



Auditor's report to the Group Auditor on the audit of Conversion into Functional Currency (Indian Rupees) of Financial Information for group audit purposes

Name(s) of component(s): Alchemy International Cooperatief U.A.,
Hoogoorddreef, 1101 BA Amsterdam

Year-end: March 31, 2019

Currency: EURO

To: Group Auditor Mr. N K Lodha of Lodha & Co. Chartered Accountants

We have audited the conversion of Ind AS financial statements of Alchemy International Cooperatief U.A, for the purpose of your audit of the group financial statements of HSIL Limited, the accompanying special purpose financial information containing Balance Sheet, Statement of Profit & Loss, Statement of Change in Equity and Cash Flow Statement with Significant Accounting Policies and explanatory Notes of Alchemy International Cooperatief U.A., a Subsidiary of Halis International Limited as of 31-03-2019 and for the year then ended 31-03-2019. This special purpose financial information has been prepared solely to enable HSIL Limited to prepare its group financial statements.

Report on the Audit of the conversion of Financial Statements

Opinion

We have audited the accompanying special purpose financial statements of Alchemy International Cooperatief U.A., which comprise the balance sheet as at March 31, 2019, statement of Profit and Loss, Statement of Change in Equity and the statement of cash flows for the year then ended, and notes to the special purpose financial statements, including a summary of significant accounting policies (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, of their state of affairs as at March 31, 2019, loss and cash flows for the year then ended.

We conducted our audit in accordance with Standards on Auditing (SAs) which are comparable with International Standards on Auditing. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the special purpose Financial Statements section of our report. We are independent of the Group and its associates and joint ventures in accordance with the ethical requirements that are relevant to our audit of the special purpose financial statements in India in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 2013, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were



addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to be communicated in our report.

Responsibilities of Management and Those Charged with Governance for the special Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these special purpose financial information in term of the requirements of the Companies Act, 2013 that give a true and fair view of the financial position, financial performance and cash flows of the Component in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act.

The Board of Directors of the Component are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Component and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the financial statements by the Directors of the Component, as aforesaid.

Auditor's Responsibilities for the Audit of the conversion of special purpose Financial Statements

Our objectives are to obtain reasonable assurance about whether the special purpose financial statements are converted as per the requirements of Ind AS-21 "the effects of changes in the foreign exchange rates" and are in conformity with generally accepted accounting principles and other recognised accounting practices and policies in India.

We communicate with those charged with governance of the Holding Company regarding, among other matters, the planned scope and timing of the special purpose audit and significant audit findings.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the special purpose financial statements of the current period and are therefore the key audit matters. We describe these matters in our special purpose auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Our opinion on the special purpose financial statements, and our special purpose auditor's report on Other Legal and Regulatory Requirements below, is not modified with respect to our reliance on the financial statements / financial information certified by the Management



Report on Other Legal and Regulatory Requirements

We report, to the extent applicable, that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid special purpose financial statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid special purpose financial statements have been kept so far as it appears from our examination of those books.
- c) The special purpose Balance Sheet, the special purpose Statement of Profit and Loss, and the special purpose Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the special purpose financial statements.

Place: New Delhi
Date:30-04-2019

For V S S A & Associates
Chartered Accountants
Firm's Registration No. 012421N



B. K. Raji
Partner

Membership No. 010490

ALCHEMY INTERNATIONAL COOPERATIEF U.A.
Balance sheet as at 31 March 2019

Particulars	Note No.	As at 31 March 2019		As at 31 March 2018	
		INR	EURO	INR	EURO
A					
1 ASSETS					
Non-current assets		-	-	-	-
(a) Property, plant and equipment		-	-	-	-
(b) Capital work-in-progress		-	-	-	-
(c) Goodwill		-	-	-	-
(d) Other intangible assets		-	-	-	-
(e) Financial assets	2	4,691,999	70,223	5,646,797	86,577
(i) Investments		-	-	-	-
(ii) Loans		-	-	-	-
(f) Other non-current assets		-	-	-	-
Total non-current assets		4,691,999	70,223	5,646,797	86,577
2 Current assets					
(a) Inventories		-	-	-	-
(b) Financial assets		-	-	-	-
(i) Trade receivables	3	1,991,252	25,597	556,293	6,900
(ii) Cash and cash equivalents		-	-	-	-
(iii) Bank balances other than (ii) above	4	-	-	-	-
(iv) Loans		-	-	-	-
(v) Other financial assets		-	-	-	-
(c) Other current assets		-	-	-	-
Total current assets		1,991,252	25,597	556,293	6,900
Total assets (1+2)		6,683,251	95,820	6,203,090	93,477
B					
EQUITY AND LIABILITIES					
1 Equity					
(a) Equity Share capital	5(a)	185,552,838	2,827,939	181,890,816	2,782,517
(b) Other Equity	5(b)	(182,310,112)	(2,776,347)	(179,187,778)	(2,732,454)
Total equity		3,242,726	51,593	2,703,038	50,064
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 (other than those specified in item (a)(iii)) measured at amortised cost	6	489,781	6,296	441,971	5,482
(b) Other current liabilities	7	2,950,744	37,931	3,058,081	37,931
(c) Provisions		-	-	-	-
(d) Current tax liabilities (Net)		-	-	-	-
Total current liabilities		3,440,524	44,227	3,500,052	43,413
Total equity and liabilities (1+2+3)		6,683,251	95,820	6,203,090	93,477

See accompanying notes to the financial statements

Dated: 30/04/2019
New Delhi

As per our report of even date
For V S S A & Associates
Chartered Accountants
FIRM REGISTRATION NO. 012421N



Partner
Membership No. 091309

ALCHEMY INTERNATIONAL COOPERATIEF U.A.
Statement of profit and loss for the year ended 31 March 2019

Particulars	Note no.	Year ended 31 March 2019		Year ended 31 March 2018	
		INR	EURO	INR	EURO
Continuing operations					
I Revenue from operations		11,386.47	140	5,898	69
II Other income		11,386	140	5,898	69
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	8	1,666,409	20,489	1,200,728	14,048
Other expenses		1,666,409	20,489	1,200,728	14,048
Total expenses (IV)		(1,655,023)	(20,349)	(1,194,830)	(13,979)
V Profit/(loss) before exceptional items and tax (III - IV)	9	(1,535,606)	(23,544)	(13,100,331)	(200,855)
VI Exceptional items		-	-	-	-
Share of profit / (loss) of joint ventures and associates		-	-	-	-
Share of profit / (loss) of joint ventures and associates		(3,190,629)	(43,893)	(14,295,161)	(214,834)
VII Profit/(loss) before tax					
VIII Tax expense		-	-	-	-
(1) Current tax		-	-	-	-
(2) Deferred tax		-	-	-	-
Total tax expense (VIII)		(3,190,629)	(43,893)	(14,295,161)	(214,834)
IX Profit/(loss) after tax (VII - VIII)					
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)		(3,190,629)	(43,893)	(14,295,161)	(214,834)
XI Total comprehensive income for the period (IX+X)		(3,190,629)	(43,893)	(14,295,161)	(214,834)

See accompanying notes to the financial statements

Dated: 30/04/2019
New Delhi

As per our report of even date
For V S S A & Associates
Chartered Accountants
FIRM REGISTRATION NO. 012421N
FRN/012421N
NEW DELHI
Partner
Membership No. 091309

ALCHEMY INTERNATINAL COOPERATIEF U.A.
Cash flow statement for the year ended 31 March 2019

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
	INR	INR
Cash flows from operating activities	(1,655,023)	(1,194,830)
Profit before tax		
Adjustments for:	1,535,606	-
Share in result of participation	68,295	(281,321)
Net foreign exchange (gain)/loss	(51,121)	(1,476,150)
Movements in working capital:		
Increase in trade and other receivables	-	599,511
Decrease in trade and other payables	(59,527)	(394,825)
	(59,527)	204,685
	(110,648)	(1,271,465)
Cash generated from operations		
Income taxes paid		
Net cash generated by operating activities	(110,648)	(1,271,465)
Cash flows from Investing activities:		
(Purchase) of investments	(580,808)	-
Share in result of participation	(1,535,606)	
Net cash (used in)/generated by investing activities	(2,116,414)	-
	(2,227,063)	(1,271,465)
Cash flows from financing activities:		
Proceeds from borrowings	3,662,022	658,038
Proceeds from Issue of Share Capital	3,662,022	658,038
Net cash used in financing activities	1,434,959	(613,426)
Net increase in cash and cash equivalents:		
Cash and cash equivalents at the beginning of the year	556,293	1,169,720
	556,293	1,169,720
Cash and cash equivalents at the end of the year	1,991,252	556,293
	(0)	(0)

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

Dated: 30/04/2019
New Delhi

As per our report of even date
For V S S A & Associates
Chartered Accountants
FIRM REGISTRATION NO. 012421N
NEW DELHI
Partner
Membership No. 093309

ALCHEMY INTERNATINAL COOPERATIEF U.A.

Note 2- Non current investment

Particulars	As at 31 March 2019		As at 31 March 2018	
	INR	EURO	INR	EURO
Investments Carried at: Investments carried at fair value (unquoted) Investments in Equity Instruments - of Subsidiaries				
Opening balance	5,646,797	86,577	18,747,128	287,432
Add: Addition during the year	580,808.20	7,190		
Share in result of participation	1,535,606	23,544	13,100,331	200,855
Total investments carrying value	4,691,999	70,223	5,646,797	86,577

Note 3 - Cash and bank balances	As at 31 March 2019		As at 31 March 2018	
	INR	EURO	INR	EURO
Current Cash and bank balances Balances with banks	1,991,252	25,597	556,293	6,900
Total cash and cash equivalent	1,991,252	25,597	556,293	6,900

Note 4 - Other Current assets (unsecured, considered good unless otherwise stated)	As at 31 March 2019		As at 31 March 2018	
	INR	EURO	INR	EURO
Other current assets Advance recoverable in cash or in kind				
TOTAL	-	-	-	-

ALCHEMY INTERNATINAL COOPERATIEF U.A.

Note 5(a) Statement of changes in equity for the year ended 31 March 2019	As at 31 March 2019		As at 31 March 2018	
	INR	EURO	INR	EURO
a. Share capital <u>Issued and paid up capital</u>				
Opening balance	181,890,816	2,782,517	181,232,778	2,774,355
Changes in equity share capital during the year	3,662,022	45,422	658,038	8,162
Closing balance	185,552,838	2,827,939	181,890,816	2,782,517

Note 8(b) - Other equity Reserves and surplus	As at 31 March 2019		As at 31 March 2018	
	INR	EURO	INR	EURO
Foreign currency translation reserve				
Opening balance	(255,361)	-	25,960	-
Changes during the year	68,295		(281,321)	
Closing balance	(187,066)	-	(255,361)	-
Retained earning				
Opening balance	(178,932,417)	(2,732,454)	(164,637,256)	(2,517,620)
Changes during the year	(3,190,629)	(43,893)	(14,295,161)	(214,834)
Closing balance	(182,123,046)	(2,776,347)	(178,932,417)	(2,732,454)
Impairment loss				
Other comprehensive income for the year (net of Income tax)				
Total comprehensive income for the year	(182,123,046)	(2,776,347)	(178,932,417)	(2,732,454)
Total other equity	(182,310,112)	(2,776,347)	(179,187,778)	(2,732,454)

Note 6 - Other financial liabilities	As at 31 March 2019		As at 31 March 2018	
	INR	EURO	INR	EURO
Creditors for expenses payable	489,781	6,296	441,971	5,482
Total other financial liabilities	489,781	6,296	441,971	5,482

Note 7 - Other current liabilities	As at 31 March 2019		As at 31 March 2018	
	INR	EURO	INR	EURO
Amount owed to group company	2,950,744	37,931	3,058,081	37,931
Total other current liabilities	2,950,744	37,931	3,058,081	37,931

Note 8 Other expenses	year ended 31 March 2019		year ended 31 March 2018	
	INR	EURO	INR	EURO
Loss on foreign exchange fluctuation	-	-	154,194	1,804
General expenses	1,666,409	20,489	1,046,534	12,244
	1,666,409	20,489	1,200,728	14,048

Note no. 9 Exceptional Item	year ended 31 March 2019		year ended 31 March 2018	
	INR	EURO	INR	EURO
Impairment of investment	-	-	(13,100,331)	(200,855)
Share in result of participation	1,535,606	23,544	-	-
	1,535,606	23,544	(13,100,331)	(200,855)



Alchemy International Cooperatief U.A.

SCHEDULE – A

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH, 2019

1. SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Method:

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

B. Investments:

Investments are stated at cost less impairment in value, if any.

2. Foreign Exchange Transactions:

For the purpose of translation of foreign exchange transactions, the operations have been treated as non-integral foreign operations. The translation was done on the following basis:

- i) Assets & Liabilities, monetary items at closing rate,
- ii) Non monetary items at rates prevailing on the date of transaction,
- iii) Income and expense items 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.

3. IN THE OPINION OF THE BOARD OF DIRECTORS OF THE COOPERATION:

- i) All the assets of the Organisation 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 V S S A & ASSOCIATES
CHARTERED ACCOUNTANTS**


**CA. B K RAJI
PARTNER
M.NO.010490**

DATE: 30-04-2019

PLACE: NEW DELHI