

## **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, 2017, 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; safeguarding of the assets of the Company; 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. 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 March 31, 2017, and its Profit 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, 2016 ("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' 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, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164(2) of the Act.
  - f. 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'.
  - 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 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.
- iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the Company. (Refer Note 27 of the aforesaid financial statements)

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

**Saurabh Gupta**  
**Partner**  
**Membership No.: 517614**

**New Delhi**  
**May 24, 2017**

**Annexure A 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, 2017**

Based on the audit procedures performed for 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) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
  - (c) The Company does not hold any immovable properties (in the nature of 'fixed assets'). Accordingly, the provisions of clause 3(i)(c) of the Order are not applicable.
- ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies between physical inventory and book records were noticed on physical verification.
- iii) The Company has not granted any loans, secured or unsecured to companies, firm, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable to the Company.
- iv) In our opinion, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of loans, investments, guarantees, and security.
- 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 specified 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, 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, 2017 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, Service Tax, Duty of Customs, Duty of Excise, Value added tax, Cess on account of any dispute, which have not been deposited.
- viii) In our opinion, the Company has not defaulted in repayment of loans or borrowings to any bank during the year. Further, the Company has no loans or borrowings payable to a financial institution or government and no dues payable to debenture-holders during the year.
- ix) As explained to us, no money raised by way of initial public offer or further public offer (including debt instruments) during the year. The Company has not obtained any term loans during the year. Accordingly, the provisions of clause 3(ix) of the Order are not applicable to the Company.
- x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or its employees was noticed or reported during the year.
- xi) In our opinion, the provisions of Section 197 of the Act read with Schedule V to the Act are not applicable to the Company as the Company does not pay/provide for any managerial remuneration. Accordingly, the provisions of clause 3(xi) of the Order are not applicable to the Company.
- xii) The Company is not a Nidhi Company. Accordingly, the provisions of clause 3(xii) of the Order are not applicable to the Company.
- xiii) According to the information and explanations given to us, all the transactions with the related parties are in compliance with Sections 177 & 188 of the Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements as required by applicable accounting standards.
- xiv) According to the information and explanations 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. Accordingly, the provisions of clause 3(xiv) of the Order are not applicable to the Company.
- xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him during the year. Accordingly, the provisions of clause 3(xv) of the Order are not applicable to the Company.
- xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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

**Saurabh Gupta**  
**Partner**  
**Membership No.: 517614**

**New Delhi**  
**May 24, 2017**

## **Annexure B to the Auditor's Report**

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

We have audited the internal financial controls over financial reporting of **Mahabala Infraccon Private Limited** ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is 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") 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 applicable to an audit of Internal Financial Controls and, 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 were 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 judgement, 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.

### **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 March 31, 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 Institute of Chartered Accountants of India.

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

**Saurabh Gupta**  
**Partner**  
**Membership No.: 517614**

**New Delhi**  
**May 24, 2017**

**Mahabala Infracon Private Limited**  
**Balance Sheet as at March 31, 2017**

	Note	As at March 31, 2017 (₹)	As at March 31, 2016 (₹)
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	4	500,000	500,000
Reserves and surplus	5	(9,753,665)	(13,109,066)
<b>Total of shareholders' funds</b>		<b>(9,253,665)</b>	<b>(12,609,066)</b>
<b>Non-Current liabilities</b>			
Long-term provisions	6	-	30,270
<b>Total of non-current liabilities</b>		<b>-</b>	<b>30,270</b>
<b>Current liabilities</b>			
Short term borrowings	7	100,750,000	100,300,000
Trade payables	8	-	-
(a) Payable to micro enterprises and small enterprises		-	-
(b) Other payables		64,950,537	70,435,556
Other current liabilities	9	122,744	1,159,225
Short-term provisions	10	640,225	-
<b>Total of current liabilities</b>		<b>166,463,505</b>	<b>171,894,781</b>
<b>Total of equity and liabilities</b>		<b>157,209,840</b>	<b>159,315,985</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	11		
Tangible assets		286,305	421,663
Intangible assets		142,499	212,786
Long-term loans and advances	12A	613,447	-
Deferred tax assets, net	21	5,129,712	6,937,830
<b>Total of Non-current assets</b>		<b>6,171,963</b>	<b>7,572,279</b>
<b>Current assets</b>			
Inventories	13	149,975,418	149,975,418
Cash and cash equivalents	14	990,851	1,768,288
Short-term loans and advances	12B	71,608	-
<b>Total of current assets</b>		<b>151,037,877</b>	<b>151,743,706</b>
<b>Total of assets</b>		<b>157,209,840</b>	<b>159,315,985</b>

Summary of 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  
Firm Registration Number: 005975N

For and on behalf of the Board of Directors

**Saurabh Gupta**  
Partner

**Bhavya Narwal**  
Director  
DIN: 06947995

**Sumer Singh Tokas**  
Director  
DIN: 06955507

Place: New Delhi  
Date: May 24, 2017



**Mahabala Infracon Private Limited**  
**Statement of Profit and Loss for the year ended March 31, 2017**

	Note	For the year ended March 31, 2017 (₹)	For the year ended March 31, 2016 (₹)
<b>Revenue</b>			
Revenue from operations	15	1,160,860	18,446,425
Other income	16	5,515,289	11
<b>Total of revenue</b>		<b>6,676,149</b>	<b>18,446,436</b>
<b>Expenses</b>			
Cost of goods sold	17		
- Purchase of stock in trade		-	145,258,105
- Change in inventory of finished goods		-	(132,532,214)
Employee benefits expense	18	275,484	547,367
Finance costs	19	30,777	-
Depreciation and amortisation expense	11	205,645	187,819
Other expenses	20	1,000,724	24,298,838
<b>Total of expenses</b>		<b>1,512,630</b>	<b>37,759,915</b>
<b>Profit/(Loss) before tax</b>		<b>5,163,519</b>	<b>(19,313,479)</b>
Tax expense:	21		
Current tax		609,447	-
Less: minimum alternate credit entitlement		(609,447)	-
Deferred tax		1,808,118	(6,937,830)
<b>Profit/(Loss) for the period</b>		<b>3,355,401</b>	<b>(12,375,649)</b>
<b>Earnings per equity share</b>	22		
- Basic		67.11	(247.51)
- Diluted		67.11	(247.51)
Face value per equity share		10	10

**Summary of 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

Firm Registration Number: 005975N

**For and on behalf of the Board of Directors**

**Saurabh Gupta**

Partner

**Bhavya Narwal**

Director

DIN: 06947995

**Sumer Singh Tokas**

Director

DIN: 06955507

**Place: New Delhi**

**Date: May 24, 2017**

**Mahabala Infracon Private Limited**  
**Cash Flow Statement for the year ending March 31, 2017**

	For the year ended March 31, 2017 (₹)	For the year ended March 31, 2016 (₹)
<b>A. Cash flow from operating activities:</b>		
Net profit/ (loss) before tax	5,163,519	(19,313,479)
<b>Adjustments for statement of profit and loss items:</b>		
Interest expenses	30,777	-
Depreciation and amortisation expense	205,645	187,819
Provision for gratuity and compensated absences	-	30,270
Excess provision written off	(30,270)	-
Unrealised foreign exchange (gain) /loss	(5,485,019)	6,391,775
<b>Operating loss before working capital changes and other adjustments</b>	<b>(115,348)</b>	<b>(12,703,615)</b>
<i>Working capital changes and other adjustments</i>		
Decrease/(increase) in loans and advances	(71,608)	8,580,422
(Increase)/decrease in inventories	-	(132,532,214)
Increase/(decrease) in trade payable	-	64,043,781
(Decrease)/ increase in other liabilities	(1,036,481)	1,087,989
<b>Cash generated from/(used in) operating activities</b>	<b>(1,223,437)</b>	<b>(71,523,637)</b>
Income tax paid/ refund received, net	(4,000)	-
<b>Net cash generated from/(used in) operating activities</b>	<b>(1,227,437)</b>	<b>(71,523,637)</b>
<b>B. Cash flow from investing activities:</b>		
Purchase of fixed assets	-	(822,268)
<b>Net cash generated from/(used in) investing activities</b>	<b>-</b>	<b>(822,268)</b>
<b>C. Cash flow from financing activities:</b>		
Inter- corporate borrowings taken from related parties	450,000	73,500,000
<b>Net cash generated from/(used in) financing activities</b>	<b>450,000</b>	<b>73,500,000</b>
<b>D. Increase / (Decrease) in cash and cash equivalents, net (A+B+C)</b>	<b>(777,437)</b>	<b>1,154,095</b>
<b>E. Cash and cash equivalents at the beginning of the period</b>	<b>1,768,288</b>	<b>614,193</b>
<b>F. Cash and cash equivalents at the end of the period</b>	<b>990,851</b>	<b>1,768,288</b>
<b>Note:</b>		
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 specified under section 133 of Companies Act, 2013, read with Rule 7 of Companies (Accounts) Rules, 2014 (as amended).		
b) Cash and cash equivalents includes:		
Cash on hand	78,464	137,862
Balances with banks		
- in current accounts	912,387	1,630,426
<b>Total of cash and cash equivalents</b>	<b>990,851</b>	<b>1,768,288</b>

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

**For Agarwal Prakash & Co.**

Chartered Accountants

Firm Registration Number: 005975N

**For and on behalf of the Board of Directors**

**Saurabh Gupta**  
Partner

**Bhavya Narwal**  
Director  
DIN: 06947995

**Sumer Singh Tokas**  
Director  
DIN: 06955507

**Place: New Delhi**  
**Date: May 24, 2017**

## **Mahabala Infracon Private Limited**

### **Summary of significant accounting policies and other explanatory information for the year ended March 31, 2017**

#### **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.

#### **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 basis, in accordance with the generally accepted accounting principles in India and in compliance with the applicable accounting standards as specified under section 133 of Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). 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 the 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. Summary of significant accounting policies**

##### **a) Revenue recognition**

- (i) Revenue from sale of goods/value added construction material is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of goods. The company collects all relevant applicable taxes etc. on behalf of the Statutory Authorities and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue.
- (ii) Interest on delayed receipts, cancellation / forfeiture and transfer fees from customers is recognized, as per revenue recognition principles laid down in Accounting Standard - 9 on “Revenue Recognition”, when certainty of its collection is established.

##### **b) 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.

##### **c) Employee benefits**

The Company’s contribution to provident fund and employee state insurance schemes is charged to the statement of profit and loss. The Company has unfunded defined benefit plans namely compensated absences and gratuity for its employees, the liability for which is determined on accrual basis.

##### **d) 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.

## **Mahabala Infracon Private Limited**

### **Summary of significant accounting policies and other explanatory information for the year ended March 31, 2017**

#### *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 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.

#### **e) 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.

#### **f) 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.

#### **g) 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.

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.

**Mahabala Infracon Private Limited**  
**Summary of significant accounting policies and other explanatory information for the year ended March 31, 2017**

	As at March 31, 2017 (₹)		As at March 31, 2016 (₹)	
<b>Note - 4</b>				
<b>SHARE CAPITAL</b>				
<b>Authorised</b>	<b>Number of Shares</b>		<b>Number of Shares</b>	
Equity shares of face value of ₹10 each	50,000	500,000	50,000	500,000
<b>Total of share capital</b>	<b>50,000</b>	<b>500,000</b>	<b>50,000</b>	<b>500,000</b>
<b>Issued, subscribed and fully paid up</b>	<b>Number of Shares</b>		<b>Number of Shares</b>	
<b>Equity shares of face value of ₹10 each</b>				
Opening balance	50,000	500,000	50,000	500,000
Add: Issued during the period	-	-	-	-
<b>Total equity share capital</b>	<b>50,000</b>	<b>500,000</b>	<b>50,000</b>	<b>500,000</b>

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 - Soril Holdings and Ventures 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	1
- Number of shares held	50,000	50,000

**Note - 5**

**RESERVES AND SURPLUS**

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

Balance as at the beginning of the year/period	(13,109,066)	(733,417)
Add: Profit/(Loss) for the year	3,355,401	(9,753,665)
<b>Total of reserves and surplus</b>	<b>(9,753,665)</b>	<b>(13,109,066)</b>

**Note - 6**

**LONG TERM PROVISIONS**

Provision for gratuity	-	14,870
Provision for compensated absences	-	15,400
<b>Total of long term provisions</b>	<b>-</b>	<b>30,270</b>

**Note - 7**

**SHORT TERM BORROWINGS**

Loans and advances from related parties	100,750,000	100,300,000
<b>Total of short term borrowings</b>	<b>100,750,000</b>	<b>100,300,000</b>

**Mahabala Infracon Private Limited**  
Summary of significant accounting policies and other explanatory information for the year ended March 31, 2017

	As at March 31, 2017 (₹)	As at March 31, 2016 (₹)
<b>Note - 8</b>		
<b>TRADE PAYABLE</b>		
Other payables	64,950,537	70,435,556
<b>Total of trade payable</b>	<u><u>64,950,537</u></u>	<u><u>70,435,556</u></u>

<b>Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act, 2006"):</b>	<b>Amount (₹)</b>
i) the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	Nil
ii) the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	Nil
iii) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act;	Nil
iv) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil
v) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	Nil

<b>Note - 9</b>		
<b>OTHER CURRENT LIABILITIES</b>		
Payable to statutory and government authorities	30,313	1,035,640
Expenses Payable	92,431	123,585
<b>Total of other current liabilities</b>	<u><u>122,744</u></u>	<u><u>1,159,225</u></u>

<b>Note - 10</b>		
<b>PROVISIONS</b>		
<b>Short-term provisions</b>		
Income tax payable	640,225	-
<b>Total of Short term provision</b>	<u><u>640,225</u></u>	<u><u>-</u></u>

<b>Note - 12A</b>		
<b>LONG TERM LOANS AND ADVANCES</b>		
<b>(Unsecured, considered good)</b>		
Advance income tax, including tax deducted at source (net of provisions)	4,000	-
Minimum alternate tax credit entitlement	609,447	-
<b>Total of long term loans and advances</b>	<u><u>613,447</u></u>	<u><u>-</u></u>

<b>Note - 12B</b>		
<b>SHORT TERM LOANS AND ADVANCES</b>		
<b>(Unsecured, considered good)</b>		
Advance to staff	63,430	-
Balances with statutory authorities	8,178	-
<b>Total of short term loans and advances</b>	<u><u>71,608</u></u>	<u><u>-</u></u>

<b>Note - 13</b>		
<b>INVENTORIES</b>		
Stock in trade (at cost)	149,975,418	149,975,418
<b>Total of inventories</b>	<u><u>149,975,418</u></u>	<u><u>149,975,418</u></u>

<b>Note - 14</b>		
<b>CASH AND CASH EQUIVALENTS</b>		
<b>Cash and bank balances</b>		
Cash on hand	78,464	137,862
Balances with banks		
- in current accounts	912,387	1,630,426
<b>Total of cash and cash equivalents</b>	<u><u>990,851</u></u>	<u><u>1,768,288</u></u>

**Mahabala Infracon Private Limited**  
Summary of significant accounting policies and other explanatory information for the year ended March 31, 2017

**Note - 11**

**Fixed Assets**

Particulars	Gross Block (at cost)				Accumulated Depreciation / Amortisation				Net Block	
	As at April 1, 2016 (₹)	Additions during the year (₹)	Sales during the year (₹)	As at March 31, 2017 (₹)	As at April 1, 2016 (₹)	Provided during the year (₹)	Sales during the year (₹)	As at March 31, 2017 (₹)	As at March 31, 2017 (₹)	As at March 31, 2016 (₹)
<b>A. Tangible Assets</b>										
Office Equipment	339,133	-	-	339,133	57,455	67,864	-	125,319	213,814	281,678
Computers	202,235	-	-	202,235	62,250	67,494	-	129,744	72,491	139,985
<b>Total of Tangible Assets (A)</b>	<b>541,368</b>	<b>-</b>	<b>-</b>	<b>541,368</b>	<b>119,705</b>	<b>135,358</b>	<b>-</b>	<b>255,063</b>	<b>286,305</b>	<b>421,663</b>
<b>B. Intangible Assets</b>										
Computer Software	280,900	-	-	280,900	68,114	70,287	-	138,401	142,499	212,786
<b>Total of Intangible Assets (B)</b>	<b>280,900</b>	<b>-</b>	<b>-</b>	<b>280,900</b>	<b>68,114</b>	<b>70,287</b>	<b>-</b>	<b>138,401</b>	<b>142,499</b>	<b>212,786</b>
<b>Total of Fixed Assets [A+B]</b>	<b>822,268</b>	<b>-</b>	<b>-</b>	<b>822,268</b>	<b>187,819</b>	<b>205,645</b>	<b>-</b>	<b>393,464</b>	<b>428,804</b>	<b>634,449</b>
<b>Previous Year</b>	<b>-</b>	<b>822,268</b>	<b>-</b>	<b>822,268</b>	<b>-</b>	<b>187,819</b>	<b>-</b>	<b>187,819</b>	<b>63,449</b>	<b>-</b>

**Mahabala Infracon Private Limited**

**Summary of significant accounting policies and other explanatory information for the year ended March 31, 2017**

	For the year ended March 31, 2017 (₹)	For the year ended March 31, 2016 (₹)
<b>Note- 15</b>		
<b>REVENUE FROM OPERATIONS</b>		
Revenue from art gallery	-	18,446,425
Commission on sale	1,160,860	-
<b>Total revenue from operations</b>	<b>1,160,860</b>	<b>18,446,425</b>
<b>Note- 16</b>		
<b>OTHER INCOME</b>		
Miscellaneous income	5,515,289	11
<b>Total of other income</b>	<b>5,515,289</b>	<b>11</b>
<b>Note- 17</b>		
<b>COST OF GOODS SOLD</b>		
Purchase of stock in trade	-	145,258,105
Change in inventory of finished goods		
- Opening stock	149,975,418	17,443,204
- Closing stock	(149,975,418)	(149,975,418)
<b>Total of cost of goods sold</b>	<b>-</b>	<b>12,725,891</b>
<b>Note - 18</b>		
<b>EMPLOYEE BENEFITS EXPENSES</b>		
Salaries and wages	275,484	547,367
<b>Total of employee benefits expenses</b>	<b>275,484</b>	<b>547,367</b>
<b>Note - 19</b>		
<b>FINANCE COSTS</b>		
- Interest expenses on taxation	30,777	-
<b>Total of Finance Cost</b>	<b>30,777</b>	<b>-</b>
<b>Note - 20</b>		
<b>OTHER EXPENSES</b>		
Auditor's remuneration*	57,500	57,250
Bank charges	7,437	90,145
Freight	86,707	25,665
Legal and professional charges	51,284	1,126,481
Foreign exchange loss-realized	-	6,391,775
Foreign exchange loss-unrealized	-	5,007,537
Printing and stationery	-	7,494
Rates and taxes	29,962	10,527
Repairs and maintenance- others	65,912	60,277
Sales and marketing expenses	701,386	10,061,974
Traveling and conveyance expenses	-	1,459,710
Miscellaneous expenses	536	3
<b>Total of other expenses</b>	<b>1,000,724</b>	<b>24,298,838</b>

\*Including non-deductible tax



**Mahabala Infracon Private Limited**

**Summary of significant accounting policies and other explanatory information for the year ended March 31, 2017**

**21. Income Tax**

*Deferred tax*

In compliance with Accounting Standard 22 (AS 22) – ‘Accounting for taxes on income’, as specified under Section 133 of Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rules, 2014, as amended, the Company has recognized deferred tax charged of ₹1,808,118 (previous year: credit of ₹6,937,830) in the statement of profit and loss during the year ended March 31, 2017.

The breakup of deferred tax assets into major components is as under:

Particulars	As at March 31, 2017 (₹)	As at March 31, 2016 (₹)
<b>Deferred tax liability arising on account of timing differences due to:</b>		
Depreciation	(36,292)	(52,270)
<b>Deferred tax assets arising on account of timing differences due to:</b>		
Provision for compensated absences and gratuity	-	10,476
Preliminary Expenses	1,031	1,547
Accumulated losses	5,164,972	6,978,077
<b>Deferred tax assets/ (liabilities), net</b>	<b>5,129,712</b>	<b>6,937,830</b>

**22. Earnings per equity share**

Basic earnings per equity share are computed by dividing the net profit attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share are computed using the weighted average number of equity shares and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable, had the shares been actually issued at fair value.

Dilutive potential equity shares are deemed converted as of the beginning of the year, unless they have been issued at a later date. The number of equity shares and potential diluted equity shares are adjusted for stock split, bonus shares and the potential dilutive effect of employee stock option plans as appropriate.

Particulars	For the year ended March 31, 2017 (₹)	For the year ended March 31, 2016 (₹)
Profit/(loss) attributable to equity shareholders	3,355,401	(12,375,649)
Weighted average number of equity shares used in computing basic and diluted earnings per equity share	50,000	50,000
Face value per equity share	10	10
Basic earnings per equity share	67.11	(247.51)
Diluted earnings per equity share	67.11	(247.51)

**23. Gratuity benefits**

In accordance with “The Payment of Gratuity Act, 1972”, the Company provides for gratuity a defined benefit retirement plan (the “Gratuity Plan”) covering certain categories of employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement or termination of employment. The amount of payment is based on the respective employee’s last drawn salary and the years of employment with the Company. Liabilities in respect of the Gratuity Plan are determined on accrual basis.

The Company had charged ₹Nil (previous year ₹14,870) during the year ended March 31, 2017 and the amount outstanding as at March 31, 2016 is ₹ Nil (previous year: ₹ 14,870)

**Mahabala Infracon Private Limited****Summary of significant accounting policies and other explanatory information for the year ended March 31, 2017****Compensated absence**

Eligible employees are entitled to accumulate compensated absences up to prescribed limits in accordance with the Company's policy and receive cash in lieu thereof. The Company measures the expected cost of accumulating compensated absences as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date. Such measurement is based on accrual basis as at balance sheet date. The Company had charged ₹ Nil (previous year ₹15,400) during the year ended March 31, 2017 and the amount outstanding as at March 31, 2017 is ₹ Nil (previous year: ₹ 15,400).

**24. Segmental information**

The Company's primary business segment is reflected based on principal business activities carried on by the Company i.e. 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 and all other related activities. The Company operates in domestic market only. Considering the nature of Company's business and operations and based on the information available with the management no further disclosures are required in respect of reportable segments, under Accounting Standard 17 (AS 17) – "Segment Reporting" as specified under section 133 of Companies Act, 2013 read with rule 7 of Companies (Accounts) Rules 2014 (as amended), other than those already provided in the financial statements.

**25. 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).

**a) Name and nature of relationship with related parties:****Relationship****Name of the related parties*****i) Related parties where control exists***

- Holding Company

Soril Holdings and Ventures Limited

**b) Statement of material transactions with related parties:**

Particulars	For the year ended March 31, 2017 (₹)	For the year ended March 31, 2016 (₹)
Loans and advances taken from		
<i>Holding Company</i>		
- Soril Holdings and Ventures Limited	450,000	73,500,000

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

Particulars	For the year ended March 31, 2017 (₹)	For the year ended March 31, 2016 (₹)
Loans and advances taken from		
<i>Holding Company</i>		
- Soril Holdings and Ventures Limited	100,750,000	109,300,000

**Mahabala Infracon Private Limited**

**Summary of significant accounting policies and other explanatory information for the year ended March 31, 2017**

**d) Statement of balances outstanding:**

Particulars	As at March 31, 2017 (₹)	As at March 31, 2016 (₹)
<b>Loans and advances taken from</b>		
<b><i>Holding Company</i></b>		
- Soril Holdings and Ventures Limited	100,750,000	100,300,000

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.

**26. Expenditure in foreign currency (accrual basis):**

Particulars	For the year ended March 31, 2017 (₹)	For the year ended March 31, 2016 (₹)
Purchase of stock in trade	-	132,243,784

**27. Disclosure of specified bank notes (SBNs):**

Tabular Disclosure on Specified Bank Notes (SBNs) as required vide MCA notification G.S.R. 308 (E) dated March 30, 2017 is as below:

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	-	77.50	77.50
(+) Permitted receipts	-	15930	15930
(-) Permitted payments	-	-	-
(+) Amount withdrawn from Banks	-	50,000	50,000
(-) Amount deposited in Banks	-	-	-
Closing cash in hand as on 30.12.2016	-	66,007.50	66,007.50

**28. Contingent liabilities and commitments**

There are no contingent liabilities and commitments to be reported as at March 31, 2017 and March 31, 2016.

**29. The Company has not entered into any derivative instrument during the year. The value of unhedged foreign Currency exposure, as of reporting date, is as below:**

Particulars	As at March 31, 2017		As at March 31, 2016	
	(In EURO)	(In ₹ )	(In EURO)	(In ₹ )
Trade payables	937,946	64,950,537	937,946	70,435,556

**30. Other matters**

- In respect of amounts as mentioned under Section 125 of the Companies Act, 2013, there were no dues required to be credited to the Investor Education and Protection Fund as at 31 March, 2017, 31 March, 2016.
- In the opinion of the Board of Directors, all current assets and long term loans & advances, appearing in the balance sheet as at 31 March 2017, have a value on realization, in the ordinary course of the Company's business, at least equal to the amount

**Mahabala Infracon Private Limited**

**Summary of significant accounting policies and other explanatory information for the year ended March 31, 2017**

at which they are stated in the financial statements. In the opinion of the board of directors, no provision is required to be made against the recoverability of these balances.

- c) Previous year figures have been regrouped and/or re-arranged, wherever necessary to conform to current year groupings and/or classifications.

**For Agarwal Prakash & Co.**

Chartered Accountants

Firm Registration Number : 005975N

**For and on behalf of the Board of Directors**

**Saurabh Gupta**

Partner

**Bhavya Narwal**

Director

DIN: 06947995

**Sumer Singh Tokas**

Director

DIN: 06955507

**Place: New Delhi**

**Date: May 24, 2017**