

AUDITORS REPORT

TO THE BOARD OF DIRECTORS OF HSIL LTD.

We have verified the accompanying financial statements of KS 615 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 KS 615 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.

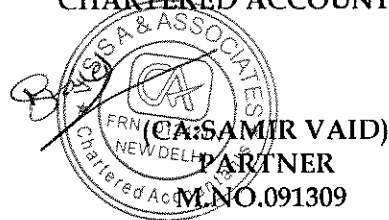
Based on our verification and on the basis of information and explanations given to us, the accompanying converted financial statements and relevant formats of the Subsidiary read with notes thereon and attached thereto have been converted as per the requirements of IND AS - 21 and are in conformity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



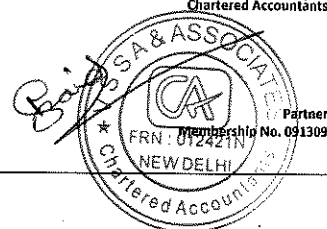
KS 615 LIMITED
Balance sheet as at 31 March 2017

A	Particulars	Note No.	As at		As at		As at		
			31 March 2017		31 March 2016		1 April 2015		
			INR	GBP	INR	GBP	INR	GBP	
	ASSETS								
	1 Non-current assets								
	(a) Property, plant and equipment	2	-	-	-	-	3,603,528	53,135	
	(b) Capital work-in-progress		-	-	-	-	-	-	
	(c) Goodwill		-	-	-	-	-	-	
	(d) Other intangible assets		-	-	-	-	-	-	
	(e) Financial assets		-	-	-	-	-	-	
	(f) Investments		-	-	-	-	-	-	
	(g) Loans		-	-	-	-	-	-	
	(h) Other financial assets		-	-	-	-	-	-	
	(i) Other non-current assets		-	-	-	-	-	-	
	Total non-current assets		-	-	-	-	3,603,528	53,135	
	2 Current assets								
	(a) Inventories	3	-	-	-	-	31,311,367	338,651	
	(b) Financial assets		-	-	-	-	-	-	
	(i) Trade receivables	4	-	-	10,188,606	107,148	48,227,869	521,613	
	(ii) Cash and cash equivalents	5	1,547,333	19,131	10,104,262	106,262	28,570	309	
	(iii) Bank balances other than (ii) above		-	-	-	-	-	-	
	(iv) Loans	6	1,132,316	14,000	7,101,092	74,679	9,336,243	100,977	
	(v) Other financial assets	7	1,213,196	15,000	-	-	-	-	
	(c) Other current assets		-	-	-	-	-	-	
	Total current assets		3,892,844	48,131	27,393,960	288,089	88,904,048	961,550	
	Total assets (1+2)		3,892,844	48,131	27,393,960	288,089	92,507,576	1,014,685	
	B EQUITY AND LIABILITIES								
	1 Equity								
	(a) Equity Share capital	8(a)	62,468,377	700,501	62,468,377	700,501	62,468,377	700,501	
	(b) Other Equity	8(b)	(60,273,989)	(673,370)	(49,168,700)	(560,586)	(56,978,961)	(626,969)	
	Total equity		2,194,388	27,131	13,299,677	139,915	5,489,416	73,532	
	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	9	-	-	1,006,247	10,533	50,444,668	545,589	
	(ii) Trade payables	10	1,213,178	15,000	10,441,350	109,807	30,858,594	333,754	
	(iii) Other financial liabilities	11	485,278	6,000	2,646,685	27,834	5,714,897	61,810	
	(b) Other current liabilities		-	-	-	-	-	-	
	(c) Provisions		-	-	-	-	-	-	
	(d) Current tax liabilities (Net)		-	-	-	-	-	-	
	Total current liabilities		1,698,456	21,000	14,094,282	148,174	87,018,159	941,153	
	Total equity and liabilities (1+2+3)		3,892,844	48,130	27,393,959	288,089	92,507,576	1,014,685	

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



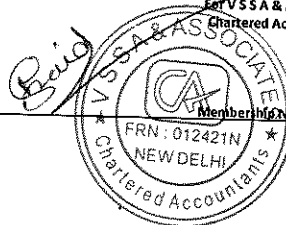
KS 615 LIMITED
Statement of profit and loss for the year ended 31 March 2017

Particulars	Note no.	Year ended 31 March 2017		Year ended 31 March 2016	
		INR	GBP	INR	GBP
Continuing operations					
I Revenue from operations	12	-	-	150,931,415	1,528,195
II Other Income	13	676,847	7,717	3,654,287	37,000
III Total revenue (I + II)		676,847	7,717	154,585,702	1,565,195
IV Expenses					
Cost of materials consumed	15	-	-	87,410,533	885,040
Changes in stock of finished goods, work-in-progress and stock-in-trade	16	-	-	24,723,563	267,400
Employee benefits expense	17	1,057,947	12,061	23,873,355	241,720
Finance costs	18	-	-	615,204	6,229
Depreciation and amortisation expense	2	-	-	523,057	5,296
Other expenses	19	9,511,646	108,440	49,539,681	501,594
Total expenses (IV)		10,569,592	120,501	186,685,393	1,907,279
V Profit/(loss) before exceptional items and tax (III - IV)		(9,892,745)	(112,784)	(32,099,691)	(342,084)
Exceptional items	14	-	-	38,835,709	408,467
VI Share of profit / (loss) of joint ventures and associates (1) Share of profit / (loss) of joint ventures and associated		-	-	-	-
VII Profit/(loss) before tax		(9,892,745)	(112,784)	6,736,018	66,383
VIII Tax expense					
(1) Current tax		-	-	-	-
(2) Deferred tax		-	-	-	-
Total tax expense (VIII)		-	-	-	-
IX Profit/(loss) after tax (VII - VIII)		(9,892,745)	(112,784)	6,736,018	66,383
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)		(9,892,745)	(112,784)	6,736,018	66,383

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

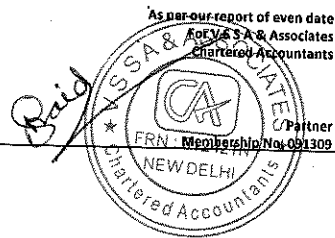


Partner
Membership No. 091309

Particulars	Year ended	Year ended
	31 March 2017	31 March 2016
	INR	INR
Cash flows from operating activities		
Profit before tax		
Adjustments for:	(9,892,745)	6,736,018
Finance costs recognised in profit or loss	-	615,204
Depreciation and amortisation of non-current assets	-	523,057
(Profit)/ Loss on Sale of Fixed assets	-	1,761,959
Net foreign exchange (gain)/loss	(1,212,544)	1,074,243
Movements in working capital:	(11,105,289)	10,710,481
Increase in trade and other receivables	14,944,186	40,274,414
(Increase)/decrease in inventories	(11,389,579)	31,311,367
Decrease in trade and other payables	(3,554,607)	(23,485,457)
Cash generated from operations	3,554,607	48,100,324
Income taxes paid	(7,550,682)	58,810,805
Net cash generated by operating activities	(7,550,682)	58,810,805
Cash flows from Investing activities:		
Payments for property, plant and equipment	-	(1,761,959)
Proceeds from disposal of property, plant and equipment	-	3,080,471
Net cash (used in)/generated by investing activities		1,318,512
Cash flows from financing activities:	(7,550,682)	60,129,317
Proceeds from borrowings		
Movement in short term borrowings(net)		
Interest paid	(1,006,247)	(49,438,421)
Net cash used in financing activities	(1,006,247)	(615,204)
	(8,556,929)	10,075,692
Net increase in cash and cash equivalents:		
Cash and cash equivalents at the beginning of the year	10,104,262	28,570
Cash and cash equivalents at the end of the year	10,104,262	28,570
	1,547,333	10,104,262

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



KS 615 LIMITED

Note 2. Property, plant and equipment Description of assets	Plant and machinery		Total	
	INR	GBP	INR	GBP
Cost				
Balance as at 1 April 2015	3,603,528	53,135	3,603,528	53,135
Additions	-	-	-	-
Deletion	-	-	-	-
Balance as at 31 March 2016	(3,603,528)	(53,135)	(3,603,528)	(53,135)
Additions	-	-	-	-
Deletion	-	-	-	-
Balance as at 31 March 2017	-	-	-	-
ii. Accumulated amortisation				
Balance as at 1 April 2015	-	-	-	-
For the year	523,057	5,296	523,057	5,296
Deletion	(523,057)	(5,296)	(523,057)	(5,296)
Balance as at 31 March 2016	-	-	-	-
For the year	-	-	-	-
Deletion	-	-	-	-
Balance as at 31 March 2017	-	-	-	-
Net block (i-ii)				
Balance as on 31 March 2017	-	-	-	-
Balance as on 31 March 2016	-	-	-	-
Balance as on 31 March 2015	3,603,528	53,135	3,603,528	53,135

KS 615 LIMITED

Note 3 - Inventories

(As taken, valued and certified by management)	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
i) Raw Materials	-	-	-	-	6,587,803	71,251
ii) Finished and Traded Goods	-	-	-	-	24,723,563	267,400
	-	-	-	-	31,311,367	338,651

Note 4 - Trade receivables

Trade receivables outstanding for a period of more than 6 months	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
(a) Secured, considered good	-	-	-	-	-	-
(b) Unsecured, considered good	-	-	-	-	-	-
Other Trade receivables						
(a) Secured, considered good	-	-	-	-	-	-
(b) Unsecured, considered good	-	-	10,188,606	107,148	48,227,869	521,613
	-	-	10,188,606	107,148	48,227,869	521,613

Note 5 - Cash and bank balances

	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	INR	GBP	INR	GBP	INR	GBP
Current Cash and bank balances						
(a) Balances with banks	1,547,333	19,131	10,104,262	106,262	28,570	309
Total cash and cash equivalent	1,547,333	19,131	10,104,262	106,262	28,570	309

KS 615 LIMITED

Note 6 - 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	GBP	INR	GBP	INR	GBP
Other current assets						
(i) Prepayments	889,677	11,000	5,736,481	60,328	9,336,243	100,977
(ii) Advance recoverable in cash or in kind	242,639	3,000	1,364,611	14,351	-	-
TOTAL	1,132,316	14,000	7,101,092	74,679	9,336,243	100,977

Note 7 - Other financial assets

	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	INR	GBP	INR	GBP	INR	GBP
Advance to group company	1,213,196	15,000	-	-	-	-
	1,213,196	15,000	-	-	-	-



KS 615 LIMITED

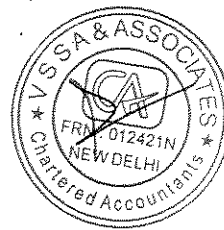
Note 8(a) Statement of changes in equity for the year ended 31 March 2017	As at 31 March 2017		As at 31 March 2016					
	INR	GBP	INR	GBP				
	a. Share capital							
Issued and paid up capital at 1 April 2015								
Balance as at 1 April 2015	62,468,377	700,501	62,468,377	700,501				
Changes in equity share capital during the year	-	-	-	-				
Balance as at 31 March 2016	62,468,377	700,501	62,468,377	700,501				
Changes in equity share capital during the year	-	-	-	-				
Balance as at 31 March 2017	62,468,377	700,501	62,468,377	700,501				
Note 8(b) - Other equity	Reserves and Surplus							
	Security premium		Foreign currency translation		Retained earning		Total	
	INR	GBP	INR	GBP	INR	GBP	INR	GBP
Balance as at 1 April 2015	3,547,650	49,500	(2,708,354)	-	(57,818,257)	(676,469)	(56,978,961)	(626,969)
Changes during the year	-	-	1,074,243	-	6,736,018	66,383.00	7,810,261	66,383
Balance as at 31 March 2016	3,547,650	49,500	(1,634,110)	-	(51,082,240)	(610,086)	(49,168,700)	(560,586)
Changes during the year	-	-	(1,212,544)	-	(9,892,745)	(112,784)	(11,105,289)	(112,784)
Balance as at 31 March 2017	3,547,650	49,500	(2,846,655)	-	(60,974,984)	(722,870)	(60,273,989)	(673,370)
Profit for the year					(9,892,745)	(112,784.49)	(9,892,745)	(112,784)
Other comprehensive income for the year (net of income tax)					-	-	-	-
Total comprehensive income for the year							(9,892,745)	(112,784)

KS 615 LIMITED

Note 9 - Current borrowings Particulars	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	INR	GBP	INR	GBP	INR	GBP
A. Secured borrowings						
Bank loans and overdraft	-	-	-	-	16,327,260	176,589
Total secured borrowings	-	-	-	-	16,327,260	176,589
B. Unsecured borrowings						
Loans from related parties						
Inter-corporate Deposits	-	-	39,841,956	419,000	34,117,408	369,000
Less: Impairment	-	-	38,835,709	408,467	-	-
Total unsecured borrowings	-	-	1,006,247	10,533	34,117,408	369,000
Total current borrowings	-	-	1,006,247	10,533	50,444,668	545,589

Note 10 - Trade payables	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	INR	GBP	INR	GBP	INR	GBP
-total outstanding dues of micro enterprise and small enterprises	-	-	-	-	-	-
-total outstanding dues of creditors other than micro enterprise and small enterprises	1,213,178	15,000	10,441,350	109,807	30,858,594	333,754
Total trade payables*	1,213,178	15,000	10,441,350	109,807	30,858,594	333,754

Note 11 - Other financial liabilities	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	INR	GBP	INR	GBP	INR	GBP
Current						
Others						
(1) Creditors for expenses payable	485,278	6,000	2,277,553	23,952	1,620,808	17,530
(2) Other liabilities	-	-	369,132	3,882	4,094,089	44,280
Total other financial liabilities	485,278	6,000	2,646,685	27,834	5,714,897	61,810



KS 615 LIMITED

Note 12 Revenue from operations	For the year ended 31 March 2017		For the year ended 31 March 2016	
	Particulars			
	INR	GBP	INR	GBP
(a) Revenue from sale of goods (including excise duty)	-	-	150,217,348	1,520,965
Other operating income	-	-	-	-
(a) Exchange fluctuation gain	-	-	714,067	7,230
Total revenue from operations	-	-	150,931,415	1,528,195

Note 13 Other Income

Particulars	For the year ended 31 March 2017		For the year ended 31 March 2016	
	INR	GBP	INR	GBP
Interest income	-	-	-	-
On financial assets at amortised cost	-	-	-	-
Sales of Barwood name	-	-	3,654,287	37,000
Profit on sale of capital assets	35,085	400	-	-
Miscellaneous income	641,762	7,317	-	-
Total other income	676,847	7,717	3,654,287	37,000

Note no. 14 Exceptional income	For the year ended 31 March 2017		For the year ended 31 March 2016	
	INR	GBP	INR	GBP
Loans not payable to holding company	-	-	38,835,709	408,467
	-	-	38,835,709	408,467

Note 15: Cost of materials consumed	For the year ended 31 March 2017		For the year ended 31 March 2016	
	Particulars			
	INR	GBP	INR	GBP
Opening stock	-	-	21,797,051	221,152
Add: Purchases	-	-	65,613,482	663,888
Less: Closing stock	-	-	-	-
	-	-	87,410,533	885,040

Note 16: Changes in Inventories of finished goods, work-in-progress and stock-in-trade	For the year ended 31 March 2017		For the year ended 31 March 2016	
	INR	GBP	INR	GBP
Inventories at the beginning of the year:				
Finished goods	-	-	24,723,563	267,400
	-	-	24,723,563	267,400
Inventories at the end of the year:				
Finished goods	-	-	-	-
	-	-	-	-
Change in stock	-	-	(24,723,563)	(267,400)

KS 615 LIMITED

Note 17 Employee benefits expense	For the year ended 31 March 2017		For the year ended 31 March 2016	
	INR	GBP	INR	GBP
Salaries and wages, including bonus	1,057,947	12,061	23,873,355	241,720
	1,057,947	12,061	23,873,355	241,720

Note 18 Finance cost	For the year ended 31 March 2017		For the year ended 31 March 2016	
	INR	GBP	INR	GBP
Interest expense	-	-	615,204	6,229
	-	-	615,204	6,229

Note 19 Other expenses	For the year ended 31 March 2017		For the year ended 31 March 2016	
	INR	GBP	INR	GBP
Light & Heat	365,942	4,172	2,504,470	25,358
Rent & Rates	1,491,133	17,000	13,027,433	131,904
Bank Charges	57,027	650	467,847	4,737
Insurance	-	-	2,312,768	23,417
Foreign exchange (profit)/losses	37,040	422	-	-
Auditors Remuneration	-	-	444,440	4,500
Recruitment Cost	-	-	382,712	3,875
Legal Fees	2,321,396	26,466	5,140,001	52,043
Hire of Plant & Machinery	-	-	353,577	3,580
VAT	176,322	2,010	-	-
Sales Rebate & Commission	176,322	2,010	5,307,012	53,734
Motor & Travel Expenses	-	-	1,531,344	15,505
Repair & Maintenance (Others)	303,489	3,460	3,653,200	36,989
Telephone, Postage & Telegram	-	-	941,127	9,529
Miscellaneous expenses	763,036	8,699	6,808,825	68,940
Charity & Donation	-	-	127,011	1,286
Advertisement	-	-	3,156,316	31,958
(Profit)/Loss on sale of fixed assets (Net)	-	-	1,761,959	17,840
Bad & Doubtful debt	3,819,939	43,550	1,619,639	16,399
	9,511,646	108,440	49,539,681	501,594

