285,448)	(17,464)

Note 6 - Other financial liabilities	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	INR	EURO	INR	EURO	INR	EURO
Creditors for expenses payable	1,472,518	21,265	696,886	9,280	180,253	2,670
Total other financial liabilities	1,472,518	21,265	696,886	9,280	180,253	2,670

Note 7 - Other current liabilities	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	INR	EURO	INR	EURO	INR	EURO
Amount owed to group company	2,422,359	34,981	1,951,056	25,981	1,753,988	25,981
Total other current liabilities	2,422,359	34,981	1,951,056	25,981	1,753,988	25,981

Note 8 Other expenses	For the year ended 31 March 2017		For the year ended 31 March 2016	
	INR	EURO	INR	EURO
Miscellaneous expenses	1,285,448	17,464	698,855	9,665
	1,285,448	17,464	698,855	9,665

Note no. 9 Exceptional Item	For the year ended 31 March 2017		For the year ended 31 March 2016	
	INR	EURO	INR	EURO
Impairment losses	-	-	(159,386,269)	(2,443,719)
	-	-	(159,386,269)	(2,443,719)

