

MERLIN REAL ESTATE LLP

AUDIT REPORT

&

STATEMENT OF ACCOUNTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016



**Auditor:**

**B. JAIN & CO.**

Chartered Accountants

2, Ashutosh Mukherjee Road,

4<sup>th</sup> Floor, Kolkata – 700 020

Ph Nos.: 89810 10996/30996/40996

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**Independent Auditors' Report**

To, the Partners of **MERLIN REAL ESTATE LLP**

**Report on the Financial Statements**

We have audited (Income Tax purpose) the accompanying financial statements of **MERLIN REAL ESTATE LLP**, which comprise the Balance Sheet as at March 31, 2016, and the Profit and Loss Account and for the year then ended, 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 that give true and fair view of the financial position and financial performance of the LLP in accordance with the accounting principles generally accepted in India, including the Accounting Standards issued by the Institute of Chartered Accountants of India. This responsibility also includes the maintenance of adequate accounting records in accordance with the provisions of the act for safeguarding the assets of the LLP 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 internal control, 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 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 LLP'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 LLP'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 aforesaid financial statements give the information required by the Limited Liability Partnership Act, 2008 and Limited Liability Partnership Rules, 2009 (as amended) in the manner so required and give true and fair view in conformity with the conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the firm as at March 31, 2016; and
- b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date;

### Report on other Legal and Regulatory requirements

We report that:

- a) We have sought and obtained all the information and explanations which are best to 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 LLP so far as it appears from our examinations of these books.
- c) The balance sheet and the statement of Profit and Loss with this report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards issued by the Institute of Chartered Accountants of India.

Place: Kolkata  
Date: 01<sup>st</sup> of August, 2016



For **B. Jain & Co.**  
Chartered Accountants  
FRN – 307100E

**B.C. Jain**  
Partner  
Membership No. - 012181

**MERLIN REAL ESTATE LLP**

BALANCE SHEET AS ON 31ST MARCH, 2016

Particulars	Note	31.03.2016	31.03.2015
		Rs.	Rs.
<b>I. CONTRIBUTION AND LIABILITIES</b>			
<b>Partners' Funds</b>	<b>3</b>		
Contribution		1000000	1000000
Current Account		5526977	98015748
<b>Non-Current Liabilities</b>	<b>4</b>		
Long Term Borrowing		165354513	-
<b>Current Liabilities</b>			
Trade Payable	<b>5</b>	1343499	6660219
Other Current Liabilities	<b>6</b>	155350166	44336058
Short Term Provision		29090	90
		<b>328604244</b>	<b>150012114</b>
<b>II. APPLICATIONS OF FUND</b>			
<b>Non- current Assets</b>			
Security Deposits		53000000	53000000
<b>Current Assets</b>			
Inventories	<b>8</b>	195989342	91541378
Cash & Cash Equivalents	<b>9</b>	1299890	4051555
Short Term Loans and Advances	<b>10</b>	78315012	1419181
		<b>328604244</b>	<b>150012114</b>
<b>Significant Accounting Policies</b>	<b>1</b>		
<b>Notes on Financial Statements</b>	<b>2</b>		

The annexed reports form an integral part of Financial Statements.

As per our reports of even date and annexed  
For **B Jain & Co.**  
Chartered Accountants  
FRN: 307100E



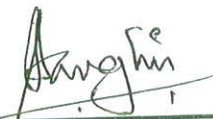
**B.C. Jain**  
Partner  
Membership No. : 012181

Place : Kolkata  
Dated : 01/08/2016

For and on behalf of the Partners of  
**MERLIN REAL ESTATE LLP (CIN-  
AAB-0244)**



Partner



Partner



**MERLIN REAL ESTATE LLP**

STATEMENT OF PROFIT &amp; LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

Particulars	Note	31.03.2016	31.03.2015
		Rs.,	Rs.
I. <b>Income:</b>			
Other Income	11	361224	6500
<b>Total Income</b>		361224	6500
II. <b>Expenses:</b>			
Cost of Development	12	104447964	91541378
Changes-in-Inventories	13	(104447964)	(91541378)
Other Expenses	14	267447	6200
<b>Total Expenses</b>		267447	6200
III. <b>Profit Before Tax (I-II)</b>		93777	300
IV. <b>Tax Expenses:</b>			
- Current Tax		29000	90
V. <b>Profit/ (Loss) for the year</b>		64777	210
Transferred to Partner's Capital Account			

The annexed reports form an integral part of Financial Statements.

As per our reports of even date and annexed  
For **B Jain & Co.**  
Chartered Accountants  
FRN: 307100E

**B.C. Jain**  
Partner  
Membership No. : 012181

Place : Kolkata  
Dated : 01/08/2016



For and on behalf of the Partners of  
**MERLIN REAL ESTATE LLP**  
(CIN- AAB-0244)

Partner

Partner

## MERLIN REAL ESTATE LLP

(Annexed to and forming part of the statement of accounts for the year ended 31<sup>st</sup> March, 2016)

### NOTE "1" – SIGNIFICANT ACCOUNTING POLICIES

#### LLP overview

Merlin Real Estate LLP is a Limited Liability Partnership firm incorporated on 18 July 2012. It is registered at Registrar of Companies, Kolkata. The LLP is a real estate developer and primarily in the business of real estate construction, development and other related activities.

#### a. Accounting convention

The accounts are prepared on accrual basis under the historical cost convention.

#### b. Revenue Recognition

- a. Income of Project sale will be accounted as per Project Completion basis.
- b. Items of income other than Inventory sale and expenditure are recognized on Accrual basis except rates & taxes and filing fees, which are accounted for on cash basis.

#### c. Provisions, Contingent Liabilities and Contingent Assets

A provision is held in respect of an obligation if and only if

- a) the company has a present obligation as a result of a past event;
- b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and
- c) Reliable estimate can be made of the amount of obligation.

Provisions including substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes, if any. Contingent assets are neither recognized nor disclosed in the financial statements.

#### d. Inventories- Development Work – in – Progress

Development Work-in-Progress is stated at accumulated cost that includes payments made against agreement to purchase the land, development costs, direct and attributable towards the real estate development and borrowing cost on secured and unsecured loans for the real estate activities.

#### e. Taxation

Provision for Income Tax has been computed as per Income Tax Act, 1961.

Deferred tax is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

#### f. Borrowing Cost

Borrowing cost that is attributable to the Work in Progress are added and capitalized to the cost of the property.



## MERLIN REAL ESTATE LLP

(Annexed to and forming part of the statement of accounts for the year ended 31<sup>st</sup> March, 2016)

### NOTE "2" – NOTES TO FINANCIAL STATEMENTS

- 1) Previous year figures have been re-arranged or re-grouped wherever deemed necessary to confirm to current year figures.
- 2) In accordance with Accounting Standard – 22 on "Accounting for Taxes on Income" as issued by the Institute of Chartered Accountants of India, the deferred tax for timing difference between the book and tax profits for the year is accounted for, using the tax rates and laws that have been substantively enacted as at the balance sheet date. However there is no timing difference between the book profit and tax profit, so the deferred tax is Nil.
- 3) In absence of adequate documents/information, the small scale and ancillary undertakings, if any, included under sundry creditors, could not be identified and amount due to them cannot be specifically ascertained and disclosed in the financial statements.
- 4) **Related Party disclosure**  
Information given in accordance with Accounting Standard – 18 as issued by "The Institute of Chartered Accountant of India":
  - a) Key Management Personnel & Their Relatives:

Name	Designation / Relationship
DINESH KUMAR G SANGHVI	Designated Partner
MERLIN PROJECTS LTD. represented by DILIP KUMAR CHOUDHARY	Designated Partner
SATYENKUMAR ASHOKKUMAR SANGHVI	Designated Partner

b) **Transaction with Related Parties**

Nature of Transaction	Amount
Capital Introduction	750000/-

**Note:** No amount has been written off during the year in relation to related party.

5) **Contingent liabilities**

Particulars	Current Year (Rs.)	Previous year (Rs.)
	NIL	

**Commitments**

Particulars	Current Year (Rs.)	Previous year (Rs.)
Major contracts commitment outstanding for civil, external development etc.	Amount unascertained at this point of time	Amount unascertained at this point on time



**MERLIN REAL ESTATE LLP**  
Annexed to and forming part of the Balance Sheet as at 31st March, 2016

Amt in (₹)

**NOTE - 3 "PARTNERS' FUNDS"**

Name of the Partner	Ratio of Profit / Loss (%)	(a) Opening Amount	(b) Amount Introduced	(c) Profit/(Loss) during year	(d) Amount Withdrawn	(e) (e=a+b+c-d) Closing Capital as on 31-03-16
<b>Capital Contribution</b>						
Merlin Projects Ltd	65%	650000	-	-	-	650000
Dinesh Kumar G. Sanghvi	25%	250000	-	-	-	250000
Satyen Kumar A. Sanghvi	10%	100000	-	-	-	100000
		<b>1000000</b>				<b>1000000</b>
<b>Current Account</b>						
Merlin Projects Ltd	65%	98005302	90559321	42105	183112869	5493859
Dinesh Kumar G. Sanghvi	25%	7532	-	16194	-	23726
Satyen Kumar A. Sanghvi	10%	2914	-	6478	-	9392
		<b>98015748</b>	<b>90559321</b>	<b>64777</b>	<b>183112869</b>	<b>5526977</b>





**MERLIN REAL ESTATE LLP**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2016

**Note 4**

Long Term Borrowings	31.03.2016	31.03.2015
	Rs.	Rs.
<b>Secured Loan</b>		
Term Loan From Lic Housing Finance Ltd	160000000	-
<b>Unsecured Loan</b>		
- From Individuals	5354513	-
	165354513	-

**Note 5**

Other Current Liabilities	31.03.2016	31.03.2015
	Rs.	Rs.
Advance Against Booking (Merlin Waterfront)	153288111	43295034
Security Deposits	2046654	978378
Other Payables	12473	21810
Statutory Liabilities	2928	40836
	155350166	44336058

**Note 6**

Short Term Provision	31.03.2016	31.03.2015
	Rs.	Rs.
Provision For Tax	29090	90
	29090	90

**Note 7**

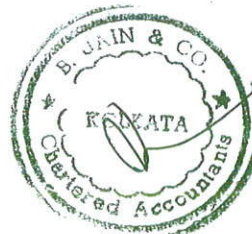
Inventories	31.03.2016	31.03.2015
	Rs.	Rs.
Development Work in Progress	195989342	91541378
	195989342	91541378

**Note 8**

Cash and Cash Equivalents	31.03.2016	31.03.2015
	Rs.	Rs.
i) Cash on hand (As Certified by the Partners)	145	145
ii) Balances with Banks - in Current Account	1299745	4051410
	1299890	4051555

**Note 9**

Short Term Loans and Advances	31.03.2016	31.03.2015
	Rs.	Rs.
Advances	76267520	4370
Income Tax (subject to adjustment)	1050043	209452
Receivable from Customer	-	724117
Balance with Revenue Authorities	997449	481242
	78315012	1419181



**MERLIN REAL ESTATE LLP**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2016

**Note 10**

Other Income	31.03.2016	31.03.2015
	Rs.	Rs.
Interest Received	52740	-
Cancellation Charges	308484	-
Misc Income	-	6500
	361224	6500

**Note 11**

Cost of Development	31.03.2016	31.03.2015
	Rs.	Rs.
Land & Land Development Expenses	104447964	91541378
	104447964	91541378

**Note 12**

Change-in-Inventories	31.03.2016	31.03.2015
	Rs.	Rs.
Opening Work-In-Progress	91541378	-
Less: Closing Work-In-Progress	195989342	91541378
	(104447964)	(91541378)

**Note 13**

Other Expenses	31.03.2016	31.03.2015
	Rs.	Rs.
Audit fees	5750	5700
Filing Fees	205	500
Rates & taxes	10000	-
Salary	244612	-
Misc Expenses	6880	-
	267447	6200

The annexed reports form an integral part of Financial Statements.

As per our reports of even date and annexed  
For **B. Jain & Co.**  
Chartered Accountants  
FRN: 307100E




**B.C. Jain**  
Partner  
Membership No. : 012181

Place : Kolkata  
Dated : 01/08/2016



For and on behalf of the Partners of  
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(CIN- AAB-0244)



Partner



Partner