AUDITED ANNUAL ACCOUNTS

OF

HAPPY HOME CORPORATION

FOR THE YEAR ENDED 31-03-2014

ASSESSMENT YEAR 2014 - 15

DSI & CO.
Chartered Accountants
MF / 14 - 26, Nariman Point Shopping Centre,
Near Raghuvir Bunglows, City Light Road, Surat - 395007.
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Balance Sheet as at March 31, 2014

		Schedule		As at 31-03-2014 ₹	As at 31-03-2013 ₹
I	**SOURCES OF FUNDS**				
1	**Partners Capital**	1		770,862,758	90,594,527
2	**Loan Funds**				
(a)	Secured Loans	2		2,573,000,956	2,020,593,354
(b)	Unsecured Loans	3		3,949,948,778	3,255,758,802
				6,522,949,734	5,276,352,156
			Total	7,293,812,492	5,366,946,683
II	**APPLICATION OF FUNDS**				
1	**Fixed Assets**	4		201,210,473	43,032,952
2	**Investments**			-	-
3	**Current Assets, Loans & Advances**	5			
(a)	Inventories			7,345,965,288	6,520,435,235
(b)	Sundry Debtors			-	-
(c)	Cash & Bank Balances			100,687,271	56,849,735
(d)	Deposits, Loans & Advances			906,794,198	875,316,149
				8,353,446,757	7,452,601,118
Less:	**Current Liabilities & Provisions**	6			
(a)	Current Liabilities			1,260,844,737	2,128,687,387
(b)	Provisions			-	-
				1,260,844,737	2,128,687,387
	Net Current Assets			7,092,602,019	5,323,913,731
			Total	7,293,812,492	5,366,946,683
	Notes Forming part of Audited Annual Accounts	14			

For & On behalf of
Happy Home Corporation

Mukesh Patel
Partner

Place : Surat
Date : 29-09-2014

As per our report of even date
For DSI & Co.
Chartered Accountants
ICAI FRN 127226W

DSI & Co. Chartered Accountants SURAT

Parimal

Parimal Bhagat
Partner
Membership No. 103566

Place : Surat
Date : 29-09-2014

Profit & Loss Account for the year ended March 31, 2014

		Schedule		For the Year Ended 31-03-2014 ₹	For the Year Ended 31-03-2013 ₹
I	**INCOME**				
	Sales	7		**2,948,885,304**	532,157,959
	Closing Stock	8		**7,345,965,288**	6,520,435,235
	Income Disclosed during Survey			**94,727,714**	26,715,180
	Other Income	9		**309,021**	272,350
			Total	**10,389,887,327**	7,079,580,724
II	**EXPENDITURE**				
	Opening Stock	10		**6,520,435,235**	3,927,453,817
	Land Purchase & Development Expenses			**1,193,622,729**	637,079,300
	Construction Expenses	11		**2,163,352,630**	2,427,009,037
	Selling & Administrative Expenses	12		**38,811,260**	30,424,953
	Financial Expenses	13		**279,299,148**	7,895,862
	Depreciation			**7,037,856**	7,017,565
			Total	**10,202,558,858**	7,036,880,535
	Net Profit Before Appropriation & Tax			187,328,468	42,700,189
	Less: Appropriation				
	Remuneration to Partners			1,800,000	1,200,000
	Interest on Partners Capital			-	625,912
				1,800,000	1,825,912
	Net Profit transfered to Partner's Capital Account			185,528,468	40,874,277
	Notes Forming part of Audited Annual Accounts	14			

For & On behalf of
Happy Home Corporation

Mukesh Patel
Partner

Place : Surat
Date : 29-09-2014

As per our report of even date
For DSI & Co.
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DSI & CO. Chartered Accountants SURAT

Parimal Bhagat
Partner
Membership No. 103566

Place : Surat
Date : 29-09-2014

Cash Flow Statement for the year ended March 31, 2014

		For the year ended 31-03-2014 ₹
A	**Cash Flow from Operating Activities**	
	Net Profit / (Loss) before Tax	185,528,468
	Add: Adjustments	
	Interest Expenses	654,161,376
	Depreciation	7,037,856
	Operating Profit / (Loss) before working capital changes	846,727,700
	Add: Adjustments for	
	Inventories	(825,530,053)
	Loans & Advances	(31,478,049)
	Current Liabilities & Provisions	(867,842,650)
	Net Cash generated from Operating Activities	(878,123,051)
B	**Cash Flow from Investing Activities**	
	Purchase of Fixed Assets	(165,215,377)
	Net Cash generated from (used in) Investing Activities	(165,215,377)
C	**Cash Flow from Financing Activities**	
	Partners Capital	494,739,764
	Secured Loans	552,407,602
	Unsecured Loans	694,189,975
	Interest Expenses	(654,161,376)
	Net Cash used in Financing Activities	1,087,175,965
	Net Increase / (Decrease) in Cash & Cash Equivalents	43,837,536
	Cash and cash equivalents at beginning of the year	56,849,735
	Cash and cash equivalents at the end of the year	100,687,271

For & On behalf of
Happy Home Corporation

Mukesh Patel
Partner

Place : Surat
Date : 29-09-2014

As per our report of even date
For DSI & Co.
Chartered Accountants
ICAI FRN 127226W

Parimal

DSI & Co. Chartered Accountants SURAT

Parimal Bhagat
Partner
Membership No. 103566

Place : Surat
Date : 29-09-2014

Schedule 1

PARTNER'S CAPITAL

₹

Sr. No.	Name of Partners	Balance as on 01-04-2013	Addition / (Drawings) during year	Remun. to Partner	Interest on Capital	Net Profit for the year	Balance as on 31-03-2014
1	Himmat B. Sorathiya	44,247,270	220,545,600	-	-	86,983,944	**351,776,815**
2	Mukesh B. Patel	94,496,819	220,069,256	-	-	86,983,944	**401,550,019**
3	Mahesh K. Vithani	(15,262,452)	13,478,288	300,000	-	3,756,394	**2,272,231**
4	Paresh P. Naliyadara	(13,924,452)	13,952,288	300,000	-	3,756,394	**4,084,231**
5	Nishant G. Panchal	(1,303,511)	(650,000)	600,000	-	2,018,904	**665,392**
6	Vipul J. Golakia	(12,743,672)	14,652,662	600,000	-	2,018,904	**4,527,893**
7	Sanjay B. Sorathiya	(5,956,475)	11,937,661	-	-	4,992	**5,986,178**
8	Vijay D. Bhattar	1,041,000	(1,045,992)	-	-	4,992	-
	Total	**90,594,527**	**492,939,764**	**1,800,000**	-	**185,528,468**	**770,862,758**
	Previous year	64,804,950	(16,910,612)	1,200,000	625,912	40,874,277	90,594,527

DSI & CO. Chartered Accountants SURAT

	Schedule	31-03-2014 ₹	31-03-2013 ₹
SECURED LOANS	2		
Term Loans			
Bank of Baroda		**259,383,556**	65,407,425
Bank of India		**11,632,757**	87,560,501
Central Bank of India		**602,761,069**	504,983,027
Dena Bank		**172,108,895**	221,062,313
ICICI Bank		**15,580,072**	-
Religare Finvest Ltd.		**215,638,555**	-
State Bank of India		**110,961,449**	227,405,472
Union Bank of India		**1,052,505,859**	748,635,585
Overdraft Facility			
Dena Bank		**123,562,195**	152,127,446
Vehicle Loans			
ICICI Bank		**8,866,549**	13,431,585
	Total	**2,573,000,956**	2,020,593,354
UNSECURED LOANS	3		
From Partners & their Relatives		**50,863,402**	89,138,045
From Friends of the Partners		**3,899,085,376**	3,166,620,757
	Total	**3,949,948,778**	3,255,758,802
CURRENT ASSETS, LOANS & ADVANCES	5		
(a) **Inventories** *(As taken, valued & certified by the partners)*			
Land		**3,130,171,263**	2,416,787,576
Construction WIP		**4,215,794,025**	4,103,647,659
		7,345,965,288	6,520,435,235
(b) **Sundry Debtors**		-	-
(c) **Cash & Bank Balances**			
Cash on Hand		**79,131,442**	25,749,345
Balance with Banks		**466,318**	28,094,651
Balance in Fixed Deposit		**21,089,511**	3,005,739
		100,687,271	56,849,735
(d) **Deposits, Loans & Advances**			
Income Tax & TDS		**66,524,321**	16,054,057
Service Tax Receivable		-	334,345
Deposits		**37,169**	37,169
Sundry Receivables		**94,727,714**	-
Advance for Purchase of Land		**720,504,994**	833,890,578
Other Loans & Advances		**25,000,000**	25,000,000
Interdivision Balances		-	-
		906,794,198	875,316,149
	Total	**8,353,446,757**	7,452,601,118

DSI & CO. Chartered Accountants SURAT

FIXED ASSETS 4 ₹

Sr. No.	Particulars	Balance as on 01-04-2013	Addition upto 30-09-2013	Addition after 30-09-2013	Deletion during the year	Depreciation during the year	Balance as on 31-03-2014
1	Land	-	-	80,965,370	-	-	**80,965,370**
2	Plant & Machineries	1,421,687	139,646	-	-	234,201	**1,327,132**
3	Office Equipments	3,080,014	498,332	321,602	-	568,613	**3,331,335**
4	Vehicles	30,606,173	-	5,533,575	-	5,005,945	**31,133,803**
5	Furniture & Fixtures	7,684,932	-	-	-	768,494	**6,916,438**
6	Computer System	240,146	490,575	73,900	-	460,603	**344,018**
7	Work-in-Progress	-	-	77,192,377	-	-	**77,192,377**
	Total	**43,032,952**	**1,128,553**	**164,086,824**	**-**	**7,037,856**	**201,210,473**
	Previous year	39,553,730	6,939,347	3,877,337	319,897	7,017,565	43,032,952

DSI & CO. Chartered Accountants SURAT

	Schedule	31-03-2014 ₹	31-03-2013 ₹
CURRENT LIABILITIES & PROVISIONS	6		
(a) Current Liabilities			
Sundry Creditors		**157,134,934**	99,423,315
Advance from Customers		**1,045,360,406**	2,028,293,976
Balance with Banks (Due to Reconciliation)		**27,265,106**	29,824,574
Service Tax Collection Account		**4,698,761**	-
TDS Payable		**25,531,862**	10,404,088
VAT Payable		**853,668**	741,434
		1,260,844,737	2,128,687,387
(b) Provisions		-	-
	Total	**1,260,844,737**	2,128,687,387
SALES	7		
Sales of Flats / Shops		**2,947,793,304**	532,157,959
Sales of Land		**1,092,000**	-
	Total	**2,948,885,304**	532,157,959
CLOSING STOCK	8		
Land		**3,130,171,263**	2,416,787,576
Construction WIP / Flats / Shops		**4,215,794,025**	4,103,647,659
	Total	**7,345,965,288**	6,520,435,235
OTHER INCOME	9		
Interest on Bank FD		**286,170**	227,800
Interest on Electricity Deposit		**22,851**	44,550
	Total	**309,021**	272,350
OPENING STOCK	10		
Land		**2,416,165,640**	1,873,325,985
Construction WIP / Flats / Shops		**4,104,269,595**	2,054,127,832
	Total	**6,520,435,235**	3,927,453,817
CONSTRUCTION EXPENSES	11		
Purchases of Building Material		**1,245,876,968**	1,357,179,801
Labour Charges		**398,970,168**	469,361,123
Gas / Electricity Connection Expenses		**9,039,092**	11,703,984
Site Electricity Expenses		**12,397,376**	15,949,775
SMC / Suda Expenses		**33,764,760**	121,739,985
Security Expenses		**8,152,257**	4,694,717
Site Salary Expenses		**31,035,541**	23,589,725
Consultant Charges		**14,695,586**	8,897,368
Selling & Administration Expenses		**23,504,486**	15,927,389
Financial Expenses		**385,916,396**	397,965,170
	Total	**2,163,352,630**	2,427,009,037

DSI & CO. Chartered Accountants SURAT

	Schedule	31-03-2014 ₹	31-03-2013 ₹
SELLING & ADMINISTRATIVE EXPENSES	12		
Audit Fees		1,015,000	1,420,000
Advertisement Expenses		4,211,924	2,785,566
Conveyance Expenses		2,110,692	1,396,108
Donation		11,041,000	7,014,501
Office Electricity Expenses		1,335,380	885,488
Insurance Expenses		2,140,085	1,202,298
Legal & Professional Charges		720,860	1,447,027
Mess Expenses		1,209,712	912,921
Office Expenses		5,190,468	6,014,618
Office Rent Expenses		1,680,000	1,716,000
Rates & Taxes		8,798,181	6,252,515
Salary Expenses		21,892,290	14,569,413
Telephone & Mobile Phone Expenses		970,154	735,887
		62,315,746	46,352,342
Less: Considered as Construction Expenses		23,504,486	15,927,389
	Total	38,811,260	30,424,953
FINANCIAL EXPENSES	13		
Bank Charges & Commission		11,054,168	20,447,453
Interest On Bank Loan		354,669,278	146,329,669
Interest On Car Loan		1,031,364	1,621,369
Interest On Unsecured Loan		298,460,734	237,462,541
		665,215,544	405,861,032
Less: Considered as Construction Expenses		385,916,396	397,965,170
	Total	279,299,148	7,895,862

DSI & CO. Chartered Accountants SURAT

14 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

(a) Basis of Accounting:

The financial statements have been prepared and presented under the historical cost convention on accrual basis of accounting, in accordance with the accounting principles generally accepted in India and comply with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India. Accounting policies have been followed consistently otherwise that stated specifically.

(b) Fixed Assets:

Fixed Assets are stated at cost less depreciation.

(c) Depreciation:

Depreciation has been provided as per Written Down Value Method and at the rates as specified in Income Tax Act, 1961. Depreciation has not been provided on Land and Capital Work-in-progress shown under the head 'Fixed Assets'.

(d) Inventories:

Closing stock of land and construction WIP is valued at cost.

(e) Revenue Recognition:

The firm is engaged in the activity of developing and building of various residential & commercial projects.

The firm is recognizing the revenue at the time of transfer of ownership / possession of the flats / shops to the customers, in accordance with Accounting Standard-9 (AS-9).

In case of the projects, under progress as at the year end and where there is no sale or handing over of the possession during the year, the entire cost i.e. the construction expenses, the administrative & selling expenses, interest expenses and depreciation on fixed assets pertaining to the project are debited to the Construction work-in-progress account.

(f) The balances of unsecured loans, sundry creditors and advances are subject to confirmation however, the partners have certified the respective balances.

(g) Figures have been rounded off to the nearest rupee. Previous year's figures have been regrouped/ re-arranged whereever necessary.

(j) The detail of Related Party disclosure, as required by AS-18 "Related Party Disclosure" is as under.

(i) List of related parties and nature of relationship:

Sr. No.	Nature of Relationship	Name of the Related Party
1	Key Management Personal	Himmat B. Sorathiya Mukesh B. Patel

DSI & CO. Chartered Accountants SURAT

Sr. No.	Nature of Relationship	Name of the Related Party
	Key Management Personal	Mahesh K. Vithani Paresh P. Naliadara Nishant G. Panchal Vipul J. Golakiya
2	Relatives of Key Management Personal	Himmat B. Sorathiya (HUF) Mukesh B. Patel (HUF)

(ii) Transaction with related parties

Sr. No.	Particulars	Nature of Transaction	Amount (₹)
1	Himmat B. Sorathiya	Office Rent	840,000
2	Mukesh B. Patel	Office Rent	840,000
3	Mahesh K. Vithani	Partners Remuneration	300,000
4	Paresh P. Naliadara	Partners Remuneration	300,000
5	Nishant G. Panchal	Partners Remuneration	600,000
6	Vipul J. Golakiya	Partners Remuneration	600,000
7	Himmat B. Sorathiya (HUF)	Interest on Unsecured Loan	600,000
8	Mukesh B. Patel (HUF)	Interest on Unsecured Loan	600,000

(f) These financial statements are the responsibility of the partners. The auditor's responsibility is to express an opinion on these financial statements based on their audit.

We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the financial statement.

An audit also includes assessing the accounting principles used and significant estimates made by partners, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

For & On behalf of
Happy Home Corporation

Mukesh Patel
Partner

Place : Surat
Date : 29-09-2014

As per our report of even date
For DSI & Co.
Chartered Accountants
ICAI FRN 127226W

DSI & Co. Chartered Accountants SURAT

Parimal

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Partner
Membership No. 103566

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