AUDITOR'S REPORT

TO THE MEMBERS OF GALLERIA PROPERTY MANAGEMENT SERVICES PVT. LTD.

Report on Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Galleria Property Management Services Pvt. Ltd. ("the Company"), which comprise the Balance Sheet as at 31st March 2017, and the Statement of Profit and Loss (including other Comprehensive Income), Cash Flow Statement and the Statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company 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 design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to perform the audit to obtain reasonable assurance about whether the Ind AS financials statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Director, as well as evaluating the overall presentation of the Ind AS financials statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at March 31, 2017, and its loss (financial performance including other comprehensive income), its cash flows and changes in equity for the year ended on that date.

Emphasis of Matter

Note-33 in the financial statements which indicates that the Company has accumulated losses and its net worth has been fully eroded, the Company has incurred a net cash loss during the current and previous year(s) and, the Company's current liabilities exceeded its current assets as at the balance sheet date. These conditions, along with other matters set forth in Note-33, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, the financial statements of the Company have been prepared on a going concern basis for the reasons stated in the said Note.

Our opinion is not modified in respect of these matters.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by Central Government of India in terms of Section 143(11) of the act, we give in "Annexure A" a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.

2. As required by section 143 (3) of the Act, we report 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 purpose of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this report are in agreement with the books of account;

   d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act.

   e) The going concern matter described under the Emphasis of Matters paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.

   f) On the basis of the written representations received from the Directors as on 31st March, 2017, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2017 from being appointed as a Director in terms of Section 164 (2) of the Act.

g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B";

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i.) The Company has disclosed the impact of pending litigations on its financial position in its financial statement. Refer note no. 40 of the financial statement.

   ii.) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii.) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

   iv.) The Company has provided requisite disclosures in its Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 34 to the Ind AS financial statements.

For and on behalf of
ARG & Co. LLP
Chartered Accountants
(FRN: 010630N/N500036)

ARG & Co. LLP
CHARTERED ACCOUNTANTS
DELHI

Manmohan Bhatnagar
(Partner)
M. No. 514261
Firm Regn no. 010630N/N500036
Place: New Delhi
Date: 16th May, 2017

Annexure to the Auditor's Report of even date to the members of Galleria Property Management Services Pvt. Ltd., on the financial statements for the year ended on 31st March 2017.

Based on the audit procedures performed for the purpose of expressing an opinion on the true and fair view of the financial statements of the company and considering the information and explanations given to us and books of accounts and other records provided to us during the normal course of audit, we hereby report that:-

i)

a. According to the information and explanations given to us, the Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.

b. According to the information and explanations given to us, the fixed assets of the company have been physically verified by the management at reasonable intervals and no material discrepancies between the books records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.

c. According to the information and explanation given to us, the company does not hold any immovable properties during the year. Accordingly, the provision of clause 1(c) of the order is not applicable to the company.

ii) According to the information and explanations provided to us, the physical verification of inventory has been conducted at reasonable intervals by the management no material discrepancies were noticed on physical verification.

iii) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Sec. 189 of the Companies Act. Accordingly the provisions of clause 3(iii) of the order are not applicable to the company.

iv) According to information and explanation provided to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013, with respect to the loans and investments made.

v) During the year, the company has not accepted any deposits as defined in section 73 and section 76 of the Companies Act, 2013 or rules made thereunder. Accordingly the provision of clause 3(v) of the order is not applicable to the company.

vi) According to the information and explanations provided to us, the Companies (Cost Records & Audit) Rules 2014, are not applicable to the Company. Accordingly, the provision of the clause 3(vi) of the order is not applicable to the company.

vii)

a) According to the records of the company, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty, excise duty, value added tax and cess were outstanding, as at 31.03.2017 for a period of more than six months from the date they became payable.

b) As per the information and explanations given to us, no dispute is pending on account of any dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax and cess were outstanding, as at 31.03.2017 for a period of more than six months from the date they became payable, except the following:

S.No	Details of dispute	Forum where dispute is pending	Amount involved in the dispute (net of provision)
1	Income Tax appeal for the FY 2005-06	Commissioner of Income Tax (Appeals XV)	1,06,47,580/-

viii) In our opinion and according to the information and explanations given to us, the company has not obtained any loans or borrowings from any financial institution, Bank, Government or debenture holders. Accordingly the provision of clause 3(viii) of the order is not applicable to the company.

ix) According to the information & explanation given to us, the company has not raised money by way of initial public offer or further public offer (including debt instruments) or term loan. Accordingly the provision of clause 3(ix) of the order is not applicable to the company.

x) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud by the company or no fraud on the company by its officers or employees has been noticed or reported during the year.

xi) According to the information & explanation given to us, the company has not paid or provided any managerial remuneration as defined by the provisions of the section 197 of the Companies Act, 2013. Accordingly the provision of clause 3(xi) of the order is not applicable to the company.

xii) In our opinion and according to the information & explanation given to us, the company is not a nidhi company. Hence the provision of clause 3(xii) of the order is not applicable to the company.

xiii) During the year, the company has entered into transactions with related parties in compliance with the provisions of the sections 177 & 188 of the Companies Act, 2013. The details of such transactions have been properly disclosed in the Ind AS financial statements as required by the applicable accounting standard.

xiv) According to the information & explanation given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly the provision of clause 3(xiv) of the order is not applicable to the company.

xv) According to the information & explanation given to us, the company has not entered into any non-cash transaction with directors or any person connected with him. Accordingly the provision of clause 3(xv) of the order is not applicable to the company.

xvi) In our opinion and according to the information & explanation given to us, the company is not required to be registered under section 45-IA of the Reserves Bank of India Act, 1934. Accordingly the provision of clause 3(xvi) of the order is not applicable to the company.

For and on behalf of
ARG & Co. LLP
Chartered Accountants
(FRN: 010630N/N500036)

ARG & Co. LLP CHARTERED ACCOUNTANTS DELHI

Manmohan Bhatnagar
Partner
M.No. 514261
Place: New Delhi
Date: 16th May, 2017

Annexure - B to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the financial statements of the Company as of and for the year ended 31st March 2017, we have audited the internal financial controls over financial reporting of **Galleria Property Management Services Pvt. Ltd..**

Management's Responsibility for Internal Financial Controls

The Respective Board of Directors of the company, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

ARG & Co LLP CHARTERED ACCOUNTANTS DELHI

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For and on behalf of
ARG & Co. LLP
Chartered Accountants
(FRN: 010630N/N500036)

Manmohan Bhatnagar
Partner
M.No.: 514261
FRN: 010630N/N500036
Place: New Delhi
Date: 16th May, 2017

GALLERIA PROPERTY MANAGEMENT SERVICES PRIVATE LIMITED

CIN: U74920HR1999PTC034169

Regd. Office: Shopping Mall, Phase-I, DLF City, Gurgaon, Haryana

Balance Sheet as at March 31st, 2017

(Amount in Rs.)

Particulars	Note No.	As at March 31st, 2017	As at March 31, 2016	As at April 1, 2015
I. Assets				
(1) Non-current assets				
(a) Property, Plant and Equipment	4	339,795	369,530	399,266
(b) Financial Assets				
(i) Investments	5	3,275,098	2,730,820	2,221,929
(i) Other financial assets	6	4,683,500	4,683,500	4,683,500
(2) Current assets				
(a) Inventories	7	939,677,223	773,398,458	745,062,182
(b) Financial Assets				
(i) Trade receivables	8	46,711,535	44,203,058	56,041,668
(ii) Cash and cash equivalents	9	20,244,236	2,390,410	9,020,830
(ii) Other financial assets	10	33,290,528	34,498,758	33,414,603
(c) Current Tax Assets (Net)	11	42,135,527	41,282,869	40,615,028
(d) Other current assets	12	3,084,038	4,034,683	4,622,065
Total Assets		1,093,441,480	907,592,088	896,081,073
II. Equity and liablities				
Equity				
(a) Equity Share Capital	13	90,000	90,000	90,000
(b) Other Equity	14	(1,069,406,398)	(748,309,879)	(443,639,625)
Liabilities				
(1) Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	15	196,741	173,403	152,668
(ii) Other Financial liabilities	16	1,418,460	2,523,814	1,105,982
(b) Other non -current liabilities	17	2,239,185	1,438,187	1,224,609
(2) Current liabilities				
(a) Financial Liabilities				
(i) Borrowings	18	1,909,513,468	1,470,913,468	1,068,963,468
(ii) Trade payables	19	7,957,970	1,667,455	9,575,402
(iii) Other Financial liabilities	20	16,731,521	14,611,034	17,089,809
(b) Other current liabilities	21	224,700,533	164,484,608	241,518,761
Total Equity and Liabilities		1,093,441,480	907,592,088	896,081,073

The accompanying notes from 1 to 41 form an integral part of these financial statements

Based on our report of even date attached

For and on behalf of
ARG & Co. LLP
Chartered Accountants
(FRN: 010630N/N500036)

ARG & Co. LLP CHARTERED ACCOUNTANTS DELHI

Manmohan Bhatnagar
Partner
Membership No.: 514261

For and on behalf of the Board of Directors of
Galleria Property Management Services Pvt. Ltd.

Sanjay Goenka
Director
DIN:00003144

Ramesh Chandra Gupta
Director
DIN:07327339

Place : Gurugram
Date : 16/05/2017

GALLERIA PROPERTY MANAGEMENT SERVICES PRIVATE LIMITED

CIN: U74920HR1999PTC034169

Regd. Office: Shopping Mall, Phase-1, DLF City, Gurgaon, Haryana

Statement of Profit & Loss for the period ended 31st March 2017

(Amount in Rs.)

Particulars	Note no.	For the period ended 31st March 2017	For the year ended 31st March 2016
I. Revenue from operations			
Revenue from operations	22	846,803	(46,929,512)
II. Other income	23	3,023,411	6,293,982
Total Income		3,870,214	(40,635,530)
III. Expenses			
Purchase of Inventory		168,288,668	-
Change in inventories	24	(166,278,765)	(28,336,276)
Finance costs	25	217,226,971	163,879,732
Depreciation and amortisation expenses	4	29,735	29,735
Other expenses	26	106,244,401	140,342,725
Total Expenses		325,511,011	275,915,916
IV. Loss before prior period items and tax		(321,640,797)	(316,551,446)
V. Prior period income		-	(11,372,300)
VI. Loss before tax (IV-V)		(321,640,797)	(305,179,146)
VII. Tax expense:		-	-
VIII. Loss for the period		(321,640,797)	(305,179,146)
Other comprehensive income			
A i)Items that will not be reclassified to profit and loss			
-Equity instruments through other comprehensive income		544,278	508,892
ii)Income tax relating to items that will not be reclassified to profit or loss		-	-
B i)Items that will be reclassified to profit or loss		-	-
ii)Income tax relating to items that will be reclassified to profit or loss		-	-
Total comprehensive income for the year		**(321,096,519)**	**(304,670,255)**
IX. Earning per equity share (Basic and diluted)	27	(35,737.87)	(33,908.79)

The accompanying notes from 1 to 41 form an integral part of these financial statements

Based on our report of even date attached

For and on behalf of
ARG & Co. LLP
Chartered Accountants
(FRN 010630N/N500036)

ARG & Co. LLP CHARTERED ACCOUNTANTS DELHI

Manmohan Bhatnagar
Partner
Membership No.: 514261

Place : Gurugram
Date : 16/05/2017

For and on behalf of the Board of Directors of
Galleria Property Management Services Pvt. Ltd.

Sanjay Goenka
Director
DIN:00003144

Ramesh Chandra Gupta
Director
DIN:07327339

GALLERIA PROPERTY MANAGEMENT SERVICES PRIVATE LIMITED

CIN: U74920HR1999PTC34169

Regd. Office: Shopping Mall, Phase-1, DLF City, Gurgaon, Haryana

Cash flow statement for the year ended March 31, 2017

(Amount in Rs.)

Particulars	For the period ended 31st March 2017	For the year ended 31st March 2016
A. CASH FLOW FROM OPERATING ACTIVITIES		
Loss before tax from continuing operations	(321,640,797)	(305,179,146)
Adjustments for :		
Depreciation	29,735	29,735
Interest income	(491,957)	(2,131,005)
Unclaimed balances and excess provision written back	(2,038,584)	(4,162,977)
Amortisation of deferred income	(492,870)	-
Finance costs	217,226,971	163,879,733
Operating profit before working capital changes	(107,407,502)	(147,563,661)
Movements in working capital :		
Increase in Trade and other receivables	(349,601)	15,896,372
Increase in Inventories	(166,278,765)	(28,336,276)
Increase in Other Long Term liabilities	211,853	(726,361)
Decrease in Trade and other payables	(124,467,090)	(109,706,579)
Cash used in operations	(398,291,105)	(270,436,504)
Direct taxes paid (net)	(852,658)	(667,841)
Net cash used in operating activites (A)	**(399,143,763)**	**(271,104,345)**
B. CASH FLOW FROM INVESTING ACTIVITES		
Interest Income received	491,957	1,475,573
Net cash gererated from investing activites (B)	**491,957**	**1,475,573**
C. CASH FLOW FORM FINANCING ACTIVITES		
Finance charges paid	(22,094,369)	(138,951,647)
Short term borrowings from group companies (net)	438,600,000	401,950,000
Net cash gererated from financing activites (C)	**416,505,631**	**262,998,353**
Net increase/(decrease) in cash and cash equivalents (A+B+C)	**17,853,826**	**(6,630,420)**
Cash and cash equivalents at the beginning of the year	2,390,410	9,020,830
Cash and cash equivalents at the end of the year	20,244,236	2,390,410
	17,853,826	**(6,630,420)**

The accompanying notes from 1 to 41 form an integral part of these financial statements

Based on our report of even date attached.

For and on behalf of
ARG & Co. LLP
Chartered Accountants
(FRN: 010630N/N500036)

ARG & Co. LLP CHARTERED ACCOUNTANTS DELHI

Manmohan Bhatnagar
Partner
Membership No.: 514261
Place : Gurugram
Date : 16/05/2017

For and on behalf of the Board of Directors of
Galleria Property Management Services Pvt. Ltd.

Sanjay Goenka
Director
DIN:00003144

Ramesh Chandra Gupta
Director
DIN: 07327339

GALLERIA PROPERTY MANAGEMENT SERVICES PRIVATE LIMITED

CIN: L74920HR1999PTC34169

Regd. Office: Shopping Mall, Phase-1, DLF City, Gurgaon, Haryana

Statement of changes in equity for the year ended 31 March 2017

A Equity share capital

(` in Rs.)

Particulars	Balance at the beginning of the reporting period	Redemption of equity share capital during the year	Balance at the end of reporting period
Equity share capital	90,000	-	90,000

B Other equity

(` in Rs.)

		Reserves and Surplus								Other comprehensive income - Reserve		
	Share application money pending allotment	Capital Reserve	Capital Redemption Reserve	Securities Premium Reserve	General reserve	Employee's stock options outstanding	Forfeiture of shares	Debenture redemption reserve	Retained Earnings	Equity Instruments through Other Comprehensive Income	Remeasurement of defined benefit plans	Total
Balance as at 1 April 2016	-	-	-	-	-	-	-	-	(748,309,879)	-	-	(748,309,879)
Loss for the year	-	-	-	-	-	-	-	-	(321,096,519)	-	-	(321,096,519)
Dividends	-	-	-	-	-	-	-	-	-	-	-	-
Transfer from/to retained earnings	-	-	-	-		-	-	-		-	-	-
Transferred from/to employee's stock options outstanding for lapsed options	-	-	-	-	-		-	-	-	-	-	-
Transfer from/to securities premium	-	-	-	-	-		-	-	-	-	-	-
Application money pending allotment	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2017	-	-	-	-	-	-	-	-	(1,069,406,398)	-	-	(1,069,406,398)

For and on behalf of
ARG & Co. LLP
Chartered Accountants
(FRN: 010630N/N500036)

ARG & Co. LLP CHARTERED ACCOUNTANTS DELHI

Manmohan Bhatnagar
Partner
Membership No.: 514261

For and on behalf of the Board of Directors of
Galleria Property Management Services Pvt. Ltd.

Sanjay Goenka
Director
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Director
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GALLERIA PROPERTY MANAGEMENT SERVICES PRIVATE LIMITED

CIN: U74920HR1999PTC34169

Regd. Office: Shopping Mall, Phase-1, DLF City, Gurgaon, Haryana

Statement of changes in equity for the year ended 31 March 2016

A Equity share capital

(` in Rs.)

Particulars	Balance at the beginning of the reporting period	Redemption of equity share capital during the year	Balance at the end of reporting period
Equity share capital	90,000	-	90,000

B Other equity

(` in Rs.)

		Reserves and Surplus								Other comprehensive income - Reserve		
	Share application money pending allotment	Capital Reserve	Capital Redemption Reserve	Securities Premium Reserve	General reserve	Employee's stock options outstanding	Forfeiture of shares	Debenture redemption reserve	Retained Earnings	Equity Instruments through Other Comprehensive Income	Remeasurement of defined benefit plans	Total
Balance as at 1 April 2015	-	-	-	-	-	-	-	-	(444,012,654)	-	-	(444,012,654)
Loss for the year	-	-	-	-	-	-	-	-	(304,670,255)	-	-	(304,670,255)
Dividends	-	-	-	-	-	-	-	-	-	-	-	-
Transfer from/to retained earnings	-	-	-	-		-	-	-	373,029	-	-	373,029
Transferred from/to employee's stock options outstanding for lapsed options	-	-	-	-	-		-	-	-	-	-	-
Transfer from/to securities premium	-	-	-	-	-		-	-	-	-	-	-
Application money pending allotment	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2016	-	-	-	-	-	-	-	-	(748,309,879)	-	-	(748,309,879)

For and on behalf of
ARG & Co. LLP
Chartered Accountants
(FRN: 010630N/N500036)

Manmohan Bhatnagar
Partner
Membership No.: 514261

For and on behalf of the Board of Directors of
Galleria Property Management Services Pvt. Ltd.

Sanjay Goenka
Director
DIN:00003144

Ramesh Chandra Gupta
Director
DIN: 07327339

GALLERIA PROPERTY MANAGEMENT SERVICES PRIVATE LIMITED
Notes to financial statements for the year ended March 31, 2017

1. **Corporate information**

Galleria Property Management Services Private Limited is a company incorporated & domiciled in India on March 17, 1999 under the provision of Companies Act, 1956. The company's main objective is to engage in the business of real estate development.

2. **Standards, not yet effective and have not been adopted early by the Company**

Information on new standards, amendments and interpretations that are expected to be relevant to the financial statements is provided below.

Ind AS 115 "Revenue from Contracts with Customers"

There is one new standard issued by MCA (not yet effective) for revenue recognition which overhauls the existing revenue recognition standards Ind AS 18 – Revenue and Ind AS 11 – Construction contracts. The new standard provides a control-based revenue recognition model and provides a five step application principle to be followed for revenue recognition:

i. Identification of the contracts with the customer

ii. Identification of the performance obligations in the contract

iii. Determination of the transaction price

iv. Allocation of transaction price to the performance obligations in the contract (as identified in step ii)

v. Recognition of revenue when performance obligation is satisfied.

The effective date of the new standard has not yet been notified by the MCA. The management is yet to assess the impact of this new standard on the Company's financial statements.

3. **Summary of significant accounting polices**

a) Basis of preparation of financial statement - First Time adoption of Ind AS

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) & the provisions of the Companies Act , 2013 ('Act') (to the extent notified) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The company has adopted all the applicable Ind AS and the adoption was carried out in accordance with Ind AS 101, First time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP. Reconciliation and description of the effect of the transition has been summarized in Note-28.

The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out herein have been applied in preparing the financial statements for the year ended March 31, 2017

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and the comparative information. Exemptions on first time adoption of Ind AS availed in accordance with Ind AS 101 have been set out below.

On transition to Ind AS, the company has elected to continue with the carrying value of all its property, plant and equipment recognized as at 1 April 2015 measured as per the provisions of Previous GAAP and use that carrying value as the deemed cost of property, plant and equipment.

The financial statements for the year ended March 31, 2017 were authorized and approved for issue by the Board of Directors on **16-May-2017.**

b) Use of estimates

The preparation of financial statements in conformity with IND AS requires management of the company to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities on the date of the financial statements and the results of operations during the reporting periods. Although these estimates are based upon management's knowledge of current events and actions, actual results could differ from those estimates and revisions, if any, are recognised in the current and future periods.

The management has used the estimates in preparation of Ind AS financial statements as at April 01, 2015 which are consistent with the estimates as at the same date made in conformity with previous GAAP.

c) Significant management judgement in applying accounting policies and estimation uncertainty

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the related disclosures.

Significant management judgements

The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements.

Evaluation of indicators for impairment of assets

The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

Fair value measurements

Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

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d) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is classified as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is classified as current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

e) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is necessary to complete and prepare the asset for its intended use or sale. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. Capitalisation of borrowing costs is suspended in the period during which the active development is delayed due to, other than temporary, interruption. All other borrowing costs are charged to the statement of profit and loss as incurred.

f) Property, plant and equipment

Properties plant and equipment are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company. All other repair and maintenance costs are recognised in statement of profit or loss as incurred.

Depreciation and useful lives

Depreciation on property, plant and equipment is provided on the straight-line method, computed on the basis of useful lives prescribed in Schedule II to the Companies Act, 2013

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GALLERIA PROPERTY MANAGEMENT SERVICES PRIVATE LIMITED
Notes to financial statements for the year ended March 31, 2017

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as at 1 April 2015 measured as per the provisions of Previous GAAP and use that carrying value as the deemed cost of property, plant and equipment.

g) Revenue recognition

Revenue is recognized on accrual basis to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

Sale of real estate property

Revenue is recognized in accordance with Guidance Note on Accounting for Real Estate Transactions (for entities to whom Ind AS is applicable) issued by the Institute of Chartered Accountants of India ("ICAI"). As per this Guidance Note, Revenue is recognized, in relation to the sold areas only, upon transfer of all significant risks and rewards of ownership of such property as per the terms of the contracts entered into with buyers, which generally coincides with firming up of the buyers' agreement (application forms with salient terms and conditions of sale and identified property address are treated as buyer's agreement), on the basis of percentage of completion as and when all of the following conditions are met:

a) All critical approvals necessary for commencement of the project have been obtained;

b) The actual construction and development cost incurred on the project under execution, is 25% or more of the total estimated construction and development cost of the project;

c) At least 25% of the saleable project area is secured by contracts or agreements with buyers; and

d) At least 10% of the total revenue as per the agreements of sale is realized at the reporting date in respect of each of the contracts, it is reasonable to expect that the parties to such contracts will comply with the payment terms as defined in the contracts and there are no outstanding defaults of the payment terms in such contracts (defaults in payment terms is considered when a customer has defaulted in payment of more than 2 instalments and amount realized is less than 75% of demand made as at the reporting date).

The estimates of the projected revenue, projected profits, projected costs, cost to completion and the foreseeable loss are reviewed periodically by the management and any effect of changes in estimates is recognized in the period such changes are determined. However, when the total project cost is estimated to exceed total revenues from the project, the loss is recognized immediately. Revenue recognized during the period is net of cancellations accepted.

Project revenues are measured at fair value of the consideration received or receivable. The measurement of project revenues is affected by a variety of uncertainties that depend on the outcome of future events. The management recognizes project revenue based on best estimates of these uncertainties (including those related to compensation payable to customers as per regulatory changes, past trends, market practices, buyers agreements etc.) and these estimates often need revision as events occur and uncertainties are resolved. Therefore, the amount of project revenue may increase or decrease from one reporting period to the next.

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Interest Income

Interest income is recognized on time proportion basis taking into account the amount outstanding and using the effective interest rate (EIR) method.

Rental income

Rental income is recognised on a straight-line basis over the term of the lease, except for contingent rental income which is recognised when it arises and where scheduled increase in rent compensates the lessor for expected inflationary costs.

h) Cost of revenue

Cost of land and plots includes land acquisition cost, estimated internal development costs and external development charges, which is charged to the profit and loss account based on the percentage of land/ plotted area in respect of which revenue is recognized as per accounting policy above to the saleable total land/ plotted area of the scheme, in consonance with the concept of matching cost and revenue. Final adjustment is made on completion of the applicable scheme.

Cost of constructed properties includes cost of land (including cost of development rights/land under agreements to purchase), estimated internal development costs, external development charges, cost of development rights, construction and development cost, borrowing cost, construction materials, which is charged to the statement of profit and loss based on the percentage of completion method as explained in accounting policy for revenue from real estate projects above, in consonance with the concept of matching costs and revenue. Final adjustment is made on completion of the applicable project.

i) Leases

Leases under which the company assumes substantially all the risk and rewards of ownership are classified as finance lease. When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognized as an expense on a straight line basis in the statement of profit and loss over the term of lease.

j) Inventories

Land and plots other than area transferred to constructed properties at the commencement of construction are valued at lower of cost and net realisable value. Cost includes land (including development rights) acquisition cost, borrowing cost, estimated internal development costs and external development charges.

Constructed properties includes the cost of land (including development rights and land under agreements to purchase), internal development costs, external development charges, construction costs, overheads, borrowing cost, development/ construction materials, and is valued at lower of cost/estimated cost and net realisable value.

Cost of construction/development material is valued at lower of cost or net realisable value.

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Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs of necessary to make the sale.

k) Income taxes

Tax expense recognised in profit or loss comprises the sum of deferred income tax and current income tax which are not recognised in other comprehensive income or directly in equity.

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income-tax Act. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred income taxes are calculated using the liability method. Deferred income tax liabilities are generally recognised in full for all taxable temporary differences. Deferred income tax assets are recognised to the extent that it is probable that the underlying tax loss, unused tax credits or deductible temporary difference will be utilised against future taxable income. This is assessed based on the company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Unrecognised deferred income tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred income tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside statement of profit and loss is recognised outside statement of profit and loss (either in other comprehensive income or in equity).

Minimum alternate tax ('MAT') credit entitlement is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance note issued by the ICAI, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent it is not reasonably certain that the Company will pay normal income tax during the specified period.

l) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, demand deposits with banks/corporations and short-term highly liquid investments (original maturity less than 3 months) that are readily convertible into known amount of cash and are subject to an insignificant risk of change in value.

m) Provisions, contingent assets and contingent liabilities

Provisions are recognized only when there is a present obligation, as a result of past events, and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Provisions are discounted to their present values, where the time value of money is material.

Contingent liability is disclosed for:

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- Possible obligations which will be confirmed only by future events not wholly within the control of the Company or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are not recognized. However, when inflow of economic benefits is probable, related asset is disclosed.

n) Financial instruments

Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss, are added to the fair value on initial recognition.

Subsequent measurement

Non-derivative financial instruments

(i) Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(iii) Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

(iv) Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

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GALLERIA PROPERTY MANAGEMENT SERVICES PRIVATE LIMITED
Notes to financial statements for the year ended March 31, 2017

o) Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

p) Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

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GALLERIA PROPERTY MANAGEMENT SERVICES PRIVATE LIMITED

CIN: U74920HR1999PTC034169

Regd. Office: Shopping Mall, Phase-1, DLF City, Gurgaon, Haryana

Summary of significant accounting policies and explanatory information as at 31st March 2017

NOTE 4 :Property, Plant and Equipments

Reconciliation of gross carrying amounts and net carrying amounts at the beginning and at the end of the year

Tangible

(Amount in Rs)

Description	Gross carrying amount				Accumulated depreciation / impairment				Net carrying amount	
	As at April 1, 2016	Additions / adjustments during the year	Deletions during the year	As at March 31st, 2017	As at April 1, 2016	Provided during the year	Deductions during the year	As at March 31st, 2017	As at March 31st, 2017	As at April 1, 2016
Plant and machinery										
Owned	399,265	-	-	399,265	29,735	29,735	-	59,470	339,795	369,530
Leased	-	-	-	-	-	-	-	-	-	-
Total	399,265	-	-	399,265	29,735	29,735	-	59,470	339,795	369,530

Description	Gross carrying amount				Accumulated depreciation / impairment				Net carrying amount	
	As at April 1, 2015	Additions / adjustments during the year	Deletions during the year	As at March 31st, 2016	As at April 1, 2015	Provided during the year	Deductions during the year	As at March 31st, 2016	As at March 31st, 2016	As at April 1, 2015
Plant and machinery										
Owned	399,265	-	-	399,265	-	29,735	-	29,735	369,530	399,265
Leased	-	-	-	-	-	-	-	-	-	-
Total	399,265	-	-	399,265	-	29,735	-	29,735	369,530	399,265

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Summary of significant accounting policies and explanatory information as at 31st March 2017

(Amount in Rs.)

Particulars	As at March 31st, 2017	As at March 31, 2016	As at April 1, 2015
5. Investment			
Unquoted			
Investment carried at Fair Value though other comprehensive income			
Investment in equity instrument of fellow subsidiary			
DLF Emporio Limited (Formerly Regency Park Property Management Services Pvt. Ltd.)	3,275,098	2,730,820	2,221,929
3250 Equity Shares of Rs. 10/- each			
	3,275,098	2,730,820	2,221,929

The above investment has been recognised on fair value in accordance with the provision of IND AS 109. Based on the information available with the company, the above investment has been valued by using net asset method based on the audited financial statements of the investee company as on the valuation date.

Particulars	As at March 31st, 2017	As at March 31, 2016	As at April 1, 2015
6. Other financial assets			
Security Deposit (Unsecured, considered good)	4,683,500	4,683,500	4,683,500
	4,683,500	4,683,500	4,683,500
7. Inventories			
Completed constructed properties (Including Land)	939,677,223	773,398,458	745,062,182
	939,677,223	773,398,458	745,062,182
8. Trade receivable			
Unbilled receivables (Unsecured, considerd doubtful)	11,324,837	11,372,300	7,188,675
Billed receivable			
Doubtful	18,016,393	67,356,697	60,385,684
Others	46,711,535	953,222	651,800
Interest Receivable from customers, considered doubtful	1,493,541	1,493,541	1,123,819
	77,546,307	81,175,760	69,349,977
Less: Provision for doubtful debts	(30,834,772)	(36,972,702)	(13,308,309)
	46,711,535	44,203,058	56,041,668
9. Cash and Cash Equivalents			
Balance with Bank			
- In current accounts	20,244,236	1,799,479	9,020,830
- In Fixed Deposits	-	590,931	-
	20,244,236	2,390,410	9,020,830
10. Other financial assets			
Amount recoverable:			
- from customer, considered good	33,290,528	34,498,758	33,414,603
-from customer, considered doubtful	1,525,971	2,751,075	6,763,269
Less: provision for doubtful of recovery	(1,525,971)	(2,751,075)	(6,763,269)
	33,290,528	34,498,758	33,414,603
11. Assets for Current Tax (NET)			
MAT Credit Entitlement	5,733,281	5,733,281	5,733,281
Prepaid income taxes (net of provisions)	36,402,246	35,549,588	34,881,747
	42,135,527	41,282,869	40,615,028
12. Other current assets			
Prepaid Expenses	-	1,017,858	-
Cenvat Receivable on Service Tax	3,044,221	2,972,174	4,577,414
Advances to Suppliers of goods /services	39,817	44,651	44,651
	3,084,038	4,034,683	4,622,065

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