

**MG HOMECRAFT LLP**  
**F.Y. 2013-2014**

**AUDITOR'S REPORT**

To,  
**The Partners of M/s MG Homecraft LLP**

We have audited (for Income Tax purpose) the accompanying financial statements of M/s MG Homecraft LLP, which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit & Loss, Cash Flow Statement for the year ended on that date annexed thereto and a summary of significant accounting policies and other explanatory information.

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

Management is responsible for the preparation of these financial statements. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the financial statements that 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 conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements are prepared, in all material aspects, in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014 ;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date;  
and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **B. CHHAWCHHARIA & CO.**  
Chartered Accountants  
Firm registration No: 305123E



*Abhishek Gupta*

Abhishek Gupta  
Partner

Membership No.: 529082

Place: New Delhi  
Date: 17<sup>th</sup> May, 2014

MG HOMECRAFT LLP  
STATEMENT OF ASSETS AND LIABILITIES AS AT 31ST MARCH, 2014

Particulars	Notes	AS AT		AS AT	
		31.03.2014	31.03.2013	31.03.2014	31.03.2013
		₹	₹	₹	₹
<b>CONTRIBUTION AND LIABILITIES</b>					
<b>Partners' Funds</b>					
Contribution	1	100,000		20,000,000	
Current Account		<u>451,826</u>	551,826	<u>32,595,928</u>	52,595,928
<b>Current Liabilities</b>					
Trade Payables	2	1,123		65,296	
Other Current Liabilities	3	28,090		69,892	
Short-term Provisions	4	<u>202,100</u>	231,313	<u>-</u>	135,188
			<u>783,139</u>		<u>52,731,116</u>
<b>ASSETS</b>					
<b>Non Current Assets</b>					
Tangible Assets	5		-		131,195
<b>Current Assets</b>					
Inventories	6	-		51,854,355	
Cash & Cash Equivalents	7	783,139		741,261	
Short Term Loans & Advances	8	<u>-</u>	783,139	<u>4,305</u>	52,599,921
			<u>783,139</u>		<u>52,731,116</u>
SIGNIFICANT ACCOUNTING POLICIES AND OTHER NOTES ON ACCOUNTS	13				

The Notes referred above form an integral part of the accounts.  
In terms of our report of even date attached herewith

For B. CHHAWCHHARIA & CO.  
Chartered Accountants  
Firm Registration No: 305123E

*Abhishek Gupta*

Abhishek Gupta  
Partner  
Membership No: 529082  
Place: New Delhi  
Date: 17th May, 2014



VG *[Signature]*  
AG *[Signature]*  
VRG *[Signature]*

Designated Partners

MG HOMECRAFT LLP  
STATEMENT OF INCOME & EXPENDITURE FOR THE YEAR ENDED 31ST MARCH, 2014

Particulars	Notes	2013 - 2014	2012 - 2013
		₹	₹
<b>Income</b>			
Other Income		-	-
<b>Expenditure</b>			
<b>Direct Costs:</b>			
Purchases	9	-	27,822,518
Project Expenses	10	358,059	2,239,072
Changes in Inventories	11	(358,059)	(30,061,590)
Other Expenses	12	58,169	40,736
		58,169	40,736
Profit before extraordinary item and tax		(58,169)	(40,736)
<b>Extraordinary item</b>			
Slump Sale Gain		712,095	-
Profit/(Loss) before tax		653,926	(40,736)
<b>Tax Expenses :</b>			
Current Tax		202,100	-
Profit/(Loss) for the Period after tax		451,826	(40,736)
<b>Appropriation of Profit</b>			
	%		
Ashiana Housing Ltd.	98.5	445,049	(40,124)
Vishal Gupta	0.5	2,259	(204)
Ankur Gupta	0.5	2,259	(204)
Varun Gupta	0.5	2,259	(204)
		451,826	(40,736)

The Notes referred above form an integral part of the accounts.

In terms of our report of even date attached herewith

For B. CHHAWCHHARIA & CO.

Chartered Accountants

Firm Registration No: 305123E

*Gupta*

Abhishek Gupta

Partner

Membership No: 529082

Place: New Delhi

Date: 17th May, 2014

*VG* *Varun Gupta*  
*AG* *Abhishek Gupta*  
*VRG* *Vishal Gupta*

Designated Partners



NOTES TO THE ACCOUNTS

	AS AT 31.03.2014 ₹	AS AT 31.03.2013 ₹
<b>1 PARTNERS' FUND</b>		
<b>a) CONTRIBUTION</b>		
Ashiana Housing Ltd		
Balance B/F	19,700,000	19,700,000
Net (Dr.)/ Cr. during the year	(19,601,500)	-
	<u>98,500</u>	<u>19,700,000</u>
Varun Gupta		
Balance B/F	100,000	100,000
Net (Dr.)/ Cr. during the year	(99,500)	-
	<u>500</u>	<u>100,000</u>
Ankur Gupta		
Balance B/F	100,000	100,000
Net (Dr.)/ Cr. during the year	(99,500)	-
	<u>500</u>	<u>100,000</u>
Vishal Gupta		
Balance B/F	100,000	100,000
Net (Dr.)/ Cr. during the year	(99,500)	-
	<u>500</u>	<u>100,000</u>
	<u>100,000</u>	<u>20,000,000</u>
<b>b) CURRENT ACCOUNT</b>		
Ashiana Housing Ltd		
Balance B/F	32,552,479	2,893,273
Net (Dr.)/ Cr. during the year	(32,552,479)	29,699,330
Share of profit/(loss)	445,049	(40,124)
	<u>445,049</u>	<u>32,552,479</u>
Vishal Gupta		
Balance B/F	14,483	14,687
Net (Dr.)/ Cr. during the year	(14,483)	-
Share of profit/(loss)	2,259	(204)
	<u>2,259</u>	<u>14,483</u>
Ankur Gupta		
Balance B/F	14,483	14,687
Net (Dr.)/ Cr. during the year	(14,483)	-
Share of profit/(loss)	2,259	(204)
	<u>2,259</u>	<u>14,483</u>
Varun Gupta		
Balance B/F	14,483	14,687
Net (Dr.)/ Cr. during the year	(14,483)	0
Share of profit/(loss)	2,259	(204)
	<u>2,259</u>	<u>14,483</u>
	<u>451,826</u>	<u>32,595,928</u>
<b>2 TRADE PAYABLES</b>		
Sundry Creditors	1,123	65,296
	<u>1,123</u>	<u>65,296</u>
<b>3 OTHER CURRENT LIABILITIES</b>		
Security Deposits	-	32,986
Other Liabilities	28,090	36,906
	<u>28,090</u>	<u>69,892</u>
<b>4 SHORT-TERM PROVISIONS</b>		
For Taxation (Net of advances)	202,100	-
	<u>202,100</u>	<u>-</u>



**NOTES TO THE ACCOUNTS**

**5 FIXED ASSETS**

PARTICULARS	GROSS BLOCK		DEPRECIATION			NET BLOCK		
	As at 01.04.2013 ₹	Additions/ Deletions ₹	Up to 31.03.2014 ₹	As at 01.04.2013 ₹	For the Year ₹	Up to 31.03.2014 ₹	As at 31.03.2014 ₹	As at 31.03.2013 ₹
<b>TANGIBLE</b>								
PLANT & MACHINERY	141,832	(141,832)	-	10,637	(10,637)	-	-	131,195
Total	141,832	(141,832)	-	(202,100)	(10,637)	-	-	-
<b>PREVIOUS YEAR FIGURES</b>	-	141,832	141,832	-	10,637	10,637	-	131,195



**NOTES TO THE ACCOUNTS**

	AS AT 31.03.2014 ₹	AS AT 31.03.2013 ₹
<b>6 INVENTORIES</b>		
Stock (As taken, valued and certified by the management)		
Land	-	49,614,218
Work-in-progress	-	2,239,072
Construction materials	-	1,065
	<u>-</u>	<u>51,854,355</u>
<b>7 CASH AND CASH EQUIVALENTS</b>		
Cash-in-hand	-	7,924
Balances with Scheduled Banks :		
In Current Account	783,139	733,337
	<u>783,139</u>	<u>741,261</u>
<b>8 SHORT TERM LOANS AND ADVANCES</b>		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	-	4,305
	<u>-</u>	<u>4,305</u>
	<u>2013-2014</u>	<u>2012-2013</u>
	₹	₹
<b>9 PURCHASES</b>		
Land	-	27,822,518
	<u>-</u>	<u>27,822,518</u>
<b>10 PROJECT EXPENSES</b>		
Consumption of construction materials (Indigenous)	13,551	1,042,221
Wages	21,213	266,887
PRW Charges	590	15,100
Power & Fuel	2,000	2,000
Other Direct Construction Expenses	114,207	659,722
Miscellaneous Project Expenses	206,498	242,505
Depreciation	-	10,637
	<u>358,059</u>	<u>2,239,072</u>
<b>11 CHANGES IN INVENTORIES</b>		
Opening Stock :		
Land	49,614,218	21,791,700
Work-in-progress	2,239,072	-
	<u>51,853,290</u>	<u>21,791,700</u>
Less: Closing Stock:		
Land*	49,614,218	49,614,218
Work-in-progress*	2,597,131	2,239,072
	<u>52,211,349</u>	<u>51,853,290</u>
	<u>(358,059)</u>	<u>(30,061,590)</u>
* Transfer under slump sale on 01.10.2013		
<b>12 OTHER EXPENSES</b>		
Rent	3,000	1,500
Rates and Taxes	15,829	3,000
Legal and Professional expenses	11,236	11,236
Auditors' Remuneration :		
For Statutory Audit	28,090	25,000
Miscellaneous expenses	14	-
	<u>58,169</u>	<u>40,736</u>



13 NOTES ON ACCOUNTS

1 SIGNIFICANT ACCOUNTING POLICIES

a) SYSTEM OF ACCOUNTING :

The LLP adopts accrual basis of accounting in the preparation of accounts.

b) FIXED ASSETS AND DEPRECIATION:

a) Fixed assets are valued at cost less depreciation.

b) Depreciation is provided on reducing balance method at the rates given in the Income Tax Rules, 1962.

c) INVENTORIES :

Inventories are valued as follows:

a) Construction Material

At Lower of cost and net realizable value. However, materials and other items are not written down below cost if the constructed units in which they are used are expected to be sold at or above cost. Cost is determined on FIFO basis.

b) Land

At Lower of cost and net realizable value.

c) Unsold Completed Construction and Work in Progress

At Lower of cost and net realizable value. Cost includes direct materials, labour and Project specific direct and indirect expenses.

d) USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates/ assumption to be made that affect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Difference between actual results and estimates are recognised in the period in which the results are known/ materialised.

2 The LLP has transferred Rampura Business Division alongwith land admeasuring 2.29 Hectares situated at Rampura village, District Alwar, Rajasthan to M/S Ashiana Housing Limited, the holding company, by way of slump sale during the year.

3 In accordance with Accounting Standard 17 "Segment Reporting" as issued by ICAI, the LLP has determined its business segment as Real Estate Business. Since there are no other business segments in which the LLP operates, there are no other primary reportable segments. Therefore, the segment revenue, segment results, segment assets, segment liabilities, total cost incurred to acquire segment assets, depreciation charge are all as is reflected in the financial statements.

4 Related parties and transactions with them as specified in the Accounting Standard 18 on "Related Parties Disclosures" issued by ICAI has been identified and given below on the basis of information available with the LLP and the same has been relied upon by the auditors.

Related Parties & Relationship

Transactions

a) Enterprises that directly, or indirectly through one or more intermediaries, Control or are controlled by or are under common control with the LLP (including holding companies, subsidiaries and fellow Subsidiaries) :

i) Ashiana Housing Limited.

Rent Paid  
Hire charges Paid  
Year end payable/(Receivable)

	31.03.2014	31.03.2013
	₹	₹
	3,000	1,500
	Nil	900
	Nil	Nil

5 Previous year figure have been regrouped/rearranged, wherever found necessary.

Signatures to Notes 1 to 13

In terms of our report of even date attached herewith

For B. CHHAWCHHARIA & CO.  
Chartered Accountants  
Firm Registration No: 305123E

*Abhishek Gupta*  
Abhishek Gupta  
Partner  
Membership No: 529082  
Place: New Delhi  
Date: 17th May, 2014



*VRG* *Dis...*  
*AG* *Gupta*  
*VRG* *V...*

Designated Partners



**MG HOMECRAFT LLP**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31TH MAR, 2014**

	2013-2014	2012-2013
	₹	₹
<b>CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit before tax and extraordinary items	(58,169)	(40,736)
Adjusted for :		
Depreciation	-	10,637
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>(58,169)</b>	<b>(30,099)</b>
Adjusted for :		
Trade and other receivables	4,305	980,695
Inventories	51,854,355	(30,062,655)
Trade Payables and other current liabilities	96,125	101,242
<b>CASH GENERATED FROM OPERATIONS</b>	<b>51,896,616</b>	<b>(29,010,817)</b>
Direct Taxes paid / adjusted	(202,100)	-
Cash flow before extra ordinary items	51,694,516	(29,010,817)
Extra Ordinary items	712,095	-
<b>Net cash from Operating activities (A)</b>	<b>52,406,611</b>	<b>(29,010,817)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Fixed Assets	-	(141,832)
Sale of Fixed Assets	131,195	-
<b>Net Cash from investing activities (B)</b>	<b>131,195</b>	<b>(141,832)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Contribution/(withdrawals) from partners	(52,495,928)	29,699,330
<b>Net Cash from Financing activities (C)</b>	<b>(52,495,928)</b>	<b>29,699,330</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+ B+ C)</b>	<b>41,878</b>	<b>546,681</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>741,261</b>	<b>194,580</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>783,139</b>	<b>741,261</b>

01. Cash and Cash equivalents represent cash and bank balances only.

In terms of our report of even date attached herewith

For B. CHHAWCHHARIA & CO.  
Chartered Accountants  
Firm Registration No: 305123E

*Gupta*

Abhishek Gupta  
Partner  
Membership No: 529082  
Place: New Delhi  
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*RRG*

Designated Partners