

AUDITORS REPORT

TO THE BOARD OF DIRECTORS OF HSIL LTD.

We have verified the accompanying financial statements of HAAS INTERNATIONAL B.V., 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 Haas International B.V. ("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.

NEW DELHI.

DATED: 12-05-2017

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


CA: SAMIR VAID
PARTNER
M.NO.091309

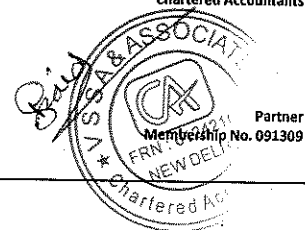
HAAS INTERNATINAL B.V.
Balance sheet as at 31 March 2017

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	2	3,143,717	48,675	3,372,142	51,778	4,116,045	62,066
(e) Financial assets		-	-	-	-	-	-
(f) Investments	3	11,199,404	173,460	12,139,460	189,501	128,161,340	2,000,641
(ii) Loans	4	-	-	-	-	34,117,408	508,685
(f) Other non-current assets		-	-	-	-	-	-
Total non-current assets		14,343,121	222,135	15,511,602	241,279	166,394,793	2,571,392
2 Current assets							
(a) Inventories		-	-	-	-	-	-
(b) Financial assets		-	-	-	-	-	-
(i) Trade receivables		-	-	-	-	-	-
(ii) Cash and cash equivalents	5	229,577	3,315	909,707	12,114	407,020	6,029
(iii) Bank balances other than (ii) above		-	-	-	-	-	-
(iv) Loans	6	-	-	1,006,246	13,400	-	-
(v) Other financial assets	7	3,088,330	44,598	2,472,369	32,923	1,753,988	25,981
(c) Other current assets		-	-	-	-	-	-
Total current assets		3,317,907	47,914	4,388,322	58,437	2,161,008	32,010
Total assets (1+2)		17,661,028	270,048	19,899,925	299,716	168,555,801	2,603,402
B EQUITY AND LIABILITIES							
1 Equity							
(a) Equity Share capital	8(a)	1,087,943	18,000	1,087,943	18,000	1,087,943	18,000
(b) Other Equity	8(b)	14,851,810	227,192	17,889,584	269,433	167,209,563	2,581,576
Total equity		15,939,753	245,192	18,977,527	287,433	168,297,506	2,599,576
Liabilities							
2 Non-current liabilities							
(a) Financial Liabilities							
(i) Borrowings		-	-	-	-	-	-
(ii) Trade payables		-	-	-	-	-	-
(ii) 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	9	1,721,275	24,857	922,398	12,283	258,295	3,826
(b) Other current liabilities		-	-	-	-	-	-
(c) Provisions		-	-	-	-	-	-
(d) Current tax liabilities (Net)		-	-	-	-	-	-
Total current liabilities		1,721,275	24,857	922,398	12,283	258,295	3,826
Total equity and liabilities (1+2+3)		17,661,028	270,048	19,899,925	299,716	168,555,801	2,603,402

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



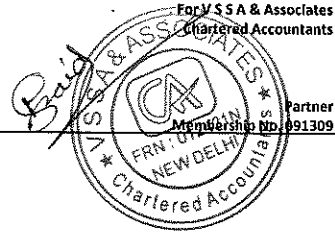
HAAS INTERNATINAL B.V.
Statement of profit and loss for the year ended 31 March 2017

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		-	-	-	-
Employee benefits expense		-	-	-	-
Finance costs		-	-	-	-
Depreciation and amortisation expense	2	228,425	3,103	743,903	10,288
Other expenses	10	2,880,810	39,138	3,013,571	57,394
Total expenses (IV)		3,109,235	42,241	3,757,474	67,682
V Profit/(loss) before exceptional items and tax (III - IV)		(3,109,235)	(42,241)	(3,757,474)	(67,682)
Exceptional items	11	-	-	(153,595,833)	(2,330,779)
VI Share of profit / (loss) of joint ventures and associates		-	-	-	-
## Share of profit / (loss) of joint ventures and associated		-	-	-	-
VII Profit/(loss) before tax		(3,109,235)	(42,241)	(157,353,307)	(2,398,461)
VIII Tax expense					
(1) Current tax		-	-	-	-
(2) Deferred tax		-	-	-	-
Total tax expense (VIII)		-	-	-	-
IX Profit/(loss) after tax (VII - VIII)		(3,109,235)	(42,241)	(157,353,307)	(2,398,461)
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)		(3,109,235)	(42,241)	(157,353,307)	(2,398,461)

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

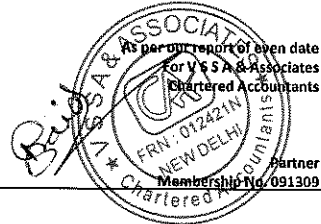


HAAS INTERNATIONAL B.V.
Cash flow statement for the year ended 31 March 2017

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
	INR	INR
Cash flows from operating activities		
Profit before tax	(3,109,235)	(3,757,474)
Adjustments for:		
Depreciaton and amortisation	228,425	743,903
Impairment losses	-	(153,595,833)
Net foreign exchange (gain)/loss	71,461	1,826,438
	(2,809,349)	(154,782,965)
Movements in working capital:		
Increase in trade and other receivables	390,285	(718,381)
Decrease in trade and other payables	798,877	664,103
	1,189,162	(54,278)
Cash generated from operations	(1,620,188)	(154,837,243)
Income taxes paid	-	-
Net cash generated by operating activities	(1,620,188)	(154,837,243)
Cash flows from investing activities:		
Purchase of investments	940,056	116,021,880
Loans and advances	-	33,111,161
Net cash (used in)/generated by investing activities	940,056	149,133,041
	(680,131)	(5,704,202)
Cash flows from financing activities:		
Proceeds from borrowings	-	6,206,890
Proceeds from Issue of Share Capital	-	6,206,890
Net cash used in financing activities	(680,131)	502,688
Net Increase In cash and cash equivalents:		
Cash and cash equivalents at the beginning of the year	909,707	407,020
	909,707	407,020
Cash and cash equivalents at the end of the year	229,577	909,707

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



HAAS INTERNATINAL B.V.

Note 2. Other intangible assets Description of assets	Trade mark		Total	
	INR	GBP	INR	GBP
Cost				
Balance as at 1 April 2015	4,116,045	62,066	4,116,045	62,066
Additions	-	-	-	-
Deletion	-	-	-	-
Balance as at 31 March 2016	4,116,045	62,066	4,116,045	62,066
Additions	-	-	-	-
Deletion	-	-	-	-
Balance as at 31 March 2017	4,116,045	62,066	4,116,045	62,066
II. Accumulated amortisation				
Balance as at 1 April 2015	-	-	-	-
For the year	743,903	10,288	743,903	10,288
Deletion	-	-	-	-
Balance as at 31 March 2016	743,903	10,288	743,903	10,288
For the year	228,425	3,103	228,425	3,103
Deletion	-	-	-	-
Balance as at 31 March 2017	972,328	13,391	972,328	13,391
Net book (I-II)				
Balance as on 31 March 2017	3,143,717	48,675	3,143,717	48,675
Balance as on 31 March 2016	3,372,142	51,778	3,372,142	51,778
Balance as on 31 March 2015	4,116,045	62,066	4,116,045	62,066

Note 3- 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						
KS 615 Limied	10,030,985	156,587	128,161,340	2,000,641	128,161,340	2,000,641
Queo Bathroom Innovations Limited	1,168,419	16,873	-	-	-	-
Less: Provision for Impairment	-	-	116,021,880	1,811,140	-	-
Total investments carrying value	11,199,404	173,460	12,139,460	189,501	128,161,340	2,000,641

Note 4 - Other non-current loans (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 to group company	-	-	-	-	34,117,408	508,685
TOTAL	-	-	-	-	34,117,408	508,685



HAAS INTERNATINAL B.V.

Note 5 - 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						
(a) Balances with banks	229,577	3,315	909,707	12,114	407,020	6,029
Total cash and cash equivalent	229,577	3,315	909,707	12,114	407,020	6,029

Note 6 - Other financial current assets loan (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						
(i) Advance to group company	-	-	38,738,956	533,039	-	-
Less: Group settlement	-	-	37,732,710	519,639	-	-
TOTAL	-	-	1,006,246	13,400	-	-

Note 7 - 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						
(i) Advance to group company	2,422,208	34,979	1,951,056	25,981	1,753,988	25,981
(ii) Advance recoverable in cash or in kind	666,122	9,619	521,313	6,942	-	-
TOTAL	3,088,330	44,598	2,472,369	32,923	1,753,988	25,981

HAAS INTERNATINAL B.V.

Note 8(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	1,087,943	18,000	1,087,943	18,000
Changes in equity share capital during the year	-	-	-	-
Balance as at 31 March 2016	1,087,943	18,000	1,087,943	18,000
Changes in equity share capital during the year	-	-	-	-
Balance as at 31 March 2017	1,087,943	18,000	1,087,943	18,000

Note 8(b) - Other equity

	Reserves and Surplus							
	Security premium		Foreign currency translation		Retained earning		Total	
	INR	EURO	INR	EURO	INR	EURO	INR	EURO
Balance as at 1 April 2015	170,838,564	2,626,834	(587,438)	-	(3,041,563)	(45,258)	167,209,563	2,581,576
Changes during the year	6,206,890	86,318	1,826,438	-	(157,353,307)	(2,398,461)	(149,319,979)	(2,312,143)
Balance as at 31 March 2016	177,045,454	2,713,152	1,239,000	-	(160,394,870)	(2,443,719)	17,889,584	269,433
Changes during the year	-	-	71,461	-	(3,109,235)	(42,241)	(3,037,774)	(42,241)
Balance as at 31 March 2017	177,045,454	2,713,152	1,310,461	-	(163,504,105)	(2,485,960)	14,851,810	227,192
Profit for the year					(3,109,235)	(42,241.20)	(3,109,235)	(42,241)
Other comprehensive income for the year (net of income tax)					-	-	-	-
Total comprehensive income for the year							(3,109,235)	(42,241)

Note 9 - Other financial liabilities	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	INR	EURO	INR	EURO	INR	EURO
Current						
Others						
# Creditors for expenses payable	508,080	7,337	922,398	12,283	258,295	3,826
# Advance from group company	1,213,196	17,520	-	-	-	-
Total other financial liabilities	1,721,275	24,857	922,398	12,283	258,295	3,826

Note 10 Other expenses	For the year ended 31 March 2017		For the year ended 31 March 2016	
	INR	EURO	INR	EURO
Miscellaneous expenses	1,745,398	23,712	834,291	11,538
Currency exchange result	(13,410)	(182)	2,179,280	45,856
Loans and advances written off	1,148,822	15,608	-	-
	2,880,810	39,138	3,013,571	57,394

Note no. 11 Exceptional Item	For the year ended 31 March 2017		For the year ended 31 March 2016	
	INR	EURO	INR	EURO
Impairment losses	-	-	(153,595,833)	(2,330,779)
	-	-	(153,595,833)	(2,330,779)

