

INDEPENDENT AUDITOR'S REPORT

To the Members of Mahabala Infracon Private Limited Report on the Financial Statements

We have audited the accompanying financial statements of **Mahabala Infracon Private Limited** (“the Company”), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the 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 (as amended). 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 judgements 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 standards and standards on auditing 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 the disclosures in the financial statements. The procedures selected depend on the auditor’s judgement, 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 financial 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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required under provisions of 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 financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended).
 - e. On the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164(2) of the Act.
 - f. 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 does not have any pending litigations which would impact its financial position.
 - 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 are required to be transferred to the Investor Education and Protection Fund by the Company during the year.

For Agarwal Prakash & Co.
Chartered Accountants
Firm's Registration No.: 005975N

Saurabh Gupta
Partner
Membership No.: 517614

New Delhi
May04, 2015

Annexure referred to in paragraph 1 under the heading Report on other legal and regulatory requirements of our report of even date on the financial statements for the year ended March 31, 2015

Based on the audit procedures performed of the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

- i) As the Company has no Fixed Assets during the year, clause 3(i) of the order is not applicable to the Company.
- ii) In respect of its Inventories :
 - a. As explained to us, the inventory has been physically verified by the management at reasonable intervals.
 - b. As explained to us, the procedure of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c. On the basis of our examination of the records of the inventory, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and book records were not material and they were properly dealt with in the books of account.
- iii) The Company has not granted any loans, secured or unsecured to companies, firm or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the requirements of Clauses 3(iii)(a) and 3(iii)(b) of the Order are not applicable to the Company.
- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and nature of its business for the purchases of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weaknesses has been noticed in the in such internal control system.
- v) According to the information and explanations given to us, the Company has not accepted any deposits within the meaning of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable to the Company.
- vi) To the best of our knowledge and as explained to us, the Central Government has not prescribed the maintenance of cost records under sub section (1) of Section 148 of the Act, in respect of Company's products / services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable to the Company.
- vii) In respect of Statutory dues :
 - a. According to the records of the Company, 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 have been regularly deposited with appropriate authorities. According to the information and explanations

given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2015 for a period of more than six months from the date of becoming payable.

- b. According to the information and explanations given to us, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, Value added tax , Cess on account of any dispute, which have not been deposited.
 - c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder. Accordingly, the provisions of clause 3(vii)(c) of the Order are not applicable.
- viii) The Company has not been registered for a period of more than 5 years. Accordingly, the provision of clause 3(viii) of the Order is not applicable to the Company.
- ix) The company has not raised loans from Financial Institutions or Banks or by issue of debentures and accordingly, clause 3(ix) of the Order is not applicable to the Company.
- x) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions during the year. Therefore, the provisions of clause 3(x) of the Order are not applicable to the Company.
- xi) As explained to us, no term loan has been obtained by the Company, accordingly, the provisions of clause 3(xi) of the Order are not applicable to the Company.
- xii) In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For Agarwal Prakash & Co.
Chartered Accountants
Registration No : 005975N

Saurabh Gupta
Partner
Membership No. : 517614

New Delhi
May 04, 2015

Mahabala Infracon Private Limited

Balance sheet as at March 31, 2015

*(All Amounts in Indian Rupees,
except share data and where otherwise stated)*

	Note	As at March 31, 2015
EQUITY AND LIABILITIES		
Shareholders' funds		
Share capital	4	500,000
Reserves and surplus	5	(733,417)
Total of shareholders' funds		<u>(233,417)</u>
Current liabilities		
Short term borrowings	6	26,800,000
Other current liabilities	7	71,236
Total of current liabilities		<u>26,871,236</u>
Total of equity and liabilities		<u>26,637,819</u>
ASSETS		
Current assets		
Inventories	8	17,443,204
Cash and cash equivalents	9	614,193
Short-term loans and advances	10	8,580,422
Total of current assets		<u>26,637,819</u>
Total of assets		<u>26,637,819</u>
Significant accounting policies	3	

The accompanying notes are an integral part of financial statements

This is the Balance Sheet referred to in our report of even date

For Agarwal Prakash & Co.
Chartered Accountants

For and on behalf of the board of directors

Saurabh Gupta
Partner

Sumer Singh Tokas
Director

Sadhu Ram Arora
Director

Place: New Delhi
Date: May 04, 2015

Mahabala Infracon Private Limited

Statement of Profit and Loss for the period ended March 31, 2015

*(All Amounts in Indian Rupees,
except share data and where otherwise stated)*

	Note	For the period from October 18, 2014 to March 31, 2015
Revenue		
Other income		-
Total of revenue		-
Expenses		
Other expenses	11	733,417
Total of expenses		733,417
Profit before tax		(733,417)
Tax expense:	12	
Current tax		-
Deferred tax		-
Profit for the period		(733,417)
Earnings per equity share	10	
- Basic		(14.67)
- Diluted		(14.67)
Face value per equity share		10

Significant accounting policies 3
The accompanying notes are an integral part of financial statements

This is the Statement of Profit and Loss referred to in our report of even date

For Agarwal Prakash & Co.
Chartered Accountants

For and on behalf of the board of directors

Saurabh Gupta
Partner

Sumer Singh Tokas
Director

Sadhu Ram Arora
Director

Place: New Delhi
Date: May 04, 2015

Mahabala Infracon Private Limited

Cash flow statement for the period from October 18, 2014 to March 31, 2015

*(All Amounts in Indian Rupees,
except share data and where otherwise stated)*

	For the period from October 18, 2014 to March 31, 2015
A. Cash flow from operating activities:	
Net Profit before tax	(733,417)
Adjustments for statement of profit and loss items:	-
Operating profit/ (loss) before working capital changes and other adjustments	(733,417)
<i>Working capital changes and other adjustments</i>	
- (Increase)/decrease in loans and advances	(8,580,422)
- (Increase)/decrease in inventories	(17,443,204)
- (Decrease)/ Increase in other liabilities	71,236
Cash used in operating activities	(26,685,807)
Income tax paid/ refund received, net	-
Net cash used in operating activities	(26,685,807)
B. Cash flow from investing activities:	-
Net cash generated from investing activities	-
C. Cash flow from financing activities:	
Proceeds form issue of equity share capital	500,000
Advances taken from related parties	26,800,000
Net cash used in financing activities	27,300,000
D. Increase / (Decrease) in cash and cash equivalents, net (A+B+C)	614,193
E. Cash and cash equivalents at the end of the period	614,193
Note:	
a) The above cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard (AS) - 3 on "Cash Flow Statements" as notified under the companies (Accounting Standards) Rules, 2006 as amended.	
b) Cash and cash equivalents includes:	
Cash on hand	88,550
Balances with banks	
- in current accounts	525,643
Total of cash and cash equivalents	614,193

This is the Cash Flow Statement referred to in our report of even date

For Agarwal Prakash & Co.
Chartered Accountants

For and on behalf of the board of directors

Saurabh Gupta
Partner

Sumer Singh Tokas
Director

Sadhu Ram Arora
Director

Place: New Delhi
Date: May 04, 2015

Mahabala Infracon Private Limited

Summary of significant accounting policies and other explanatory information for the period ended March 31, 2015

(All Amounts in Indian Rupees,
except share data and where otherwise stated)

1. Company overview

Mahabala Infracon Private Limited (“the Company”) was incorporated on October 18, 2014 with the object to carry business of development of real estate project and the other related and ancillary activities. In accordance with the provisions of Section 13 and other applicable provisions of the Companies Act, 2013, the members of the company at their Extraordinary General Meeting held on December 10, 2014, accorded their approval by special resolution as per section 114 of the Companies Act, 2013, to change the objects of the Company. Presently the company is engaged in the business of exhibitors, traders, importers, exporters, cleaners, retailers, wholesalers or otherwise deal in all kinds of sculptures, paintings, art graphics, picture frames or any kind of artistic work/ design or other instruments/ articles/ ingredients and/or to operate retail art galleries in India or outside India.

2. Basis of preparation of financial statements

a) Basis of accounting

The financial statements have been prepared on going concern basis under the historical cost convention on an accrual basis, in accordance with the generally accepted accounting principles in India and in compliance with the applicable accounting standards as notified under the Companies (Accounting Standards) Rules, 2006, read with Rule 7 of the Companies (Accounts) Rules, 2014 in respect of Section 133 of the Companies Act, 2013. All assets and liabilities have been classified as current or non-current as per the Company’s normal operating cycle and other criteria set out in Companies Act 2013.

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities, if any, 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 recognized in the current and future periods.

3. Significant accounting policies

a) Inventories

Inventories are valued at cost or estimated net realizable value, whichever is lower. The cost of inventories is determined using the specific identification of their individual cost method and includes purchase price and all direct costs incurred in bringing the inventories to their present location and condition.

b) Foreign currency transactions

Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the exchange rate between the reporting currency and the foreign currency at the date of the transaction to the foreign currency amount.

Conversion

Foreign currency monetary items are converted to reporting currency using the closing rate. Non monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or any other similar

Mahabala Infracon Private Limited

Summary of significant accounting policies and other explanatory information for the period ended March 31, 2015

*(All Amounts in Indian Rupees,
except share data and where otherwise stated)*

valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange Differences

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognized in the statement of profit and loss in the year in which they arise except those arising from investments in non-integral operations.

Exchange differences arising on monetary items that in substance forms part of the Company's net investment in a non-integral foreign operation are accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment, at which time they are recognized in the statement of profit and loss.

c) Taxes on income

Current tax

Current tax is determined as the tax payable in respect of taxable income for the year and is computed in accordance with relevant tax regulations.

Deferred tax

Deferred tax resulting from timing differences between taxable income and accounting income is accounted for at the current rate of tax or substantively enacted tax rates as at reporting date, to the extent that the timing differences are expected to crystallize.

Deferred tax assets are recognized where realization is reasonably certain whereas in case of carried forward losses or unabsorbed depreciation, deferred tax assets are recognized only if there is a virtual certainty supported by convincing evidence that such deferred tax assets will be realized. Deferred tax assets are reviewed for the appropriateness of their respective carrying values at each reporting date.

d) Provisions, contingent liabilities and contingent assets

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. Contingent liability is disclosed for:

- 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 in the financial statements since this may result in the recognition of income that may never be realized.

e) Earnings per equity 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. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue.

Mahabala Infracon Private Limited

Summary of significant accounting policies and other explanatory information for the period ended March 31, 2015

*(All Amounts in Indian Rupees,
except share data and where otherwise stated)*

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.

f) Share issue expenses

Share issue expenses are adjusted against securities premium account to the extent of balance available and thereafter, the balance portion is charged off to the statement of profit and loss, as incurred.

g) Preliminary expenses

Preliminary expenses are adjusted against securities premium account (net of tax) to the extent of balance available and thereafter, the balance portion is charged off to the statement of profit and loss, as incurred.

h) Segment Reporting

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organization and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the executive management in performance assessment and decision making with regards to resource allocation.

Mahabala Infracon Private Limited

Summary of significant accounting policies and other explanatory information for the period ended March 31, 2015

*(All Amounts in Indian Rupees,
except share data and where otherwise stated)*

**As at
March 31, 2015**

Note - 4

SHARE CAPITAL

Authorised

Equity shares of face value of Rs.10 each

No. of shares

50,000

500,000

Total of share capital

50,000

500,000

Issued, subscribed and fully paid up

Equity shares of face value of Rs. 10 each

Addition during the period

No. of shares

50,000

500,000

Total equity share capital

50,000

500,000

The holders of equity shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. In the event of liquidation of the Company, all preferential amounts, if any, shall be discharged by the Company. The remaining assets of the Company shall be distributed to the holders of equity shares in proportion to the number of shares held to the total equity shares outstanding as on that date. All shares rank equally with regard to the Company's residual assets.

The entire paid up equity share capital of the Company is held by holding company - Indiabulls Wholesale Services Limited and its nominees.

Details of equity share holding in excess of 5% of equity share capital:

- Number of share holders [including their nominees]

1

- Number of shares held

50,000

Note - 5

RESERVES AND SURPLUS

Surplus/ (deficit) as per Statement of profit and loss

Loss for the period

(733,417)

Total of reserves and surplus

(733,417)

Note - 6

SHORT TERM BORROWINGS

Loans and advances from related parties

26,800,000

Total of short term borrowings

26,800,000

Note - 7

OTHER CURRENT LIABILITIES

Payable to statutory and government authorities

60,000

Expenses Payable

11,236

Total of other current liabilities

71,236

Mahabala Infracon Private Limited

Summary of significant accounting policies and other explanatory information for the period ended March 31, 2015

(All Amounts in Indian Rupees,
except share data and where otherwise stated)

As at
March 31, 2015

Note - 8

INVENTORIES

Stock in trade (at cost) 17,443,204

Total of inventories

17,443,204

Note - 9

CASH AND CASH EQUIVALENTS

Cash and bank balances

Cash on hand 88,550

Balances with banks

- in current accounts 525,643

Total of cash and cash equivalents

614,193

Note - 10

SHORT TERM LOANS AND ADVANCES

Advance to material / service providers 8,580,422

Total of short term loans and advances

8,580,422

Mahabala Infracon Private Limited

Summary of significant accounting policies and other explanatory information for the period ended March 31, 2015

*(All Amounts in Indian Rupees,
except share data and where otherwise stated)*

**For the period from
October 18, 2014 to
March 31, 2015**

Note - 11

OTHER EXPENSES

Auditor's remuneration	11,236
Bank charges	1,208
Legal and professional charges	674,160
Preliminary expenses	7,450
Rates and taxes	39,363
Total of other expenses	733,417

Mahabala Infracon Private Limited

Summary of significant accounting policies and other explanatory information for the period ended March 31, 2015

*(All Amounts in Indian Rupees,
except share data and where otherwise stated)*

12. Income Tax

Current tax

The company has computed its Current tax expense after considering the normal tax provisions as per Income Tax Act, 1956.

Deferred tax

In compliance with Accounting Standard 22 (AS 22) – ‘Accounting for taxes on income’, as notified under the Companies (Accounting Standards) Rules, 2006, as amended, the Company as prudence measure had not recognized any deferred tax assets resulting from timing differences.

13. Earnings per equity share

Particulars	For the period ended March 31, 2015
Loss attributable to equity shareholders	(733,417)
Weighted average number of equity shares used in computing basic and diluted earnings per equity share	50,000
Face value per equity share	10.00
Basic earnings per equity share	(14.67)
Diluted earnings per equity share	(14.67)

14. Related party transactions

Disclosures in respect of Accounting Standard (AS) – 18 ‘Related party disclosures’, as specified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This disclosure also includes the amount due to entities pursuant to clause 32 of listing agreement with stock exchange:

a) Name and nature of relationship with related parties:

Relationship	Name of the related parties
<i>i) Related parties where control exists</i>	
- Holding Company	Indiabulls Wholesale Services Limited

b) Statement of material transactions with related parties:

Particulars	For the year ended March 31, 2015
Loans and advances taken from	
<i>Holding Company</i>	
- Indiabulls Wholesale Services Limited	26,800,000

Mahabala Infracon Private Limited

Summary of significant accounting policies and other explanatory information for the period ended March 31, 2015

*(All Amounts in Indian Rupees,
except share data and where otherwise stated)*

c) Statement of maximum balance outstanding at any time during the year:

Particulars	For the year ended
	March 31, 2015
Loans and advances taken from	
<i> Holding Company</i>	
-Indiabulls Wholesale Services Limited	26,800,000

d) Statement of balances outstanding:

Particulars	As at
	March 31, 2015
Loans and advances taken from	
<i> Holding Company</i>	
-Indiabulls Wholesale Services Limited	26,800,000

In accordance with AS 18, disclosures in respect of transactions with identified related parties are given only for such period during which such relationships existed. Related party relationships, as given above, are as identified by the Company and have been relied upon by the auditors.

15. In respect of amounts as mentioned under Section 205C of the Companies Act, 1956, there were no dues required to be credited to the Investor Education and Protection Fund as at March 31, 2015 and March 31, 2014.

16. Contingent liabilities and commitments

There are no contingent liabilities and commitments to be reported as at March 31, 2015.

17. The Company has not entered into any derivative instrument during the year. The Company does not have any foreign currency exposures towards receivables, payables or any other derivative instrument that have not been hedged.

18. In the opinion of the Board of Directors, all current assets and long term loans & advances, appearing in the balance sheet as at March 31, 2015, have a value on realization, in the ordinary course of the Company's business, at least equal to the amount at which they are stated in the financial statements and hence no provision is required to be made against the recoverability of these balances.

For Agarwal Prakash & Co.
Chartered Accountants

For and on behalf of the board of directors

Saurabh Gupta
Partner

Sumer Singh Tokas
Director

Sadhu Ram Arora
Director

Place: New Delhi
Date: May 04, 2015