

Kumar Piyush & Co.

CHARTERED ACCOUNTANTS

AUDITOR'S REPORT TO THE MEMBERS OF ETHNIC DESIGNERS PRIVATE LIMITED

The members of Ethnic Designers Private Limited

1. We have audited the attached Balance Sheet of Ethnic Designers Private Limited as at March 31, 2008, 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;

C-5, Lajpat Nagar-III, New Delhi-110 024

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- 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;
- v) On the basis of written representations received from the directors, as on March 31, 2008 and taken on records by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2008 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, 2008;
 - (b) In the case of the Profit and Loss Account, of the loss for the year ended on that date.

**For Kumar Piyush & Co.
Chartered Accountants**

**Sd/-
Nimish Kumar Baranwal
Partner
Membership Number: 508508
Place: New Delhi
Date: July 22, 2008**

ETHNIC DESIGNERS PRIVATE LIMITED**6926 - Jaipuria Mills, Clock Tower, Subzi Mandi, Delhi - 110 007****BALANCE SHEET AS AT MARCH 31, 2008**

PARTICULARS	SCHEDULES	31.03.2008	31.03.2007
		Rupees	Rupees
SOURCES OF FUNDS			
SHAREHOLDERS' FUND			
Share Capital	A	100,000.00	100,000.00
Share Application Money		400,000.00	-
		<hr/>	<hr/>
TOTAL LIABILITIES		500,000.00	100,000.00
CURRENT ASSETS, LOANS AND ADVANCES			
	B		
Cash and Bank Balances		135,677.00	103,817.00
Loans and Advances		400,000.00	400,000.00
Deferred Tax Asset		9,732.00	9,732.00
		<hr/>	<hr/>
		545,409.00	513,549.00
LESS: CURRENT LIABILITIES AND PROVISIONS			
	C		
Current Liabilities		438,724.00	438,724.00
		<hr/>	<hr/>
NET CURRENT ASSETS		106,685.00	74,825.00
MISCELLANEOUS EXPENDITURE TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED			
	D		
		-	-
PROFIT AND LOSS			
		393,315.00	25,175.00
		<hr/>	<hr/>
TOTAL ASSETS		500,000.00	100,000.00

**SIGNIFICANT ACCOUNTING POLICIES
AND NOTES ON ACCOUNTS**

E

*Schedules referred to above form an
integral part of Balance Sheet.*

As per our report of even date attached.

For Kumar Piyush & Co.
Chartered Accountants

Sd/-
(SriPrakash Agrawal)
Director

Sd/-
Nimish Kumar Baranwal
Partner
Membership Number: 508508
Place: New Delhi
Date: July 22, 2008

Sd/-
(Sailesh Kumar Gupta)
Director

ETHNIC DESIGNERS PRIVATE LIMITED

SCHEDULES TO BALANCE SHEET

PARTICULARS	As At	As At
	31.03.2008	31.03.2007
	Rupees	Rupees

SCHEDULE - A

SHARE CAPITAL

AUTHORIZED

10,000 Equity Shares of Rs. 10/- each fully paid up

100,000.00 100,000.00

ISSUED, SUBSCRIBED AND PAID UP

10,000 Equity Shares of Rs. 10/- each fully paid up	100,000.00	100,000.00
	<u>100,000.00</u>	<u>100,000.00</u>

SCHEDULE - B

CURRENT ASSETS, LOANS AND ADVANCES

CASH AND BANK BALANCES

Cash in Hand	121,800.00	84,200.00
<i>Balances with scheduled banks on:</i>		
Current Account with Vijaya Bank, Delhi	<u>13,877.00</u>	<u>19,617.00</u>
	<u>135,677.00</u>	<u>103,817.00</u>

LOANS AND ADVANCES

(Unsecured and Considered Good)

Advances for Purchase of Land:

GCC Consultants	<u>400,000.00</u>	<u>400,000.00</u>
	<u>400,000.00</u>	<u>400,000.00</u>

SCHEDULE - C

CURRENT LIABILITIES AND PROVISIONS

CURRENT LIABILITIES

Advances Against Land :

Raghunath International Limited	410,000.00	410,000.00
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Creditors for Expenses:

Kumar Piyush & Co.	17,500.00	17,500.00
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Expenses Payable:

Auditors' Remuneration Payable

11,224.00	11,224.00
<u>438,724.00</u>	<u>438,724.00</u>

SCHEDULE - D

**MISCELLANEOUS EXPENDITURE TO THE
EXTENT NOT WRITTEN OFF OR ADJUSTED**

PRELIMINARY EXPENSES

Balance as on date	-	22,300.00
Amortized during the year	<u>-</u>	<u>(22,300.00)</u>
	<u>-</u>	<u>-</u>

ETHNIC DESIGNERS PRIVATE LIMITED

**INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE
COMPANIES ACT, 1956**

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. *Registration Details :*

Registration No.	136254
State Code	55
Balance Sheet Date	31.03.2008

II. *Capital raised during the year (Amount in Rs. Thousand)*

Public Issue	-
Right Issue	-
Bonus Issue	-
Private Placement	100.00

III. *Position of mobilization and deployment of funds:*

Total Liabilities	500.00	
Total Assets	500.00	
<i>Source of Funds :</i>		
Paid-up Capital	100.00	
Share Application Money		-
Reserves and Surplus		-
Secured Loans		-
Unsecured Loans		-
<i>Application of Funds :</i>		
Net Fixed Assets		-
Investments		-
Net Current Assets	106.69	
Miscellaneous Expenditure		-
Accumulated Losses		-

IV. Performance of the Company: (Amount in Rs. Thousand)

Turnover	360.00
Total Expenditure	368.14
Profit/Loss Before Tax	(368.14)
Profit/Loss After Tax	(393.32)
Earnings per shares in Rs.	(368.14)
Dividend Rate %	-

V. Generic Names of three principal products of the Company :

Items Code No. (ITC Code)	-
Product Description	Real Estate

For and on behalf of the Board

Sd/-

Sd/-

(Sri Prakash Agrawal)
Director
Place: Delhi
Date: July 22, 2008

(Sailesh Kumar Gupta)
Director

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

PROFIT AND LOSS ACCOUNT FOR YEAR ENDED MARCH 31, 2008

PARTICULARS	SCHEDULES	31.03.2008 Rupees	31.03.2007 Rupees
<u>INCOME</u>			
		<u>-</u>	<u>-</u>
<u>EXPENSES</u>			
Auditors' Remuneration		5,612.00	5,612.00
Short Term Capital Loss		360,000.00	-
Preliminary Expenses		-	22,300.00
Filing Charges		2,400.00	1,000.00
Bank Charges		128.00	-
Total Expenses		<u>368,140.00</u>	<u>28,912.00</u>
PROFIT/(LOSS) FOR THE YEAR		(368,140.00)	(28,912.00)
Deferred Tax Asset		-	9,732.00
Profit Brought Forward		<u>(25,175.00)</u>	<u>(5,995.00)</u>
TRANSFERRED TO BALANCE SHEET			

(393,315.00)

(25,175.00)

(368,140.00)

**SIGNIFICANT ACCOUNTING POLICIES
AND NOTES ON ACCOUNTS**

E

*Schedules referred to above form an
integral part of Balance Sheet.*

As per our report of even date attached.

**For Kumar Piyush & Co.
Chartered Accountants**

Sd/-
(SriPrakash Agrawal)
Director

**Nimish Kumar Baranwal
Partner
Membership Number: 508508
Place: New Delhi
Date: July 22, 2008**

Sd/-
(Sailesh Kumar Gupta)
Director

ETHNIC DESIGNERS PRIVATE LIMITED

SCHEDULE - E

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

A. 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.

B. NOTES ON ACCOUNTS

1. During the year, the company has not purchased any fixed assets.
2. There are no earning in foreign exchange during the current year and immediately preceding previous year.
3. There is no contingent liability existing as on the date of the Balance Sheet, which has not been provided for.
4. As per the information available with the Company, there are no creditors pertaining to Small Scale Industries, whom the Company owes a sum exceeding Rs. One Lakh to, which is outstanding for more than thirty days at the Balance Sheet date
5. **Remuneration to Auditors:**

Description	2007-2008 (Rupees)	2006-2007 (Rupees)
Auditors' Remuneration	5,612.00	5,612.00
Total	5,612.00	5,612.00

6. Provision for deferred tax assets has been made during the year is Rs.Nil timing difference arises on taxable income and Accounting Income.
7. Balance sheet Abstract and company's General Business Profile (in terms of amendment to part IV of schedule VI to the companies Act, 1956) is annexed herewith.
8. Schedules 'A' to 'E' from an integral part of the Balance Sheet and the Profit and Loss Account and have been duly authenticated.

As per our report of even date attached

**For Kumar Piyush & Co.
Chartered Accountants**

Sd/-
**(Sri Prakash Agrawal)
Director**

Sd/-
**Nimish Kumar Baranwal
Partner
Membership No.508508
Place: New Delhi
Date: July 22, 2008**

Sd/-
**(Sailesh Kumar Gupta)
Director**
