VSSA & ASSOCIATES
CHARTERED ACCOUNTANTS

A-1/255, Safdarjung Enclave
New Delhi-110029
Tel.: 41354900, 26102381
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**Auditor's Report on the audit of Conversion into Functional Currency (Indian Rupees) of Financial Information in foreign currency**

**The Board of Directors,**

**Hindware Home Innovation Limited (which is ultimate holding company of Hindware Limited)**

We have audited the conversion of Ind AS financial statements of Halis International Limited, the accompanying special purpose financial information containing Balance Sheet, Statement of Profit & Loss, Statement of Changes in Equity and Cash Flow Statement with Significant Accounting Policies and explanatory Notes of Halis International Limited which is subsidiary company of Hindware Limited and ultimate subsidiary of Hindware Home Innovation Limited as of 31-03-2023 and for the year then ended 31-03-2023.

**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, 2023, statement of Profit and Loss, Statement of Changes 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, 2023, 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 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 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 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.

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

(CA KRITIKA TANEJA)
Partner
Membership No. 565614

Place: New Delhi
Date: 22.05.2023
UDIN : 23565614BGUIIH3756

HALIS INTERNATIONAL LIMITED
Balance sheet as at 31 March 2023

| | | Particulars | Note No. | As at 31 March 2023 | | As at 31 March 2022 | |
|---|---|---|---|---|---|---|---|
| | | | | INR | USD | INR | USD |
| 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 | | | | | |
| | | (i) Investments | 2 | 5,24,928 | 7,158 | 5,24,928 | 7,158 |
| | | (ii) Loans | | | | | |
| | | (iii) Other financial assets | | | | | |
| | | (f) Other non-current assets | | | | | |
| | | **Total non-current assets** | | 5,24,928 | 7,158 | 5,24,928 | 7,158 |
| | 2 | **Current assets** | | | | | |
| | | (a) Inventories | | | | | |
| | | (b) Financial assets | | | | | |
| | | (i) Trade receivables | | | | | |
| | | (ii) Cash and cash equivalents | 3 | 4,33,297 | 5,270 | 10,59,025 | 13,970 |
| | | (iii) Bank balances other than (ii) above | | | | | |
| | | (iv) Loans | | | | | |
| | | (v) Other financial assets | | | | | |
| | | (c) Other current assets | 4 | 3,95,923 | 4,816 | 3,96,983 | 5,237 |
| | | **Total current assets** | | 8,29,220 | 10,086 | 14,56,009 | 19,207 |
| | | **Total assets (1+2)** | | **13,54,148** | **17,244** | **19,80,937** | **26,365** |
| B | | **EQUITY AND LIABILITIES** | | | | | |
| | 1 | **Equity** | | | | | |
| | | (a) Equity Share capital | 5(a) | 20,10,62,426 | 38,11,000 | 20,10,62,426 | 38,11,000 |
| | | (b) Other Equity | 5(b) | (199831603) | (3795256) | (199195199) | (3786135) |
| | | **Total equity** | | **12,30,823** | **15,744** | **18,67,227** | **24,865** |
| | | **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** | | 0 | 0 | 0 | 0 |
| | 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 | 1,23,325 | 1,500 | 1,13,711 | 1,500 |
| | | (b) Other current liabilities | | | | | |
| | | (c) Provisions | | | | | |
| | | (d) Current tax liabilities (Net) | | | | | |
| | | **Total current liabilities** | | **1,23,325** | **1,500** | **1,13,711** | **1,500** |
| | | **Total equity and liabilities (1+2+3)** | | **13,54,148** | **17,244** | **19,80,937** | **26,365** |

As per our report of even date
For V S S A & Associates
Chartered Accountants
FIRM REGISTRATION NO. 012421N
Partner
Membership No. 565614

Dated : 22th May, 2023
Place: Gurugram

V S S A & ASSOCIATES ★ Chartered Accountants ★ FRN : 012421N NEW DELHI

GL Sultania
Director
Hindware Limited (Holding Company)

HALIS INTERNATIONAL LIMITED

Statement of profit and loss for the period ended 31 March 2023

| Particulars | Note no. | Period ended 31 March 2023 | | Period ended 31 March 2022 | |
|---|---|---|---|---|---|
| | | INR | USD | INR | USD |
| Continuining operations | | | | | |
| I Revenue from operations | | 0 | 0 | 0 | 0 |
| 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 | | | | 12,376 | 166 |
| Finance costs | | | | | |
| Depreciation and amortisation expense | | | | | |
| Other expenses | 7 | 733265 | 9121 | 646394 | 8675 |
| **Total expenses (IV)** | | **733265** | **9121** | **658769** | **8841** |
| V **Profit/(loss) before exceptional items and tax (III - IV)** | | **(733265)** | **(9121)** | **(658769)** | **(8841)** |
| Exceptional items | | | | | |
| VI Share of profit / (loss) of joint ventures and associates | | 0 | 0 | 0 | 0 |
| VII **Profit/(loss) before tax** | | **(733265)** | **(9121)** | **(658769)** | **(8841)** |
| VIII Tax expense | | | | | |
| (1) Current tax | | | | | |
| (2) Deferred tax | | | | | |
| **Total tax expense (VIII)** | | 0 | 0 | 0 | 0 |
| IX **Profit/(loss) after tax (VII - VIII)** | | **(733265)** | **(9121)** | **(658769)** | **(8841)** |
| 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) Exchange difference on translation of foreign operations | | -96,861 | | (49666) | |
| (ii) Income tax on items that may be reclassified to profit or loss | | | | | |
| Total other comprehensive income | | (96861) | | (49666) | |
| XI Total comprehensive income for the period (IX+X) | | (830125) | (9121) | (708435) | (8841) |

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

V S S A & ASSOCIATES
FRN : 012421N
NEW DELHI
Chartered Accountants

Partner
Membership No. 565614

Dated : 22th May, 2023
Place: Gurugram

GL Sultania
Director
Hindware Limited (Holding Company)

HALIS INTERNATIONAL LIMITED

Cash flow statement for the period ended 31 March 2023

| Particulars | Period ended 31 March 2023 INR | Period ended 31 March 2022 INR |
|---|---|---|
| Cash flows from operating activities | | |
| Profit before tax | (733265) | (658769) |
| Adjustments for: | | |
| Exceptional items (Impairment losses) | | |
| | (733265) | (658769) |
| Movements in working capital: | | |
| Increase in trade and other receivables | 1,060 | (65551) |
| Decrease in trade and other payables | 9,615 | 3,454 |
| | 10,675 | (62097) |
| Cash generated from operations | (722590) | (720866) |
| Income taxes paid | | |
| Net cash generated by operating activities | (722590) | (720866) |
| Cash flows from investing activities: | | |
| Purchase of investments | 0 | 0 |
| Net cash (used in)/generated by investing activities | (722590) | (720866) |
| Cash flows from financing activities: | | |
| Proceeds from borrowings | | |
| Proceeds from Issue of Share Capital | | |
| Net cash used in financing activities | 0 | 0 |
| | (722590) | (720866) |
| Exchange difference on translation of foreign operations | 96,861 | 49,666 |
| Net increase in cash and cash equivalents: | | |
| Cash and cash equivalents at the beginning of the year | 10,59,025 | 17,30,225 |
| | 10,59,025 | 17,30,225 |
| Cash and cash equivalents at the end of the period | 4,33,296 | 10,59,025 |

This is the cashflow referred to in our report of even date.

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

Partner
Membership No. 565614

Dated : 22th May, 2023
Place: Gurugram

Director
Hindware Limited (Holding Company)

HALIS INTERNATIONAL LIMITED

Note 2- Non current investment

| Particulars | As at 31 March 2023 | | As at 31 March 2022 | |
|---|---|---|---|---|
| | INR | USD | INR | USD |
| Investments Carried at: | | | | |
| Investments carried at fair value (unquoted) | | | | |
| Investments in Equity Instruments | | | | |
| - of Subsidiaries | | | | |
| Opening balance | 5,24,928 | 7158 | 524928 | 7158 |
| Add: Addition during the year | | | | |
| Less: Provision for impairment | | | | |
| **Total investments carrying value** | **524928** | **7158** | **524928** | **7158** |

| Note 3 - Cash and bank balances | As at 31 March 2023 | | As at 31 March 2022 | |
|---|---|---|---|---|
| | INR | USD | INR | USD |
| Current Cash and bank balances | | | | |
| (a) Balances with banks | 4,33,297 | 5270 | 1059025 | 13970 |
| | **433297** | **5270** | **1059025** | **13970** |

| Note 4 - Other Current assets (unsecured, considered good unless otherwie stated) | As at 31 March 2023 | | As at 31 March 2022 | |
|---|---|---|---|---|
| | INR | USD | INR | USD |
| Other current assets | | | | |
| (i) Prepayments | 2,02,176 | 2459 | 178677 | 2357 |
| (ii) Advance recoverable in cash or in kind from related party (Queo) | 193747 | 2357 | 178642 | 2357 |
| (iii) Advance recoverable in cash or in kind from related party (Alchemy) | 0 | 0 | 39665 | 523 |
| | **395923** | **4816** | **396983** | **5237** |

HALIS INTERNATIONAL LIMITED

| Note 5(a) Statement of changes in equity for the period | As at 31 March 2023 | | As at 31 March 2022 | |
|---|---|---|---|---|
| | INR | USD | INR | USD |
| a. Share capital | | | | |
| Opening balance | 201062426 | 3811000 | 201062426 | 3811000 |
| Changes in equity share capital during the year | 0 | 0 | 0 | 0 |
| Closing balance | 201062426 | 3811000 | 201062426 | 3811000 |

| Note 5(b) - Other equity | | | | |
|---|---|---|---|---|
| Reserves and surplus | As at 31 March 2023 | | As at 31 March 2022 | |
| | INR | EURO | INR | EURO |
| Foreign currency translation reserve | | | | |
| Opening balance | -2,52,980 | - | -3,02,646 | - |
| Changes during the year | 96,861 | - | 49,666 | - |
| Closing balance | **-1,56,119** | **0** | **-2,52,980** | **0** |
| Retained earning | | | | |
| Opening balance | -19,89,42,219 | -37,86,135 | -19,82,83,450 | -37,77,293 |
| Changes during the year | -7,33,265 | -9,121 | -6,58,769 | -8,841 |
| Closing balance | **-19,96,75,484** | **-37,95,256** | **-19,89,42,219** | **-37,86,135** |
| Total comprehensive income for the year | -19,96,75,484 | -37,95,256 | -19,89,42,219 | -37,86,135 |
| Total other equity | -19,98,31,603 | -37,95,256 | -19,91,95,199 | -37,86,135 |

HALIS INTERNATIONAL LIMITED

| Note 6 - Other financial liabilities | As at 31 March 2023 | | As at 31 March 2022 | |
|---|---|---|---|---|
| | INR | USD | INR | USD |
| Current | | | | |
| Others | | | | |
| Creditors for expenses payable | 1,23,325 | 1,500 | 1,13,711 | 1,500 |
| | **1,23,325** | **1,500** | **1,13,711** | **1,500** |

| Note 7 Other expenses | Period ended 31 March 2023 | | Period ended 31 March 2022 | |
|---|---|---|---|---|
| | INR | USD | INR | USD |
| Miscellaneous expenses | 7,33,265 | 9,121 | 6,46,394 | 8,675 |
| | **7,33,265** | **9,121** | **6,46,394** | **8,675** |

V S S A & ASSOCIATES ★ Chartered Accountants ★ FRN 012421N NEW DELHI

# HALIS INTERNATIONAL LIMITED

## SCHEDULE - A
### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

### 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.

**As per our report of even date**
**For V S S A & ASSOCIATES**
**CHARTERED ACCOUNTANTS**

**CA KRITIKA TANEJA**
**PARTNER**
**M.NO.565614**

DATE: 22.05.2023
PLACE: NEW DELHI

**Dated : 22.05.2023**
**Place: Gurugram**

**Rakesh Kaul**
**Whole Time Director and CEO**