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**AUDITOR'S REPORT**

**TO THE MEMBERS OF GALLERIA PROPERTY MANAGEMENT SERVICES PRIVATE LIMITED**

**Reported on the financial statements**

We have audited the accompanying financial statements of **GALLERIA PROPERTY MANAGEMENT SERVICES PRIVATE LIMITED**, which comprise the Balance Sheet as at March 31, 2015, and the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these 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 the Rules made thereunder.

We conducted our audit 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 obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the state of affairs of the Company as at 31st March, 2015, and its loss and its cash flows for the year ended on that date.

### **Emphasis of Matter**

Note-30 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-30, indicate the existence of a material uncertainty that may cast significant doubt about the



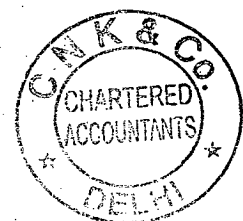
Company's ability to continue as a going concern. However, the financial statements of the Company have been prepared on a going concern basis for the reasons stated in the said Note.

Our opinion is not modified in respect of these matters.

### **Report on other legal and regulatory requirements**

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 purposes 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, and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- 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 31<sup>st</sup> March, 2015, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March, 2015 from being appointed as a Director in terms of Section 164 (2) of the Act.
- g) 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. 29 & 30 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.

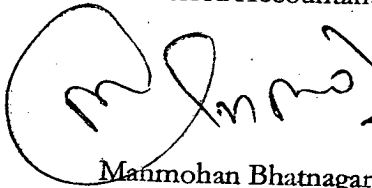
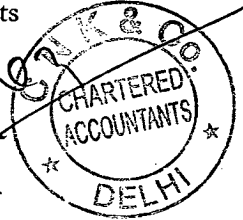


iii.) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For and on behalf of

C N K & Co.

Chartered Accountants

Manmohan Bhatnagar

(Partner)

M. No. 514261

Firm Regn no. 010630N

Place: New Delhi

Date: 15<sup>th</sup> May 2015

Annexure to the Auditor's Report of even date to the members of GALLERIA PROPERTY MANAGEMENT SERVICES PRIVATE LIMITED on the financial statements for the year ended on 31<sup>st</sup> March 2015.

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) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
  - b) The fixed assets of the company have been physically verified by the management during the year and no material discrepancies between the books records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
- ii) According to the information and explanations provided to us, we report as under:
  - a) The physical verification of inventory has been conducted at reasonable intervals by the management.
  - b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
  - c) The company is maintaining proper records of inventory and 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) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with



regard to the providing of Services. During the course of our audit, no major weakness has been noticed in the internal controls.

- v) During the year the company has not accepted any deposit from public as defined in section 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 1975 of India with regard to deposit accepted from Public.
- vi) According to the information and explanations provided to us, the Companies (Cost Accounting Records) Rules 2011 are applicable to the Company for its real estate operations, however, the company has not carried out any such operations during the year for which the cost records are required to be maintained. Accordingly, the provisions of the clause (vi) of the order are 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, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues applicable to it.
- b) According to the information and explanations given to us, there are no disputed 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 31.03.2015 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 financial year 2005-06	Commissioner of Income Tax (Appeals XV)	1,06,47,580/-

- c) As per the information and explanations given to us, the company was not required to transfer any amount to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder. Accordingly, the provisions of the clause 3(vii)(c) of the order are not applicable to the company.

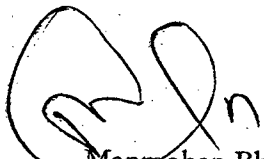


- viii) The accumulated losses of the company as on 31st March, 2015 exceed fifty percent of its net worth. Also the company has incurred cash losses in the current as well as previous financial year.
- ix) In our opinion and according to the information and explanations given to us, the company has not obtained any term loan/working capital loan from the financial institution or bank or debenture holders. Accordingly the provision of clause 3(ix) of the order are not applicable to the company.
- x) According to the information and explanation given to us the company has not given any guarantee for loans taken by others from Banks or financial institutions.
- xi) The company has not obtained any Term Loan. Accordingly the provisions of clause 3(xi) of the order are not applicable to the company.
- xii) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the year.

For and on behalf of

**CNK & Co.**

Chartered Accountants



Manmohan Bhatnagar

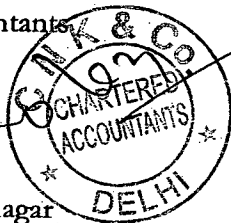
Partner

M.No. 514261

Firm Regn no. 010630N

Place: New Delhi.

Date: 15<sup>th</sup> May, 2015



GALLERIA PROPERTY MANAGEMENT SERVICES PRIVATE LIMITED

CIN: U74920HR1999PTC34169

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

Balance Sheet as at March 31, 2015

(Amount in Rs.)

Particulars	Note	As at March 31, 2015	As at March 31, 2014
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	4	500,000	500,000
Reserve and Surplus	5	(446,200,468)	(145,447,952)
<b>Non Current Liabilities</b>			
Other long term liabilities	6	5,202,020	19,091,474
<b>Current Liabilities</b>			
Short-term borrowings	7	1,068,963,468	929,963,468
Trade payables	8	9,575,401	15,621,239
Other current liabilities	9	255,851,466	140,969,129
<b>Total</b>		<b>893,891,887</b>	<b>960,697,358</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	10	399,266	429,001
Non-current investments	11	32,744	52,744
Deferred tax assets(Net)	12	-	65,053,129
<b>Current assets</b>			
Inventories	13	745,062,182	731,001,865
Trade receivables	14	54,917,850	74,267,121
Cash and cash equivalents	15	9,020,830	2,529,293
Short-term loans and advances	16	49,902,653	49,415,323
Other current assets	17	34,556,362	37,948,882
<b>Total</b>		<b>893,891,887</b>	<b>960,697,358</b>

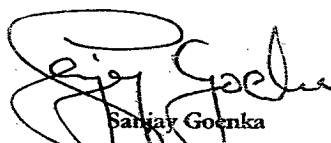
The accompanying notes are an integral part of these financial statements

Based on our limited review report of even date attached.

For and on behalf of  
CNK & Co.  
(Formerly A R G & Co.)  
Chartered Accountants

For and on behalf of the Board of Directors

Manmohan Bhatnagar  
Partner  
Membership No. 514261

  
Sanjay Goenka  
Director  
DIN:00003144

Adesh Gupta  
Director  
DIN:00004895

Place : New Delhi

Date: 15/05/2015



**GALLERIA PROPERTY MANAGEMENT SERVICES PRIVATE LIMITED**

CIN: U74920HR1999PTC34169

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

**Profit & Loss Statement for the year ended March 31,2015**

(Amount in Rs.)

Particulars	Note	Year ended March 31, 2015	Year ended March 31, 2014
<b>REVENUE</b>			
Revenue from operations	18	(10,352,830)	19,925,701
Other income	19	4,998,415	280,800
<b>Total Revenue</b>		<u>(5,354,415)</u>	<u>20,206,501</u>
<b>EXPENSES</b>			
Cost of material consumed	20	(5,494,478)	
Change in inventories	21	(14,060,317)	
Finance cost	22	136,207,480	114,681,415
Other expenses	23	113,661,447	125,478,315
Depreciation	7	29,735	11,994
<b>Total Expenses</b>		<u>230,343,867</u>	<u>240,171,725</u>
Profit before tax		(235,698,281)	(219,965,224)
Tax expense:			
Income tax -earlier year		1,106	
Deferred tax		65,053,129	
<b>Profit (Loss) during the year</b>		<u>(300,752,516)</u>	<u>(219,965,224)</u>
<b>Earnings per equity share</b> (Basic and diluted)	24	(33,416.95)	(24,440.58)

The accompanying notes are an integral part of these financial statements

Based on our limited review report of even date attached.

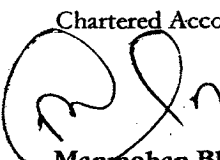
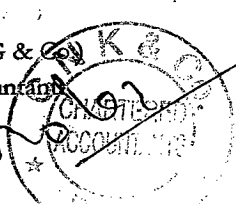
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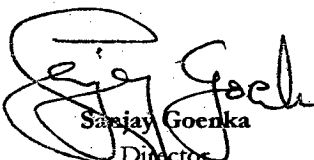
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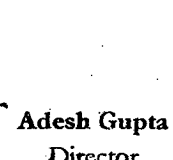
(Formerly A R G & Co.)

Chartered Accountants

For and on behalf of the Board of Directors

  
  
**Manmohan Bhatnagar**  
 Partner  
 Membership No. 514261

  
**Sanjay Goenka**  
 Director  
 DIN:00003144

  
**Adesh Gupta**  
 Director  
 DIN:00004895

Place : New Delhi

Date: 15/05/2015