



**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): Halis International Limited  
C/o M A Corporate Limited,  
4<sup>th</sup> Floor, Hennessy Tower, Pope Hennessy Street,  
Port Louis, Republic of Mauritius  
Year-end: March 31, 2019  
Currency: USD

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

We have audited the conversion of Ind AS financial statements of Halis International Limited, 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 Halis International Limited, a Subsidiary of HSIL 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 Halis International Limited, 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 Rai)  
Partner

Membership No. 010490

HALIS INTERNATIONAL LIMITED  
Balance sheet as at 31 March 2019

Particulars		Note No.	As at 31 March 2019		As at 31 March 2018		
			INR	USD	INR	USD	
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	5,939,747	93,704	2,247,559	40,653	
		(i) Investments	-	-	-	-	
		(ii) Loans	-	-	-	-	
		(iii) Other financial assets	-	-	-	-	
		(f) Other non-current assets	-	-	-	-	
		<b>Total non-current assets</b>	<b>5,939,747</b>	<b>93,704</b>	<b>2,247,559</b>	<b>40,653</b>	
		2	Current assets	-	-	-	-
		(a) Inventories	-	-	-	-	
	(b) Financial assets	-	-	-	-		
	(i) Trade receivables	3,866,399	55,896	1,869,107	28,736		
	(ii) Cash and cash equivalents	-	-	-	-		
	(iii) Bank balances other than (ii) above	259,877	3,757	244,111	3,753		
	(iv) Loans	-	-	-	-		
	(v) Other financial assets	-	-	-	-		
	(c) Other current assets	-	-	-	-		
	<b>Total current assets</b>	<b>4,126,276</b>	<b>59,653</b>	<b>2,113,218</b>	<b>32,489</b>		
	<b>Total assets (1+2)</b>	<b>10,066,023</b>	<b>153,357</b>	<b>4,360,777</b>	<b>73,142</b>		
B		EQUITY AND LIABILITIES					
	1	Equity	195,854,762	3,741,000	189,418,290	3,652,000	
		(a) Equity Share capital	(185,788,739)	(3,587,643)	(185,155,079)	(3,580,358)	
		(b) Other Equity	10,066,023	153,357	4,263,211	71,642	
		<b>Total equity</b>					
	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	-	-	-	-	
	<b>Total non-current liabilities</b>						
3	Current liabilities	-	-	-	-		
	(a) Financial liabilities	-	-	-	-		
	(i) Borrowings	-	-	97,566	1,500		
	(ii) Trade payables	-	-	-	-		
	(iii) Other financial liabilities (other than those specified in item (a)(iii)) measured at amortised cost	-	-	-	-		
	(b) Other current liabilities	-	-	-	-		
	(c) Provisions	-	-	-	-		
	(d) Current tax liabilities (Net)	-	-	97,566	1,500		
	<b>Total current liabilities</b>			<b>97,566</b>	<b>1,500</b>		
	<b>Total equity and liabilities (1+2+3)</b>	<b>10,066,023</b>	<b>153,357</b>	<b>4,360,777</b>	<b>73,142</b>		

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  
Membership No. 091309  
Partner

HALIS INTERNATIONAL LIMITED  
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	USD	INR	USD
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		-	-	8,572	133
Finance costs		20,503	289	-	-
Depreciation and amortisation expense		-	-	-	-
Other expenses		496,328	6,996	561,723	8,716
Total expenses (IV)	7	516,831	7,285	570,295	8,849
V Profit/(loss) before exceptional items and tax (III - IV)		(516,831)	(7,285)	(570,295)	(8,849)
Exceptional items	8	-	-	(14,293,962)	(273,752)
VI Share of profit / (loss) of joint ventures and associates		-	-	-	-
VII Profit/(loss) before tax		(516,831)	(7,285)	(14,864,257)	(282,601)
VIII Tax expense					
(1) Current tax		-	-	-	-
(2) Deferred tax		-	-	-	-
Total tax expense (VIII)		(516,831)	(7,285)	(14,864,257)	(282,601)
IX Profit/(loss) after tax (VII - VIII)					
X Other comprehensive Income					
A (i) Items that will not be reclassified to profit or loss		-	-	-	-
Income tax relating to items that will not be reclassified to profit or loss		-	-	-	-
(ii) Items that may be reclassified to profit or loss		-	-	-	-
B (i) loss		-	-	-	-
Income tax on items that may be reclassified to profit or loss		-	-	-	-
(ii) loss		-	-	-	-
Total tax expense (X)					
XI Total comprehensive Income for the period (IX+X)		(516,831)	(7,285)	(14,864,257)	(282,601)

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  
Membership No. 091309  
Partner

HALIS INTERNATIONAL LIMITED  
Cash flow statement for the year ended 31 March 2019

Particulars	Year ended 31 March 2019 INR	Year ended 31 March 2018 INR
Cash flows from operating activities	(516,831)	(14,864,257)
Profit before tax		-
Adjustments for:		8,309
Impairment losses	(116,828)	
Net foreign exchange (gain)/loss	(633,658)	(14,855,948)
Movements in working capital:		(121,307)
Increase in trade and other receivables	(97,566)	308
Decrease in trade and other payables	(113,332)	(120,998)
Cash generated from operations	(746,991)	(14,976,946)
Income taxes paid		-
Net cash generated by operating activities	(746,991)	(14,976,946)
Cash flows from investing activities:	(3,692,188)	13,646,898
Purchase of investments		
Net cash (used in)/generated by investing activities	(4,439,179)	(1,330,049)
Cash flows from financing activities:		
Proceeds from borrowings	6,436,472	3,170,300
Proceeds from Issue of Share Capital	6,436,472	3,170,300
Net cash used in financing activities	1,997,293	1,840,251
Net increase in cash and cash equivalents:	1,869,107	28,856
Cash and cash equivalents at the beginning of the year	1,869,107	28,856
Cash and cash equivalents at the end of the year	3,866,400	1,869,107

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. 017421N  
FRN: 012421N  
NEW DELHI  
Partner  
Membership No. 091309

HALIS INTERNATIONAL LIMITED  
Note 2- Non current investment

Particulars	As at 31 March 2019		As at 31 March 2018	
	INR	USD	INR	USD
Investments Carried at: Investments carried at fair value (unquoted) Investments in Equity Instruments - of Subsidiaries				
Opening balance	2,247,559	40,653	15,894,456	304,404
Add: Addition during the year	3,692,188	53,051	647,065	10,001
Less: Provision for impairment	-	-	14,293,962	273,752
<b>Total Investments carrying value</b>	<b>5,939,747</b>	<b>93,704</b>	<b>2,247,559</b>	<b>40,653</b>

Note 3 - Other Current assets (unsecured, considered good unless otherwise stated)	As at 31 March 2019		As at 31 March 2018	
	INR	USD	INR	USD
Other current assets (i) Prepayments (ii) Advance recoverable in cash or in kind	259,877	3,757	244,111	3,753
<b>TOTAL</b>	<b>259,877</b>	<b>3,757</b>	<b>244,111</b>	<b>3,753</b>

Note 4 - Cash and bank balances	As at 31 March 2019		As at 31 March 2018	
	INR	USD	INR	USD
Current Cash and bank balances (a) Balances with banks	3,866,399	55,896	1,869,107	28,736
<b>Total cash and cash equivalent</b>	<b>3,866,399</b>	<b>55,896</b>	<b>1,869,107</b>	<b>28,736</b>

HALIS INTERNATIONAL LIMITED 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	USD	INR	USD
a. Share capital Opening balance	189,418,290	3,652,000	186,247,990	3,603,000
Changes in equity share capital during the year	6,436,472	89,000	3,170,300	49,000
Closing balance	195,854,762	3,741,000	189,418,290	3,652,000

Note 5(b) - Other equity	As at 31 March 2019		As at 31 March 2018	
	INR	EURO	INR	EURO
Reserves and surplus				
Foreign currency translation reserve Opening balance	(260,202)	-	(268,511)	-
Changes during the year	(116,828)	-	8,309	-
Closing balance	(377,031)	-	(260,202)	-
Retained earning Opening balance	(184,894,877)	(3,580,358)	(170,030,620)	(3,297,757)
Changes during the year	(516,831)	(7,285)	(14,864,257)	(282,601)
Closing balance	(185,411,709)	(3,587,643)	(184,894,877)	(3,580,358)
Other comprehensive income for the year (net of income tax)	-	-	-	-
Total comprehensive income for the year	(185,411,709)	(3,587,643)	(184,894,877)	(3,580,358)
<b>Total other equity</b>	<b>(185,788,739)</b>	<b>(3,587,643)</b>	<b>(185,155,079)</b>	<b>(3,580,358)</b>

Note 6 - Other financial liabilities	As at 31 March 2019		As at 31 March 2018	
	INR	USD	INR	USD
Current Others (1) Creditors for expenses payable (2) Other liabilities	-	-	97,566	1,500
<b>Total other financial liabilities</b>	<b>-</b>	<b>-</b>	<b>97,566</b>	<b>1,500</b>

Note no. 7 Exceptional item	Year ended 31 March 2019		Year ended 31 March 2018	
	INR	USD	INR	USD
Impairment losses	-	-	(14,293,962)	(273,752)
	-	-	(14,293,962)	(273,752)

Note 8 Other expenses	Year ended 31 March 2019		Year ended 31 March 2018	
	INR	USD	INR	USD
Miscellaneous expenses	496,328	6,996	561,724	8,716
	496,328	6,996	561,724	8,716



# HALIS INTERNATIONAL LIMITED

## SCHEDULE - A

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH, 2018

#### 1. NATURE OF OPERATIONS

Halis International Limited incorporated at Mauritius, is a wholly owned subsidiary of HSIL Limited and is engaged mainly in the business of holding investments.

#### 2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

##### a) Accounting Methodology:

- 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.

##### c). Foreign Exchange Transactions:

In translating the financial statements of non-integral foreign operation for incorporation in financial statements

- (a) the assets and liabilities, monetary items, are translated at the closing rate;
- (b) non-monetary items are translated at the rates prevailing on the date of transaction;
- (c) income and expense items are translated at average exchange rates prevailing during the year;
- (d) all resulting exchange differences are accumulated in foreign currency translation reserve until the disposal of the net investment and shown in the balance sheet.

On the disposal of a non-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.

DATE: 30-04-2019  
PLACE: NEW DELHI

For V S S A & ASSOCIATES  
CHARTERED ACCOUNTANTS

CA: B K RAJI  
PARTNER  
M.NO.010490

