

**AUDITOR'S REPORT**

**TO THE MEMBERS OF BREEZE CONSTRUCTIONS PRIVATE LIMITED**

**Report on Ind AS Financial Statements**

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

**Management's Responsibility for the Financial Statements**

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

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

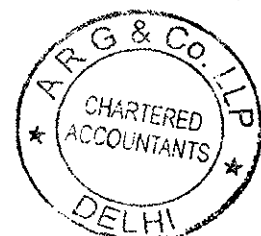
**Auditor's Responsibilities**

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit



appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Director, as well as evaluating the overall presentation of the Ind AS 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 Ind AS financial statements.

### Opinion

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

### Emphasis of Matter

Note-17 in the financial statements which indicates that the Company has accumulated losses and its net worth has been fully eroded, the Company has incurred a net cash loss during the current and previous year(s) and, the Company's current liabilities exceeded its current assets as at the balance sheet date. These conditions, along with other matters set forth in Note 17, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, the financial statements of the Company have been prepared on a going concern basis for the reasons stated in the said Note.

Our opinion is not modified in respect of these matters.

### Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by Central Government of India in terms of Section 143(11) of the act, we give in "Annexure A" a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by section 143 (3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act.
  - e) The going concern matter described under the Emphasis of Matters paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
  - f) On the basis of the written representations received from the Directors as on 31st March, 2017, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2017 from being appointed as a Director in terms of Section 164 (2) of the Act.
  - g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B";



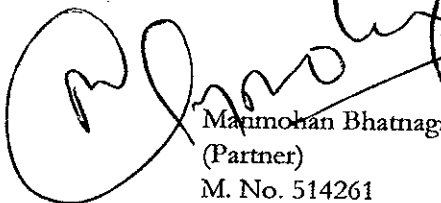
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i.) As mentioned in note 20 of the financial statements, the land held by the company has been the subject matter of the litigation with Mr. Kewal Krishan Kumar. The case is still pending in High Court. However, no impact of the transaction under litigation has been given in the financial statements pending the decision of the High Court.
  - ii.) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii.) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv.) The Company has provided requisite disclosures in its Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 23 to the Ind AS financial statements.

For and on behalf of

**ARG & Co. LLP**

Chartered Accountants

(FRN: 010630N/N500036)

  
Manmohan Bhatnagar

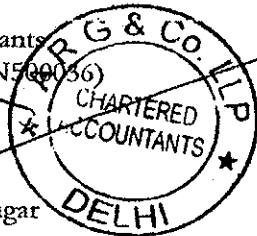
(Partner)

M. No. 514261

Firm Regn no. 010630N/N500036

Place: New Delhi

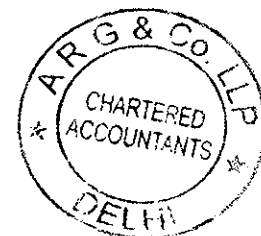
Date: 22-05-2017



**"Annexure A" to the Auditor's Report of even date to the members of Breeze Constructions Private Limited, on the Ind AS financial statements for the year ended on 31<sup>st</sup> March 2017.**

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

- i)
  - a) According to the information and explanations given to us, the Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
  - b) According to the information and explanations given to us, the fixed assets of the company have been physically verified by the management during the year and no material discrepancies between the books records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
  - c) According to the information provided to us, the title deeds of immovable properties are held in the name of the company.
- ii) The Company has no physical stock of inventory during the year. Hence the provision of clause 3(ii) of the order is not applicable to the company.
- iii) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Sec. 189 of the Companies Act. Accordingly the provisions of clause 3(iii) of the order are not applicable to the company.
- iv) According to the information and explanations provided to us, the company does not have any loans, investment, guarantees and security during the year. Accordingly the provision of clause 3(iv) of the order is not applicable to the company.
- v) During the year, the company has not accepted any deposits as defined in section 73 and section 76 of the Companies Act, 2013 or rules made thereunder. Accordingly the provision of clause 3(v) of the order is not applicable to the company.
- vi) According to the information and explanations provided to us, the Companies (Cost Records & Audit) Rules 2014, are not applicable to the Company. Accordingly, the provision of the clause 3(vi) of the order is not applicable to the company.
- vii)
  - a) According to the records of the company, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty, excise duty, value added tax and cess were outstanding, as at 31.03.2017 for a period of more than six months from the date they became payable.
  - b) As per the information and explanations given to us, no dispute is pending on account of any dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax.
- viii) In our opinion and according to the information and explanations given to us, the company has not obtained any loans or borrowings from any financial institution, Bank, Government or debenture holders. Accordingly the provision of clause 3(viii) of the order is not applicable to the company.



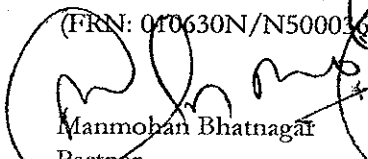
- ix) According to the information & explanation given to us, the company has not raised money by way of initial public offer or further public offer (including debt instruments) or term loan. Accordingly the provision of clause 3(ix) of the order is not applicable to the company.
- x) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud by the company or no fraud on the company by its officers or employees has been noticed or reported during the year.
- xi) According to the information & explanation given to us, the company has not paid or provided any managerial remuneration as defined by the provisions of the section 197 of the Companies Act, 2013. Accordingly the provision of clause 3(xi) of the order is not applicable to the company.
- xii) In our opinion and according to the information & explanation given to us, the company is not a nidhi company. Hence the provision of clause 3(xii) of the order is not applicable to the company.
- xiii) During the year, the company has entered into transactions with related parties in compliance with the provisions of the sections 177 & 188 of the Companies Act, 2013. The details of such transactions have been properly disclosed in the Ind AS financial statements as required by the applicable accounting standard.
- xiv) According to the information & explanation given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly the provision of clause 3(xiv) of the order is not applicable to the company.
- xv) According to the information & explanation given to us, the company has not entered into any non-cash transaction with directors or any person connected with him. Accordingly the provision of clause 3(xv) of the order is not applicable to the company.
- xvi) In our opinion and according to the information & explanation given to us, the company is not required to be registered under section 45-IA of the Reserves Bank of India Act, 1934. Accordingly the provision of clause 3(xvi) of the order is not applicable to the company.

For and on behalf of

**ARG & Co. LLP**

Chartered Accountants

(FRN: 010630N/N500036)

  
Manmohan Bhatnagar

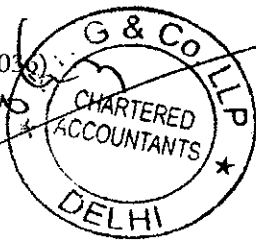
Partner

M.No. 514261

FRN: 010630N/N500036

Place: New Delhi

Date: 22-05-2017



## **"Annexure – B" to the Auditors' Report**

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

In conjunction with our audit of the Ind AS financial statements of the Company as of and for the year ended 31<sup>st</sup> March 2017, we have audited the internal financial controls over financial reporting of Breeze Constructions Private Limited.

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

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

#### **Auditors' Responsibility**

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

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

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

#### **Meaning of Internal Financial Controls over Financial Reporting**

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

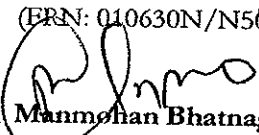
In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria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

For and on behalf of

**ARG & Co. LLP**

Chartered Accountants

(FRN: 010630N/N500036)

  
Manmohan Bhatnagar

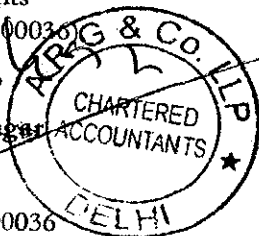
Partner

M.No. 514261

FRN: 010630N/N500036

Place: New Delhi

Date: 22-05-2017



**Breeze Constructions Private Limited**

CIN: U45201DL2005PTC135476

Regd Office Address: 11E, Jhandewalan Extn. Naaz Cinema Complex, New Delhi-110055

Balance sheet as at 31st March 2017

(Amount in Rs.)

Particulars	Note No.	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
<b>I. ASSETS</b>				
<b>(1) Non-current assets</b>				
(a) Property, Plant and Equipment	4	1,037,720,918	1,037,720,918	1,037,720,918
(b) Capital work-in progress	5	492,809,450	492,809,450	492,809,450
<b>(2) Current assets</b>				
<b>(a) Financial Assets</b>				
Cash and cash equivalents	6	551,834	1,509,845	29,126
(b) Other Current Assets	7	7,055,441	7,016,790	7,055,442
<b>Total Assets</b>		<b>1,538,137,644</b>	<b>1,539,057,003</b>	<b>1,537,614,936</b>
<b>II. EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
(a) Equity Share Capital	8	500,000,000	500,000,000	500,000,000
(b) Other Equity	9	(1,306,065,134)	(1,038,816,989)	(791,694,709)
<b>LIABILITIES</b>				
<b>(1) Non-current liabilities</b>				
<b>Financial Liabilities</b>				
Borrowings	10	1,748,823,928	1,652,017,937	1,574,381,718
<b>(2) Current liabilities</b>				
<b>(a) Financial Liabilities</b>				
(i) Trade payables	11	304,443	1,809,156	2,432,493
(ii) Other financial liabilities	12	589,309,513	418,308,508	232,833,039
(b) Other current liabilities	13	5,764,894	5,738,392	19,662,396
<b>Total Equity and Liabilities</b>		<b>1,538,137,644</b>	<b>1,539,057,003</b>	<b>1,537,614,936</b>

The accompanying notes 1 to 30 are an integral part of these financial statements

Based on our report of even date attached.

For and on behalf of  
A R G & Co. LLP  
Chartered Accountants  
(FIRN : 010630N/N50000)

Mansohan Bhatnagar  
Partner  
Membership No.: 514261

Place : New Delhi  
Date : 22/05/2017

For and on behalf of the Board of Directors  
Breeze Constructions Private Limited

Mr. S K Gupta  
DIN: 00003155  
(Director)

Mr. S K Sharma  
DIN: 00004990  
(Director)

Mr. Saurabh Khatri  
PAN: AQYPK8312M  
(CFO)



**Breeze Constructions Private Limited**

CIN: U45201DL2005PTC135476

Regd Office Address: HF, Jhandewalan Extn. Naaz Cinema Complex, New Delhi-110055

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

Particulars	Note No.	(Amount in Rs.)	
		For the year ended 31st March, 2017	For the year ended 31st March, 2016
I Revenue from operations			
II Other Income			
<b>Total Income (I + II)</b>			
III. Expenses			
Finance costs	14	227,423,441	219,132,557
Other expenses	15	39,824,704	27,989,723
<b>Total Expenses (III)</b>		267,248,145	247,122,280
IV. Profit/(Loss) before tax		(267,248,145)	(247,122,280)
V. Tax expense			
VI. Profit/(Loss) for the period		(267,248,145)	(247,122,280)
Other Comprehensive Income			
A) Items that will not be reclassified to profit and loss		-	-
i) Income tax relating to items that will not be reclassified to profit or loss		-	-
B) Items that will be reclassified to profit or loss		-	-
i) Income tax relating to items that will not be reclassified to profit or loss		-	-
<b>Total comprehensive income for the year</b>		(267,248,145)	(247,122,280)
VII. Earning per equity share (₹)	16	(5.34)	(4.94)
(Basic and diluted)			

The accompanying notes 1 to 30 are an integral part of these financial statements

Based on our report of even date attached.

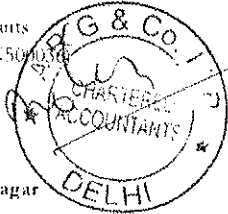
For and on behalf of  
A R G & Co. LLP

Chartered Accountants

(FIRN : 010630N/N-500036)



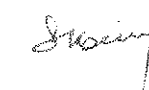

Manmohan Bhatnagar  
Partner  
Membership No.: 514261



For and on behalf of the Board of Directors  
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(Director)

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DIN: 00004990    PAN: AQYPK8312M  
(Director)                      (CFO)

Place : New Delhi  
Date : 22/05/2017



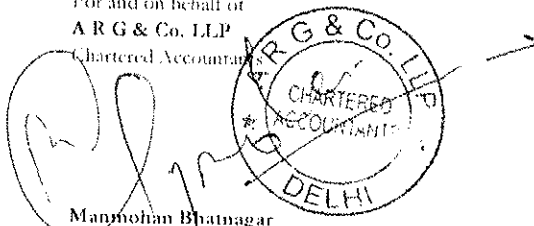
**Breeze Constructions Private Limited**  
 CIN: U45201DL2005PTC135476  
 Regd Office Address: 11, Jhandewalan Extn. Naaz Cinema Complex, New Delhi-110055  
**Cash Flow Statement for the year ended March 31, 2017**

Particulars	Year ended March 31, 2017	(Amount in Rs.) Year ended March 31, 2016
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Loss before tax	(267,248,145)	(247,122,280)
Adjustment for :		
Interest expense	227,423,441	219,132,557
Operating loss before working capital changes	<u>(39,824,704)</u>	<u>(27,989,723)</u>
Adjustment for :		
Movement in Working capital:		
Increase/(Decrease) in Current Liabilities	(1,682,217)	(611,155)
(Increase)/Decrease in Current Assets	(38,651)	38,652
Net cash generated from operating activities	<u>(41,545,572)</u>	<u>(28,562,226)</u>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets (including Capital work in progress)	-	-
Net cash flow used in investing activities	-	-
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Short term borrowings	96,805,991	77,636,219
Interest paid (including TDS)	(56,218,431)	(47,593,274)
Net cash flow used in financing activities	<u>40,587,560</u>	<u>30,042,945</u>
Net increase/(decrease) in Cash and cash Equivalents	<u>(958,011)</u>	<u>1,480,719</u>
Cash and Cash Equivalents at the beginning of the year	1,509,845	29,126
Cash and Cash Equivalents at the end of the year	551,834	1,509,845
Net (decrease)/increase in Cash and cash Equivalents	<u>(958,011)</u>	<u>1,480,719</u>

The accompanying notes 1 to 36 are an integral part of these financial statements

Based on our report of even date attached.

For and on behalf of  
**A R G & Co. LLP**  
 Chartered Accountants



**Manmohan Bhatnagar**  
 Partner  
 Membership No.: 514261  
 Place : New Delhi  
 Date : 22/05/2017

For and on behalf of the Board of Directors  
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