

Kumar Piyush & Co.

CHARTERED ACCOUNTANTS

AUDITOR'S REPORT

The members of Ethnic Designers Private Limited

1. We have audited the attached Balance Sheet of Ethnic Designers Private Limited as at March 31, 2012, and the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the 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 disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As per paragraph 1 (2) of the Companies (Auditors' Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order 2004 (together the 'order') issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, the said Order is not applicable to the company being a private limited company whose turnover is less than Rupees Five Crore, paid up capital and Free reserve are less than Rupees Fifty Lakh, has not accepted any public deposit and does not have loan outstanding of Rupees Twenty Five lakh or more from the banks and financial institutions, we did not enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that;
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - iii) The Balance Sheet, The Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - iv) In our opinion, the Balance Sheet, the Profit and Loss Account dealt from this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;



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- v) On the basis of written representations received from the directors, as on March 31, 2012 and taken on records by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view conformity with the accounting principles generally accepted in India:
- (a) In the cases of the Balance Sheet, of the state of affairs of the company as at March 31, 2012;
- (b) In the case of the Profit and Loss Account, of the loss for the year ended on that date.

For Kumar Piyush & Co.
Firm Registration No.: 005120N
Chartered Accountants



Manjeet Mehra
Partner
Membership Number: 520125
Place: New Delhi
Date: July 27, 2012



ETHNIC DESIGNERS PRIVATE LIMITED
6926 - Jaipuria Mills, Clock Tower, Subzi Mandi, Delhi - 110 007

BALANCE SHEET AS AT MARCH 31, 2012


PARTICULARS	Note No.	As At 31.03.2012 Rupees	As At 31.03.2011 Rupees
<u>I. EQUITY AND LIABILITIES</u>			
(1) Shareholder's Funds			
(a) Share Capital	1A	108,200.00	100,000.00
(b) Share Application Money		-	410,000.00
(c) Reserves and Surplus	2	(14,524.00)	(412,185.00)
(2) CURRENT LIABILITIES			
(a) Trade payables	3	17,500.00	17,500.00
(b) Other current liabilities	4	33,284.00	27,769.00
TOTAL		144,460.00	143,084.00
<u>II. ASSETS</u>			
(1) Non - current assets			
(a) Non - current investments	5	84,360.00	84,360.00
(b) Deferred Tax Asset		17,426.00	15,650.00
(2) Current assets			
(a) Cash and cash equivalents	6	42,674.00	43,074.00
TOTAL		144,460.00	143,084.00

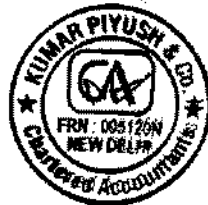
SIGNIFICANT ACCOUNTING POLICIES

1


*The Accompanying notes to accounts are integral part of Financial Statements
As per our report of even date attached*

For Kumar Piyush & Co.
Chartered Accountants
Firm Registration No.: 005120N


Manjeet Mehra
Partner
Membership Number: 520125
Place: New Delhi
Date: June 27, 2012




(Vijay Mishra)
Director
DIN-00322006


(Sailesh Kumar Gupta)
Director
DIN-00171930

ETHNIC DESIGNERS PRIVATE LIMITED

6926 - Jaipuria Mills, Clock Tower, Subzi Mandi, Delhi - 110 007

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2012

PARTICULARS	Note No.	Year Ended	Year Ended
		31.03.2012	31.03.2011
		Rupees	Rupees
Other Income		-	-
Total Revenue		-	-
EXPENSES			
Other expenses	7	5,915.00	9,815.00
Total Expenses		5,915.00	9,815.00
Profit before exceptional and extraordinary items and tax		(3,915.00)	(9,815.00)
Profit Before Tax		(5,915.00)	(9,815.00)
Tax Expenses			
Income tax for the year		-	-
Deferred Tax Assest/(Liability)		1,776.00	1,986.00
Profit for the Year		(4,139.00)	(7,829.00)
Weighted Average Number of Equity Shares		10,820.00	10,000.00
Basic/Diluted Earning Per Share		(0.38)	(0.78)


SIGNIFICANT ACCOUNTING POLICIES

1


*The Accompanying notes to accounts are integral part of Financial Statements**As per our report of even date attached.*

For Kumar Piyush & Co.
Firm Registration No.: 005120N
Chartered Accountants


(Vijay Mishra)
Director
DIN-00322006


Manjeet Mehra
Partner
Membership Number: 520125
Place: New Delhi
Date: June 27, 2012




(Sailesh Kumar Gupta)
Director
DIN-00171930

ETHNIC DESIGNERS PRIVATE LIMITED
6926 - Jaipuria Mills, Clock Tower, Subzi Mandi, Delhi - 110 007

NOTES TO ACCOUNTS AS AT MARCH 31, 2012

PARTICULARS	As At	As At
	31.03.2012	31.03.2011
	Rupees	Rupees
1A - Share Capital		
AUTHORIZED 200,000 (200,000) Equity Shares of Re. 1/- each fully paid up	200,000.00	200,000.00
ISSUED, SUBSCRIBED AND PAID UP 108,200 (100,000) Equity Shares of Re. 1/- each fully paid up	108,200.00	100,000.00
	<u>108,200.00</u>	<u>100,000.00</u>

a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity Shares

At the beginning of the year
Issued during the year
Outstanding at the end of the year

As At		As At	
31.03.2012		31.03.2011	
No.	Rupees	No.	Rupees
100,000	100,000.00	100,000	100,000.00
8,200	8,200.00	-	-
<u>108,200</u>	<u>108,200.00</u>	<u>100,000</u>	<u>100,000.00</u>

b) Shares held by holding/ultimate holding and/or their subsidiaries/associates

Raghunath Holdings & Finance Limited

As At		As At	
31.03.2012		31.03.2011	
No.	% Holding	No.	% Holding
80,000	73.94	80,000	80.00
<u>80,000</u>	<u>73.94</u>	<u>80,000</u>	<u>80.00</u>

c) Details of shareholders holding more than 5% in the company

Equity shares of Rs 1 each fully paid
Mr. Sailesh Kumar Gupta
Raghunath Holdings & Finance Limited
Prabhu Dhan Travels Pvt. Ltd

As At		As At	
31.03.2012		31.03.2011	
No.	% Holding	No.	% Holding
20,000.00	18.48	20,000	20.00
80,000.00	73.94	80,000	80.00
8,200.00	7.58	-	-
<u>108,200.00</u>	<u>100.00</u>	<u>100,000</u>	<u>100.00</u>



2 - Reserves and Surplus

PARTICULARS	As At 31.03.2012 Rupees	As At 31.03.2011 Rupees
(a) Security Premium	401,800.00	-
<i>(b) Surplus in statement of Profit and Loss</i>		
Balance brought forward from previous year	(412,185.00)	(404,356.00)
Add: Profit for the year	(4,139.00)	(7,829.00)
Net Surplus	(416,324.00)	(412,185.00)
Total Reserves & Surplus	(14,524.00)	(412,185.00)

3 - Trade payables

Trade Payable for Exoenses (Kumar Piyush & Co.)	17,500.00	17,500.00
	<u>17,500.00</u>	<u>17,500.00</u>

4 - Other current liabilities

Auditors' Remuneration Payable	33,284.00	27,769.00
	<u>33,284.00</u>	<u>27,769.00</u>

5 - Investments

<i>Long Term, Fully Paid unquoted Equity Shares :</i>		
140,600 (140,600) Shares in Prabhu Aastha Enterprises Private Limited of Re. 1/- each (Trade investments valued at cost)	84,360.00	84,360.00
	<u>84,360.00</u>	<u>84,360.00</u>
Aggregate Book Value of unquoted investment	84,360.00	84,360.00

6 - Cash and cash equivalents

Cash in Hand	29,940.00	30,340.00
<i>Balances with scheduled banks on:</i>		
Current Account with Vijaya Bank, Delhi	12,734.00	12,734.00
	<u>42,674.00</u>	<u>43,074.00</u>

ETHNIC DESIGNERS PRIVATE LIMITED**GROPING OF THE BALANCE SHEET AS AT MARCH 31, 2012**

PARTICULARS	As At 31.03.2012 Rupees	As At 31.03.2011 Rupees
<i>Share Application Money Received</i>		
Prabhu Dhan Travels Private Limited	-	410,000.00
	<u>-</u>	<u>410,000.00</u>



ETHNIC DESIGNERS PRIVATE LIMITED

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NOTES TO ACCOUNTS FOR THE YEAR ENDED ON MARCH 31, 2012

PARTICULARS	Year Ended	Year Ended
	31.03.2012	31.03.2011
	Rupees	Rupees
7 - Other expenses		
Filing Fees	400.00	1,100.00
Auditors' Remuneration	5,515.00	5,515.00
Cost of Increase in Authorized Share Capital	-	3,200.00
	<u>5,915.00</u>	<u>9,815.00</u>



ETHNIC DESIGNERS PRIVATE LIMITED

6926 - Jaipuria Mills, Clock Tower, Subzi Mandi, Delhi - 110 007

NOTES TO ACCOUNTS FOR THE YEAR ENDED ON MARCH 31, 2012**8 - Earning Per Share**

Basic earning per share is calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

Net Profit after tax	(4,139.00)
Weighted average no of shares outstanding (Equity shares of Rs 10 each)	10,820
Basis/Diluted Earning per share	(0.38)

The Company does not have any outstanding dilutive potential equity share. Consequently, the basic and diluted earning per share remains the same.

9 - Remuneration to Auditors:

Description	31.03.2012	31.03.2011
Audit Fees	5,000.00	5,000.00
Tax Audit Fees	-	-
Service Tax	515.00	515.00
Total	5,515.00	5,515.00

10 During the year, the company has not purchased any fixed assets

11 There are no earning in foreign exchange during the current year and immediately preceding previous year.

12 There is no contingent liability existing as on the date of the Balance Sheet, which has not been provided for.

13 There were no Micro and Small enterprises to whom amounts are outstanding for more than 45 days, as at March 31, 2012 (Previous Year Rs. Nil). As at March 31, 2012, no supplier has intimated the company about its status as Micro and Small enterprises or its registration with the appropriate authority under The Micro, Small and Medium Enterprises Development Act, 2006.

14 Provision for deferred tax assets of Rs. 1,776/-of has been made during the year.

15 The accumulated losses of the company are to the extent of 81.63% (approx) of the net worth.

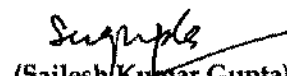
16 Note No. 1 to 15 form an integral part of the Balance Sheet and the Profit and Loss Account and have been duly authenticated.

For Kumar Piyush & Co.
Firm Registration No.: 005120N
Chartered Accountants



Manjeet Mehra
Partner
Membership Number: 520125
Place: New Delhi
Date: June 27, 2012



(Vijay Mishra)
Director
DIN-00322006

(Sailesh Kumar Gupta)
Director
DIN-00171930

ETHNIC DESIGNERS PRIVATE LIMITED

NOTE - 1

SIGNIFICANT ACCOUNTING POLICIES

1. Financial statements are prepared under the historical cost convention in consonance and accordance with applicable accounting standards, accepted accounting principles and relevant presentational requirements of the Companies Act, 1956. Company follows accrual basis of accounting in accordance with the provisions of Companies Act, 1956.
2. Fixed assets are recorded at cost. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing cost directly attributable to the construction of fixed assets is capitalized.
3. Depreciation on Fixed Assets is to be provided on written down method in accordance with the provision of Income Tax Act, 1961 and Income Tax Rules, 1962.
4. Preliminary expenses have been written off in the year in which it is incurred as per Accounting Standard (26) for Intangible Assets issued by the Institute of Chartered Accountants India.
5. Retirement benefits are to be provided in respect of employees as and when they become eligible for such retirement benefits. Provision of Gratuity is created for employees who completed five years of services.
6. If the carrying amount of fixed assets exceeds the recoverable amount on the reporting date, the carrying amount is reduced to the recoverable amount. The recoverable amount is measured as the higher of the net selling price and the value in use determined by the present value of estimated future cash flow.
7. (i) Provision for current Income tax is made after taking into consideration the benefits admissible under the provisions of the Income Tax Act, 1961.
(ii) Deferred tax is recognized, on timing differences, being the difference between taxable and accounting income that originates in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognized if there is virtual certainty that there will be sufficient future taxable income available to realize such losses.

