

Kumar Piyush & Co.

CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To The members of Ethnic Designers Private Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **Ethnic Designers Private Limited**, ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss 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 a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control 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.

Auditors' Responsibility

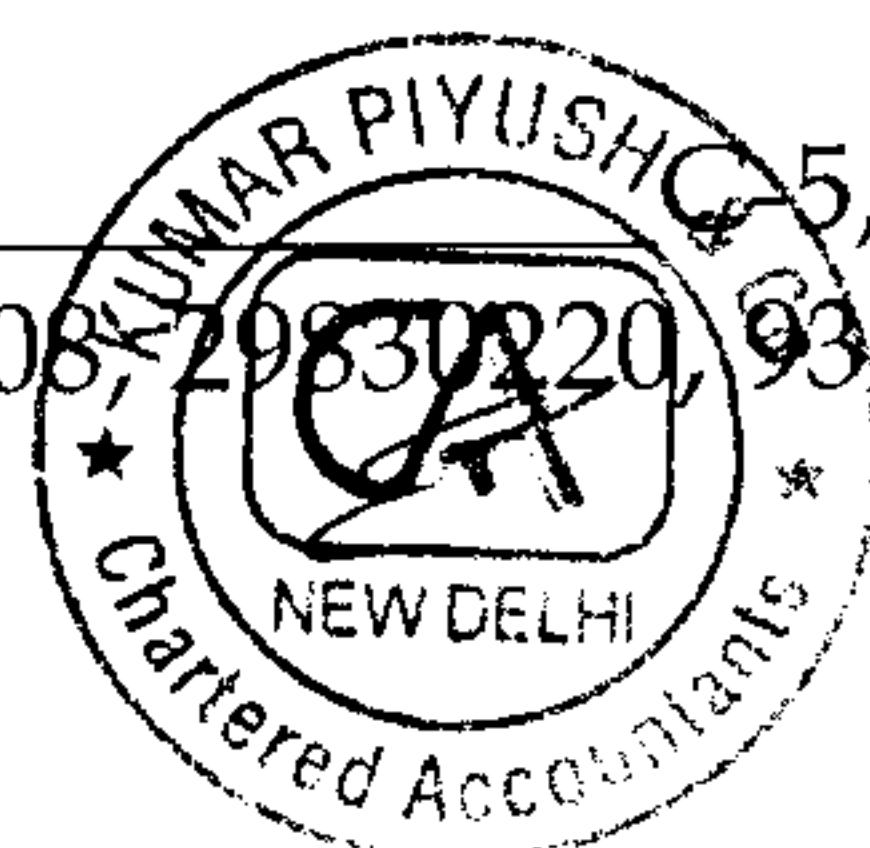
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform 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 auditors' 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. 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

Tel.: 29830208, 29830220, 9312940592 Fax: 91-11-29847424, Email: virendradel@gmail.com



Kumar Piyush & Co.

CHARTERED ACCOUNTANTS

In our opinion and to the best of our information and according to the explanations given to us, the 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:

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) In the case of the Statement of Profit and Loss of the loss for the year ended on that date; and

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a) we have 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 appears from our examination of those books [and proper returns adequate for the purposes of our audit have been received from branches not visited by us];
 - c) the Balance Sheet and Statement of Profit and Loss dealt with by this Report are in agreement with the books of account [and with the returns received from branches not visited by us];
 - d) in our opinion, the Balance Sheet, and Statement of Profit and Loss comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

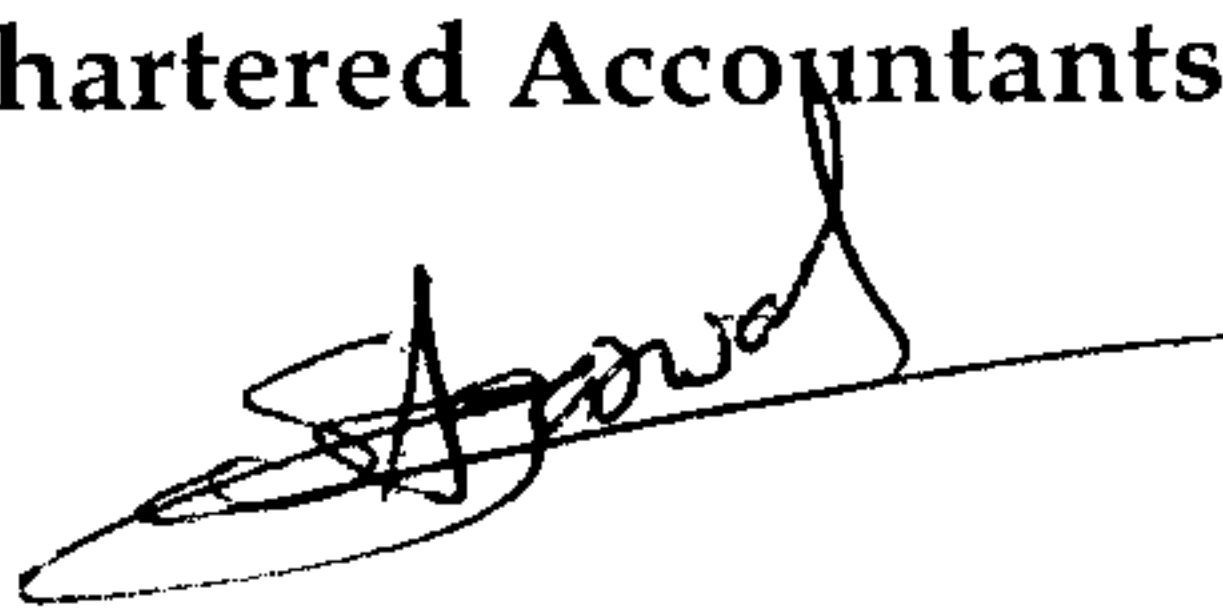


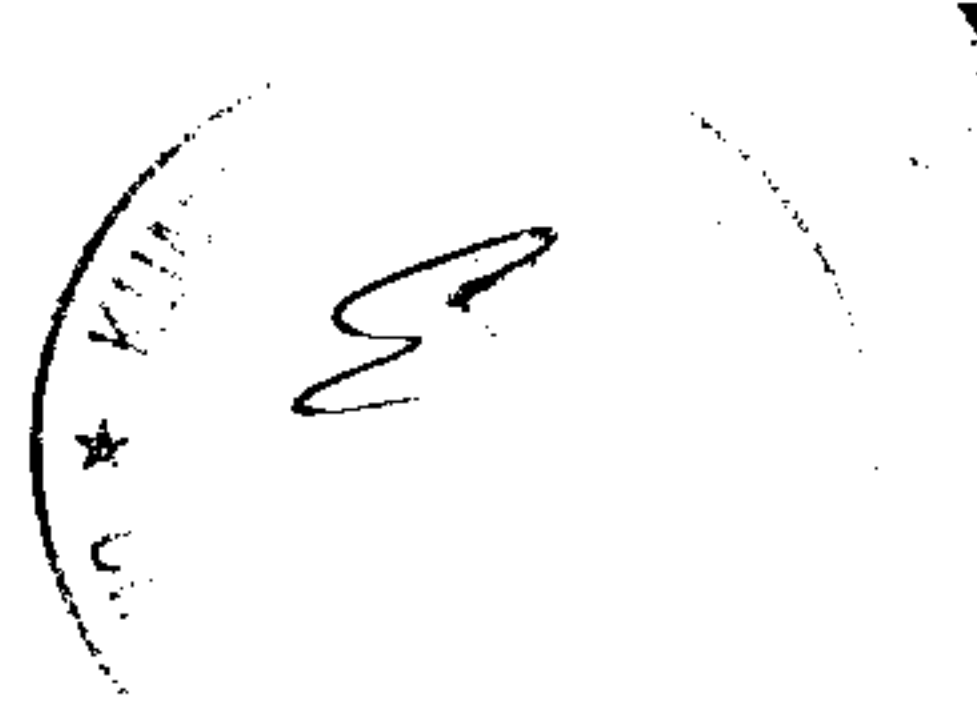
Kumar Piyush & Co.

CHARTERED ACCOUNTANTS

- f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

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


Sachin Agarwal
Partner
Membership No.: 509753
Place: New Delhi
Date: June 27, 2013



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

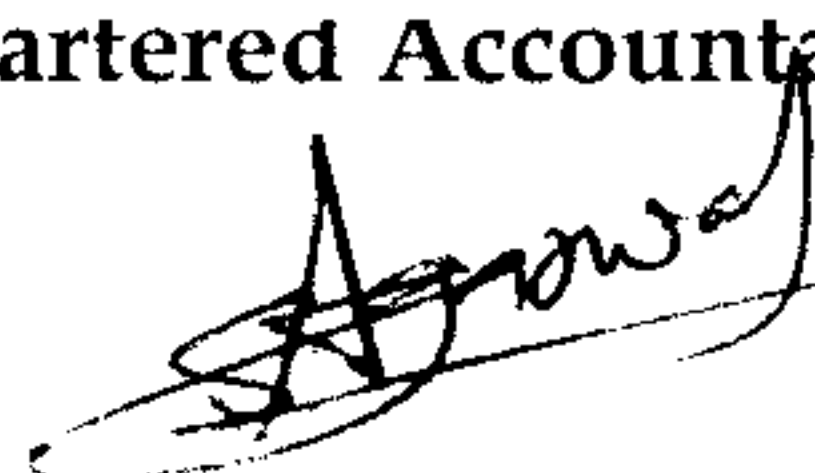
BALANCE SHEET AS AT MARCH 31, 2013

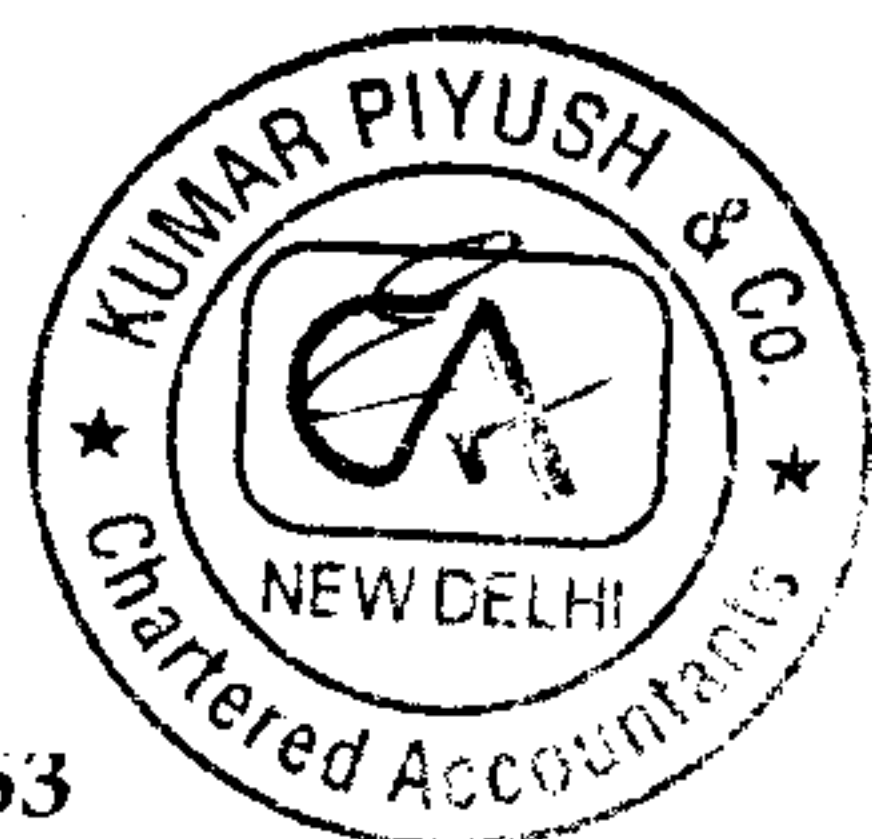
PARTICULARS	Note No.	As At 31.03.2013 Rupees	As At 31.03.2012 Rupees
<u>I. EQUITY AND LIABILITIES</u>			
(1) Shareholder's Funds			
(a) Share Capital	1A	108,200.00	108,200.00
(b) Share Application Money		-	-
(c) Reserves and Surplus	2	(19,783.00)	(14,524.00)
(2) CURRENT LIABILITIES			
(a) Trade payables	3	17,500.00	17,500.00
(b) Other current liabilities	4	38,799.00	33,284.00
TOTAL		144,716.00	144,460.00
<u>II. ASSETS</u>			
(1) Non - current assets			
(a) Non - current investments	5	84,360.00	84,360.00
(b) Deferred Tax Asset		19,682.00	17,426.00
(2) Current assets			
(a) Cash and cash equivalents	6	40,674.00	42,674.00
TOTAL		144,716.00	144,460.00

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.
Firm Registration No.: 005120N
Chartered Accountants


Sachin Agarwal
Partner
Membership No.: 509753
Place: New Delhi
Date: June 27, 2013




(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, 2013

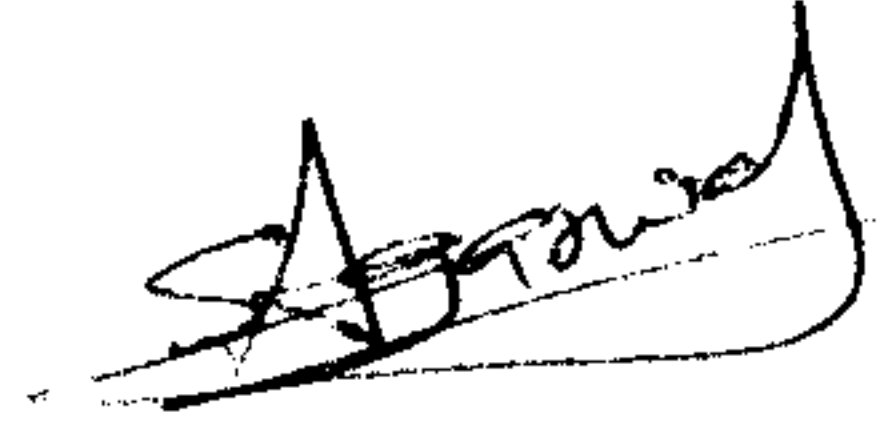
PARTICULARS	Note No.	Year Ended 31.03.2013 Rupees	Year Ended 31.03.2012 Rupees
Other Income		-	-
Total Revenue		-	-
EXPENSES			
Other expenses	7	7,515.00	5,915.00
Total Expenses		7,515.00	5,915.00
Profit before exceptional and extraordinary items and tax		(7,515.00)	(5,915.00)
Profit Before Tax		(7,515.00)	(5,915.00)
Tax Expenses			
Income tax for the year		-	-
Deferred Tax Assest/(Liability)		2,256.00	1,776.00
Profit for the Year		(5,259.00)	(4,139.00)
Weighted Average Number of Equity Shares		10,820.00	10,820.00
Basic/Diluted Earning Per Share		(0.49)	(0.38)

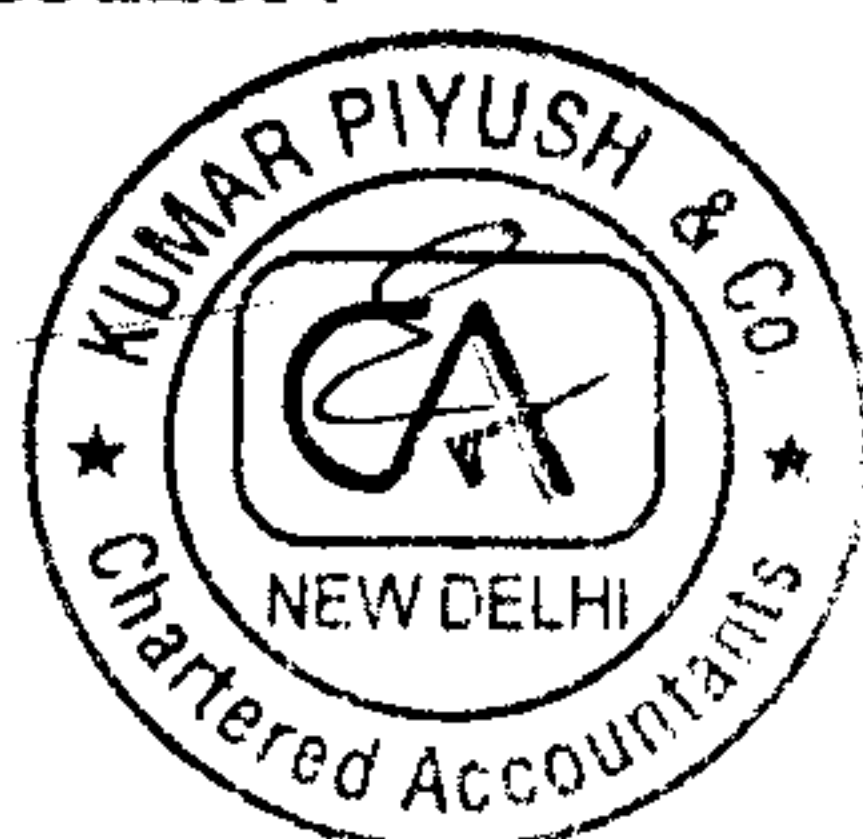
SIGNIFICANT ACCOUNTING POLICIES 1

The Accompanying notes to accounts are integral part of Financial Statements

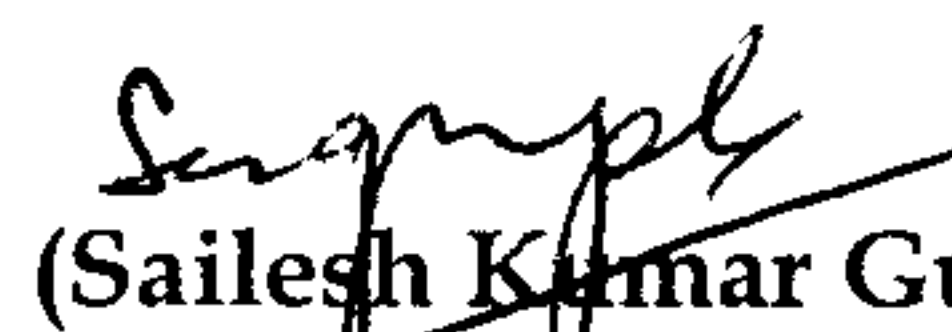
As per our report of even date attached.

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


 Sachin Agarwal
 Partner
 Membership No.: 509753
 Place: New Delhi
 Date: June 27, 2013




 (Vijay Mishra)
 Director
 DIN-00322006


 (Sailesh Kumar Gupta)
 Director
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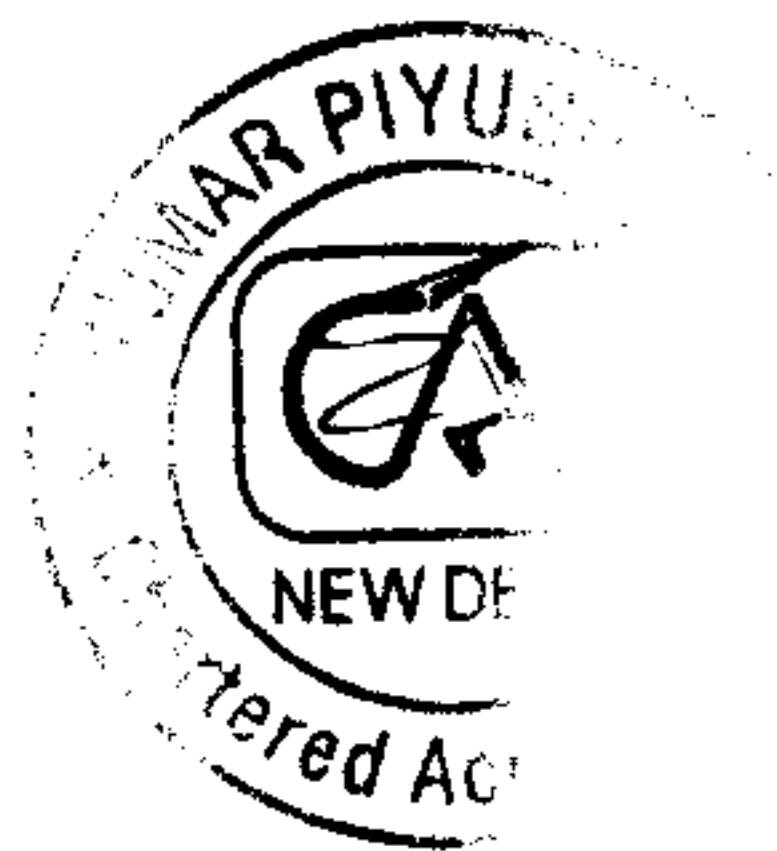
ETHNIC DESIGNERS PRIVATE LIMITED

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.



NOTES TO ACCOUNTS AS AT MARCH 31, 2012

PARTICULARS	As At	As At
	31.03.2013	31.03.2012
	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 (108,200) Equity Shares of Re. 1/- each fully paid up	108,200.00	108,200.00
	<u>108,200.00</u>	<u>108,200.00</u>

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

Equity Shares	As At		As At	
	31.03.2013		31.03.2012	
	No.	Rupees	No.	Rupees
At the beginning of the year	108,200	108,200.00	100,000	100,000.00
Issued during the year	-	-	8,200	8,200.00
Outstanding at the end of the year	<u>108,200</u>	<u>108,200.00</u>	<u>108,200</u>	<u>108,200.00</u>

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

	As At		As At	
	31.03.2013		31.03.2012	
	No.	% Holding	No.	% Holding
Raghunath Holdings & Finlease Limited	80,000	73.94	80,000	73.94
	<u>80,000.00</u>	<u>73.94</u>	<u>80,000</u>	<u>73.94</u>

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

	As At		As At	
	31.03.2013		31.03.2012	
	No.	% Holding	No.	% Holding
Equity shares of Rs 1 each fully paid				
Mr. Sailesh Kumar Gupta	20,000.00	18.48	20,000.00	18.48
Raghunath Holdings & Finlease Limited	80,000.00	73.94	80,000.00	73.94
Prabhu Dhan Travels Pvt. Ltd	8,200.00	7.58	8,200.00	7.58
	<u>108,200.00</u>	<u>100.00</u>	<u>108,200</u>	<u>100</u>

2 - Reserves and Surplus

PARTICULARS	As At	As At
	31.03.2013	31.03.2012
	Rupees	Rupees
(a) Security Premium	401,800.00	401,800.00
(b) Surplus in statement of Profit and Loss		
Balance brought forward from previous year	(416,324.00)	(412,185.00)
Add: Profit for the year	(5,259.00)	(4,139.00)
Net Surplus	<u>(421,583.00)</u>	<u>(416,324.00)</u>
Total Reserves & Surplus	<u>(19,783.00)</u>	<u>(14,524.00)</u>

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	38,799.00	33,284.00
	<u>38,799.00</u>	<u>33,284.00</u>

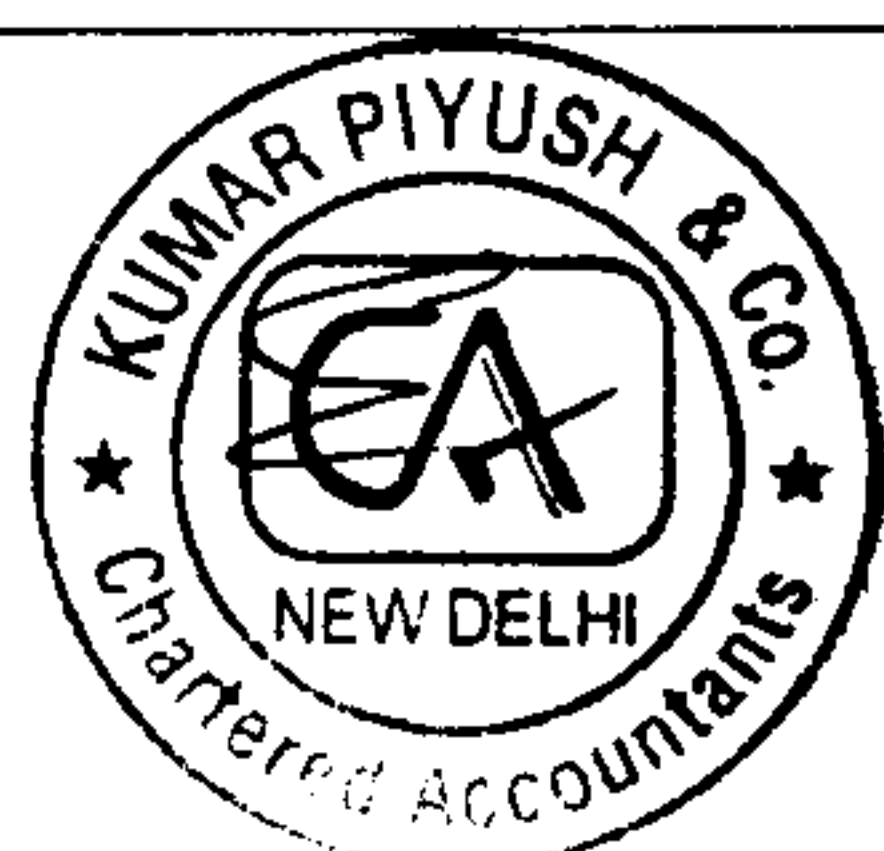
5 - Investments

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

Aggregate Book Value of unquoted investment	84,360.00	84,360.00
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6 - Cash and cash equivalents

Cash in Hand	27,940.00	29,940.00
Balances with scheduled banks on:		
Current Account with Vijaya Bank, Delhi	12,734.00	12,734.00
	<u>40,674.00</u>	<u>42,674.00</u>



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NOTES TO ACCOUNTS FOR THE YEAR ENDED ON MARCH 31, 2013

PARTICULARS	Year Ended 31.03.2013 Rupees	Year Ended 31.03.2012 Rupees
7 - Other expenses		
Filing Fees	2,000.00	400.00
Auditors' Remuneration	5,515.00	5,515.00
	<u>7,515.00</u>	<u>5,915.00</u>



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ETHNIC DESIGNERS PRIVATE LIMITED

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NOTES TO ACCOUNTS FOR THE YEAR ENDED ON MARCH 31, 2013**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	(5,259.00)
Weighted average no of shares outstanding (Equity shares of Rs 10 each)	10,820
Basis/Diluted Earning per share	(0.49)

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	31.03.2013	31.03.2012
Audit Fees	5,000.00	0.00
Tax Audit Fees	-	-
Service Tax	515.00	0.00
Total	5,515.00	0.00

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, 2013 (Previous Year Rs. Nil). As at March 31, 2013, 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.

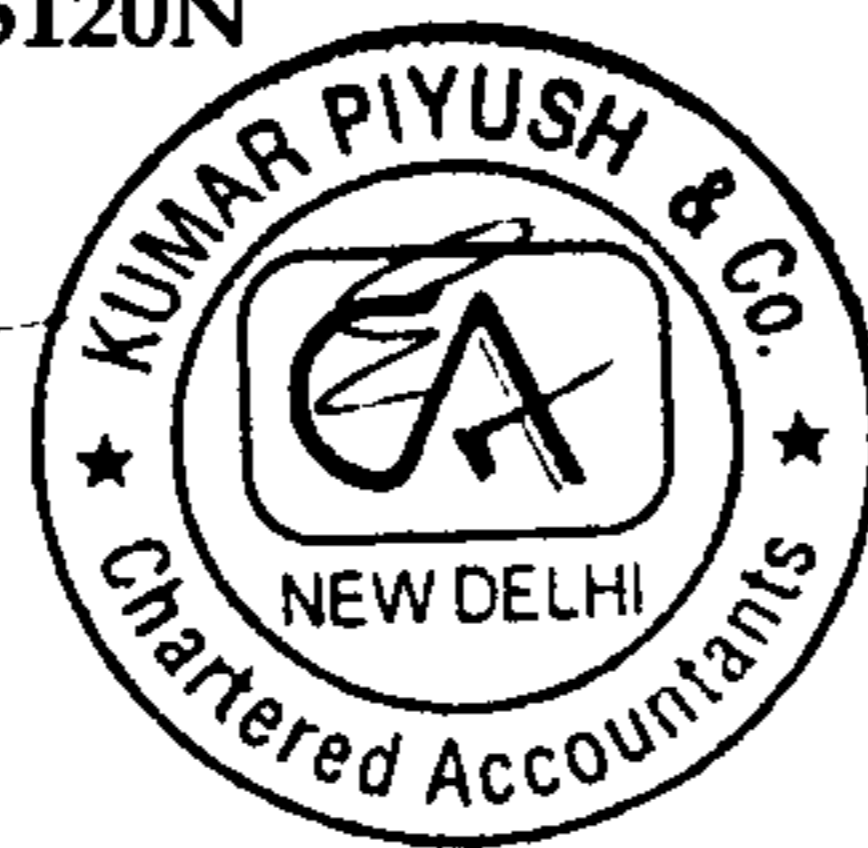
14 - Provision for deferred tax assets of Rs. 2,256/-of has been made during the year.

15 - The accumulated losses of the company are to the extent of 19.78% (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


Sachin Agarwal
Partner
Membership No.: 509753
Place: New Delhi
Date: June 27, 2013




(Vijay Mishra)
Director
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