

SGCO & Co.LLP

Chartered Accountants

Independent Auditor's Report

To the Members of ILD Millennium Private Limited

Report on the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of **ILD Millennium Private Limited** ("the Company"), which comprise the Balance sheet as at March 31, 2019, the statement of profit and loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the aforesaid financial statements give the information required by the Companies Act, 2013 ("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, 2019, its loss and cash flows for the year ended on that date.

Basis for Qualified Opinion

- (i) As explained in Note 5(b) to the accompanying financial statements, the company has not complied with certain financial covenants as per the terms of the agreement relating to borrowings from Piramal Enterprise Limited as inter corporate deposits amounting to Rs. 838,400,000 as at March 31, 2019. In the absence of sufficient appropriate evidence to support management's assessment of waiver of such non-compliance of covenant conditions as mentioned in the said note, we are unable to comment upon compliance of the aforementioned inter corporate deposit balances with the presentation and disclosure requirements of Schedule III to Companies Act, 2013.
- (ii) As explained in Note 33 to the accompanying financial statements, in the event of delay in providing possession of the apartment, the Company is liable to pay compensation to the customer subject to the terms & conditions given in the apartment buyer agreement. There is a significant delay in providing possession by the Company, however Company has recognized compensation provision amounting to Rs. 35,896,436 as at March 31, 2019 for certain customer only based on internal evaluation of merits of each case as explained in aforesaid note. In the absence of sufficient appropriate audit evidence to support management's assessment of compensation liability for all the contracts where there is delay in providing possession to the customers, we are unable to comment on the completeness of compensation provision recognised in these financial statements.
- (iii) Due to adverse economic scenario and commercial factors, leading to delay in construction of project and sluggish demand in construction industry, the Company has not deposited Goods & Service Tax (GST) liability amounting to Rs. 30,843,728 as on date and consequently GST Numbers of the Company have been inactive. However, as informed to us, the Company is in the process of regularizing the same. Further, the tax deducted at source liability amounting to Rs. 17,423,004 is also pending for payment as on date.

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs), specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our Qualified audit opinion on the financial statements.



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Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report but does not include the financial statements and our auditor's report thereon. The Annual report is expected to be made available to us after the date of this Auditor's Report. Our Qualified audit opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to report the matter to those charged with governance.

Responsibilities of the Management and those charged with governance for the financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that gives 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 relevant Rules issued thereunder.

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 judgement 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our Qualified audit opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our Qualified audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions,



misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an Qualified audit opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other matter

The financial statements of the Company for the year ended March 31, 2018 were audited by the predecessor auditor, Walker Chandiook & Co LLP, who have expressed an modified opinion on those financial statements vide their audit report dated November 14, 2018.

Report on Other Legal and Regulatory Requirements

1. The provisions of Section 197 read with Schedule V to the Act are not applicable to the Company since the Company is not a public company as defined under section 2(71) of the Act. Accordingly, reporting under Section 197(16) is not applicable.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of section 143(11) of the Act, we give in the "Annexure A "a statement on the matters specified in paragraphs 3 and 4 of the Order.
3. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) except for the effects of the matter described in the Basis for Qualified Opinion paragraph, 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 financial statements dealt with by this Report are in agreement with the books of account;



- d) except for the effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant Rules issued thereunder;
- e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;
- f) We have also audited the internal financial controls over financial reporting (IFCOFR) of the Company as on March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated September 30, 2019 as per Annexure 'B' expressing modified opinion on adequacy and operating effectiveness of the internal financial controls over financial reporting; and
- 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, as detailed in Note 28 to the financial statements, has disclosed the impact of pending litigation on its financial position;
 - ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii. There were no amount which were required to be transferred to the Investor Education and Protection Fund by the Company.

For SGCO & Co. LLP
Chartered Accountants
FRN -112081W / W100184



Sachin Gupta

Sachin Gupta
Partner

Membership No. 508101
UDIN No: 19508101AAAAFI4102

Place: New Delhi
Date: September 30, 2019

Annexure A to the Independent Auditor's Report to the Members of ILD Millennium Private Limited on its financial statements dated September 30, 2019

Report on the matters specified in paragraph 3 of the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Companies Act, 2013 ("the Act") as referred to in paragraph 1 of 'Report on Other Legal and Regulatory Requirements' section

- i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) The fixed assets comprising of property, plant and equipment and intangible assets have not been physically verified by the management during the year, however, there is a regular program of verification once in three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets.

(c) According to the information and explanation given by the company, the title deed of immovable property is held in the name of the company.
- ii. In our opinion, 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 loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or any 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.
- iv. In our opinion, the Company has not entered into any transactions covered under Section 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.
- v. As the Company has not accepted deposits, the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under, are not applicable.
- vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.



- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is *not regular* in depositing 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 other statutory dues, as applicable, with the appropriate authorities and there have been significant delays in a large number of cases. Further, there is a significant outstanding undisputed statutory due pending at various statute at balance sheet date as per details given below:

Name of the statute	Nature of the dues	Amount in Rs.	Period to which the amount relates	Due Date	Date of Payment
Income Tax Act, 1961	Tax deducted at Source	17,423,004	AY 2019-20 & AY 2018-19	Various	Not yet paid
Goods and Service Tax Act	Goods and Service Tax	30,843,728	AY 2019-20 & AY 2018-19	Various	Not yet paid

- (b) According to the information and explanations given to us and the records of the Company examined by us, the dues outstanding in respect of income tax, sales-tax, duty of customs, duty of excise & value added tax which have not been deposited on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount in Rs.	Amount paid under protest (Rs.)	Period to which the amount relates	Forum where Dispute is pending
Income Tax Act, 1961	Income Tax	66,302,870	10,530,000	AY 2013-14	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	73,168,350	1,000,000	AY 2015-16	Commissioner of Income Tax (Appeals)

- viii. According to the information and explanations given to us and as per the books and records examined by us, the company has not defaulted in repayment of loans or borrowings to a financial institutions, banks, debenture holders and Government, as applicable to the Company.
- ix. In our opinion and on the basis of information and explanations given to us, the company has not raised any monies by way of initial public offer or further public offer or term loan during the financial year, hence the related reporting requirement of the Order are not applicable.
- x. During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year, nor have we been informed of such case by the management.
- xi. The provisions of Section 197 read with Schedule V to the Act are not applicable to the Company since the Company is not a public company as defined under section 2(71) of the Act. Accordingly, provisions of the Order are not applicable.
- xii. The company is not a Nidhi company, hence the related reporting requirement of the Order are not applicable.



- xiii. In our opinion, and according to the information and explanations given to us during the course of audit, transactions with the related parties are in compliance with section 188 of the Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. The provisions of section 177 are not applicable to the company and accordingly reporting under clause 3(xiii) insofar as it relates to section 177 of the Act is not applicable to the Company and hence the related reporting requirement of the Order are not applicable.
- xiv. As the Company has not made any preferential allotment and private placement of shares or fully & partly convertible debentures during the year under review, the requirement of section 42 of the Act are not applicable.
- xv. In our opinion, and 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.
- xvi. According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For SGC& Co. LLP
Chartered Accountants
FRN -112081W / W100184



Sachin Gupta

Sachin Gupta
Partner

Membership No. 508101

Place: New Delhi
Date: September 30, 2019

Annexure B to the Independent Auditor's Report to the Members of ILD Millennium Private Limited on its financial statements dated September 30, 2019

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act") as referred to in paragraph 2(f) of 'Report on Other Legal and Regulatory Requirements' section

We have audited the internal financial controls over financial reporting of ALM Infotech City Private Limited ("the Company") as of March 31, 2019 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". 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 the 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 Act.

Auditors' Responsibility

Our responsibility is to express an Qualified audit 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 Act, 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 was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our Qualified 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:

- a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- b) 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 authorizations of management and directors of the Company; and
- c) provide reasonable assurance regarding prevention or timely detection of unauthorized 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.

Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weakness have been identified in the Company's internal financial controls over financial reporting as at March 31, 2019;

- (i) The Company did not have an appropriate internal control system in respect of presentation and disclosure of agreement relating to borrowings from Piramal Enterprise Limited as inter corporate deposits amounting to Rs. 838,400,000 as at March 31, 2019. Company has not complied with certain financial covenants as per the terms of the agreement relating to inter corporate deposits and in the absence of sufficient appropriate evidence to support management's assessment of waiver of such non-compliance of covenant conditions as mentioned in the said note, we are unable to comment upon compliance of the aforementioned inter corporate deposit balances with the presentation and disclosure requirements of Schedule III to Companies Act, 2013.
- (ii) The Company did not have an appropriate internal control system in respect of completeness of compensation provision to the customer in the event of delay in providing possession of the apartment. The Company is liable to pay compensation to the customer subject to the terms & conditions given in the apartment buyer agreement. There is a significant delay in providing possession by the Company, however Company has recognized compensation provision amounting to Rs.35,896,436 as at March 31, 2019 for certain customer only based on internal evaluation of merits of each case as explained in aforesaid note. In the absence of sufficient appropriate audit evidence to support management's assessment of compensation liability for all the contracts where there is delay in providing possession to the customers, we are unable to comment on the completeness of compensation provision recognised in these financial statements.



- (iii) Due to adverse economic scenario and commercial factors, leading to delay in construction of project and sluggish demand in construction industry, the Company has not deposited Goods & Service Tax (GST) liability amounting to Rs. 30,843,728 as on date and consequently GST Numbers of the Company have been inactive. However, as informed to us, the Company is in the process of regularizing the same. Further, the tax deducted at source liability amounting to Rs. 17,423,004 is also pending for payment as on date.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial controls over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual financial statements will not be prevented or detected on a timely basis.

In our opinion, except for the possible effects of the material weakness described above on the achievements of the objectives of the control criteria, 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 31st March, 2019, 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 SGCO & Co. LLP
Chartered Accountants
FRN -112081W / W100184



Sachin Gupta

Sachin Gupta
Partner
Membership No. 508101

Place: New Delhi
Date: September 30, 2019