

AUDITOR'S REPORT

To the Members of ENCOMPASS DESIGN INDIA PVT LTD,

Report on the Financial Statements

We have audited the accompanying financial statements of ENCOMPASS DESIGN INDIA PVT LTD, which comprise the Balance Sheet as at March 31, 2014 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") accounting standards notified under the Companies Act, 1956 ("the act") read with the general circular 15/2013 dated 13th September 2013 of the ministry of corporate affairs in respect of section 133 of the companies act, 2013. 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.

Auditor's 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 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 Company'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 entity'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 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, 2014;
and

(b) In the case of the Profit and Loss Account, of the LOSS for the year ended on that date.

1. As required by the Companies (Auditor's 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;
- c) The Balance Sheet and Statement of Profit and Loss dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet and Statement of Profit and Loss comply with the Accounting Standards referred to in sub-section (3c) of section 211 of The Companies Act, 1956 read with the general circular 15/2013 dated 13th September 2013 of the ministry of corporate affairs in respect of section 133 of the Companies Act, 2013.
- e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For V.K. BESWAL & ASSOCIATES

CHARTERED ACCOUNTANTS

FIRM REG. NO.: 101083W

Tanay Kedia

CA Tanay Kedia

(PARTNER)

Membership Number: 154778

PLACE : Mumbai

DATED: 28/08/2014



ENCOMPASS DESIGN INDIA PVT LTD
ANNEXURE TO THE AUDITOR'S REPORT OF EVEN DATE

(Referred to in paragraph 1 thereof)

1. In respect of fixed assets:

- (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.
- (c) Based on our scrutiny of the records of the company and the information & explanations received by us, we report that there was no sale of fixed assets during the year. Hence the question of reporting whether the sale of any substantial part of fixed assets has affected the going concern of the company does not arise.

2. In respect of inventories :

- (a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) In our opinion and on the basis of our examination of the records, the Company is generally maintaining proper records of its inventories. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.

3. The company has neither taken nor granted any loans or advances in the nature of loans to parties covered in the register maintained under section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventories & fixed assets and payment for expenses & for sale of goods. During the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.

5. In respect of the contracts or arrangements referred to in Section 301 of the Companies Act, 1956:
 - (a) Based on the audit procedures applied by us and the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 have been so entered.
 - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 and exceeding the value of five lakh rupees in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public covered under section 58A and 58AA of the Companies Act, 1956.
7. As per information & explanations given by the management, the Company has an internal audit system commensurate with its size and the nature of its business.
8. According to the information and explanations provided by the management, the company is not engaged in production, processing, manufacturing and mining activities. Hence, in our opinion, no comment on maintenance of the cost records is required.
9. In respect of statutory dues :
 - (a) According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no outstanding statutory dues as on 31st of March, 2014 for a period of more than six months from the date they became payable except the dues of Rs 46,175/- payable to the Department of Sales Tax on account of Profession Tax.

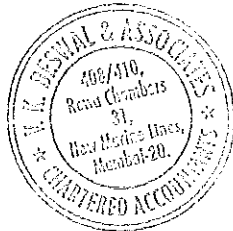
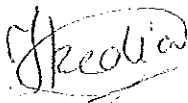
- (b) According to the information and explanations given to us, there is no amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty and excise duty which have not been deposited on account of any disputes.
10. The Company was incorporated on 09.03.2010. Since a period of five years has not elapsed since the date of incorporation as at the balance sheet date, we are of the opinion that no comment is required under clause (x) of para 4 of the Order regarding the erosion of 50% or more of net worth and cash losses in the current and immediately preceding financial years.
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to banks. The company does not have any dues payable to financial institutions or debenture holders.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi /mutual benefit fund/society. Therefore, the provision of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
14. According to information and explanations given to us, the Company is not trading in Shares, Mutual funds & other Investments. Hence in our opinion, the requirements of Para 4 (xiv) of the order do not apply to the company.
15. According to the records of the company and the information and explanations provided by the management, the company has not given any guarantee for loans taken by others from bank or financial institutions.
16. According to the records of the company the company has not obtained any term loans.
17. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2014, we report that no funds raised on short-term basis have been used for long-term investment by the Company.

18. Based on the audit procedures performed and the information and explanations given to us by the management, we report that the Company has made preferential allotment of shares during the year. The allotment are as per the term of the Share Subscription & Shareholders Agreement dated 10.05.2013
19. The Company has no outstanding debentures during the period under audit.
20. The Company has not raised any money by public issue during the period covered by our audit report.
21. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

For V. K. BESWAL & ASSOCIATES,

CHARTERED ACCOUNTANTS

Firm Registration No. 101083W



C.A. Tanay Kedia

[PARTNER]

M.NO.154778

PLACE: MUMBAI

DATED: 28/08/2014

ENCOMPASS DESIGN INDIA PRIVATE LIMITED
BALANCE SHEET AS AT 31st MARCH, 2014

PARTICULARS	Note	As at 31st March, 2014	As at 31st March, 2013
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	21,66,650	1,00,000
Reserves and Surplus	3	(7,52,250)	-
		14,14,400	1,00,000
Non-Current Liabilities			
Deferred Tax Liabilities (Net)	4	37,37,779	-
Long Term Provisions	5	2,69,929	-
		40,07,708	-
Current Liabilities			
Short-Term Borrowings	6	74,03,340	-
Trade Payables	7	5,05,21,905	-
Other Current Liabilities	8	45,12,080	5,618
Short Term Provisions	9	3,113	-
		6,24,40,439	5,618
Total		6,78,62,548	1,05,618
ASSETS			
Non-Current Assets			
Fixed Assets	10		
Tangible Assets		7,45,973	-
Intangible Assets		1,22,27,063	-
Long-Term Loans and Advances	11	1,92,349	25,000
		1,31,65,385	25,000
Current Assets			
Inventories	12	1,24,49,711	-
Trade Receivables	13	3,91,50,977	-
Cash and Bank Balances	14	6,35,520	20,091
Short-Term Loans and Advances	15	24,60,954	-
Other Current Assets	16	-	60,527
		5,46,97,163	80,618
Total		6,78,62,548	1,05,618

Significant Accounting Policies

1

Accompanying Notes form an integral part of the Financial Statements

As per our report of even date attached

For V K BESWAL & ASSOCIATES

CHARTERED ACCOUNTANTS

Firm No. 101083W

For and on behalf of the Board of Directors

CA Tanay Kedia
(Partner)

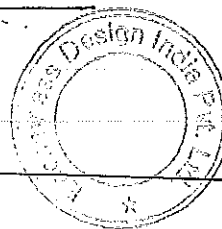
M No. 154778

Place : Mumbai

Date : August 28, 2014

Director

Director



ENCOMPASS DESIGN INDIA PRIVATE LIMITED

NOTE 1

Significant accounting policies annexed to & forming part of balance sheet as at 31st March 2014

1. SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PREPARATION

The Company follows the mercantile system of accounting and recognizing income and expenditure on accrual basis. The accounts are prepared on historical cost basis as a going concern and are consistent with generally accepted accounting principles.

B. FIXED ASSETS

Fixed Assets are stated at cost less depreciation. The cost includes all expenses incurred to bring the assets to its present location & condition.

Intangible Assets are stated at cost less accumulated amortization.

C. DEPRECIATION

Depreciation has been provided on Fixed Assets on SLM method at rates as specified in the Companies Act, 1956.

Depreciation on fixed assets added/disposed off during the year is provided on pro-rata basis.

D. INVESTMENTS

Current investments are carried at lower of cost or quoted / fair value, computed category wise. Long-term investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary in the opinion of the management.

E. FOREIGN CURRENCY TRANSACTIONS

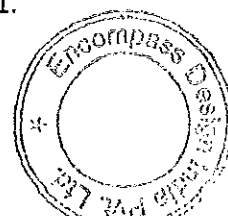
Foreign currency transactions are recorded at the exchange rate on the date of transaction. Gains & losses arising out of subsequent fluctuations in exchange rate are accounted for on actual payment or realization. Monetary items denominated in foreign currency as at the Balance Sheet date are converted at the exchange rates prevailing on balance sheet date. Exchange difference is recognized in the Profit and Loss Account.

F. TAXATION

Tax on income for the current period is determined on the basis of taxable income computed in accordance with the provisions of the Income Tax Act, 1961.



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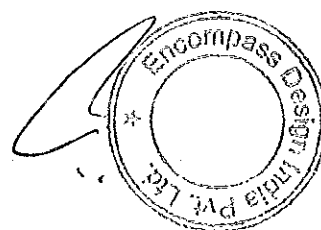
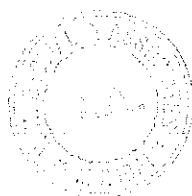


Deferred Tax is recognized on timing differences between the accounting income & the taxable income for the year, and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred Tax assets are recognized and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

G. RETIREMENT BENEFITS

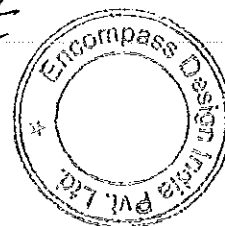
Gratuity provision is made for qualifying employees. Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit cost method.



ENCOMPASS DESIGN INDIA PRIVATE LIMITED

Notes Forming Part of Financial Statements for the year ended March 31, 2014

Particulars	Note	As on 31st March, 2014		As on 31st March, 2013	
Share Capital	2	No of Shares	Amount in Rs.	No of Shares	Amount in Rs.
Authorised					
Equity Shares of Rs.10/- each		2,00,000	20,00,000	50,000	5,00,000
Preference Shares of Rs.10/- each		1,00,000	10,00,000	-	-
		3,00,000	30,00,000	50,000	5,00,000
Issued, Subscribed and fully paid up					
Equity Shares of Rs.10/- each		1,94,489	19,44,890	10,000	1,00,000
Preference Shares of Rs.10/- each		22,176	2,21,760	-	-
		2,16,665	21,66,650	10,000	1,00,000
Reconciliation of No. of Shares outstanding at the beginning and end of the reporting period	2.1				
Equity Shares of Rs.10/- each					
Outstanding at the beginning of the year			10,000		10,000
Add : Allotted during the year			1,84,489		-
Outstanding at the end of the year			1,94,489		10,000
Preference Shares of Rs.10/- each					
Outstanding at the beginning of the year			-		-
Add : Allotted during the year			22,176		-
Outstanding at the end of the year			22,176		-
Rights, Preferences and restrictions attached to equity shares	2.2				
The company has only one class of equity shares referred to as equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share.					
In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.					
Rights, Preferences and restrictions attached to Preference shares	2.3				
The company has only one class of preference shares referred to as preference shares having a par value of Rs.10 per share.					
In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.					
Details of Shareholders holding more than 5% Equity shares in the Company	2.4				
		No of Shares	% of Shareholding	No of Shares	% of Shareholding
Amit Dalmia		52,500	27.01%	5,000	50%
Vijay Kumar Agarwal		1,34,389	69.13%	-	50%



ENCOMPASS DESIGN INDIA PRIVATE LIMITED					
Notes Forming Part of Financial Statements for the year ended March 31, 2014					
Particulars	Note	As on 31st March, 2014		As on 31st March, 2013	
Reserves and Surplus	3				
Surplus In Statement of Profit and Loss					
Opening balance			-		
Add: Net Profit/(Loss) for the current year			(1,30,04,490)		
Closing Balance			(1,30,04,490)		-
Share Premium Account					
Opening balance			-		-
Add: Added during the current year			1,22,52,240		-
Closing Balance			1,22,52,240		-
Total Reserves and Surplus			(7,52,250)		-
Deferred Tax Liability	4				
<u>Deferred Tax Liability</u>					
Net Block as per Companies Act (31.03.2014)		1,29,73,036			
Net Block as per Income Tax Act (31.03.2014)		6,06,734			
Difference			1,23,66,302		
Deferred tax liability (A)		30.9000%	38,21,187		
<u>Deferred tax assets</u>					
Expenditure to be disallowed u/s 43B - Gratuity			2,69,929		
Deferred tax assets(B)		30.9000%	83,408		
Difference (A-B)			37,37,779		
Less : Deferred Tax (Assets) (Opening)			-		
To be debited in the P & L			37,37,779		
Other Long Term Liabilities	5				
Other Long Term Payables			4,00,00,000		
<u>Provision for Employee benefits:</u>					
Gratuity			2,69,929		
Total Other Long Term Liabilities			4,02,69,929		-
Short Term Borrowings	6				
CC limits from Canara Bank			74,03,340		
[The above loan is secured against hypothecation of Stock and Book debts. Further security has been offered by way of Corporate Guarantee of [M/s. Creative Global Services Private Limited]					
Total Short Term Borrowings			74,03,340		-
Trade Payables	7				
Trade payables (Refer Note 7.1 and 7.2)			1,05,21,905		
Total Trade Payables			1,05,21,905		-
The Company has not received any intimation from 'suppliers' regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said Act have not been given.	7.1				
Trade payables are subject to reconciliation and confirmation.	7.2				

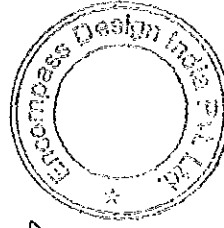


Tangible Assets

Particulars	Gross block			Accumulated depreciation			Net block	
	As at 01/04/2013	Additions during the year	Deletions during the year	As at 31/03/2014	As at 01/04/2013	Depreciation for the year	As at 31/03/2014	As at 31/03/2013
Computers & Peripherals	-	2,92,757	-	2,92,757	-	35,905	35,905	-
Furnitures & Fixtures	-	3,83,449	-	3,83,449	-	9,305	9,305	-
Office Equipment	-	1,17,815	-	1,17,815	-	2,838	2,838	-
Total	-	7,94,021	-	7,94,021	-	48,048	48,048	-
Previous year								

Intangible Assets

Particulars	Gross block			Accumulated depreciation			Net block	
	As at 01/04/2013	Additions during the year	Deletions during the year	As at 31/03/2014	As at 1 April 2013	Depreciation w/back	As at 31/03/2014	As at 31/03/2013
BED BATH MORE BRANDS	-	1,22,27,063	-	1,22,27,063	-	-	1,22,27,063	-
Total	-	1,22,27,063	-	1,22,27,063	-	-	1,22,27,063	-
Previous year								
Grand Totals	-	1,30,21,084	-	1,30,21,084	-	48,048	1,29,73,036	-



FNCOMPASS DESIGN INDIA PRIVATE LIMITED

Notes Forming Part of Financial Statements for the year ended March 31, 2014

Particulars	Note	As on 31st March, 2014		As on 31st March, 2013	
Other Current Liabilities	8				
Outstanding Liabilities			10,43,644		5,618
Other Payables			20,000		-
Statutory Dues			8,39,419		-
Creditors for Expenses			26,09,017		-
Total Other Current Liabilities			45,12,080		5,618
Short Term Provisions	9				
Provision for gratuity			3,113		-
Total short term provision			3,113		-
Long Term Loans and Advances (Unsecured and Considered Good)	11				
<u>Security Deposits</u>					
-With Govt. Bodies			25,000		25,000
-With Others			1,67,349		-
Total Long Term Loans and Advances			1,92,349		25,000
Inventories	12				
Finished goods			1,24,49,711		-
Total Inventories			1,24,49,711		-
Trade Receivables (Unsecured, considered good)	13				
Outstanding for a period exceeding Six months			-		-
Others			3,91,50,977		-
Total Trade Receivables			3,91,50,977		-
Cash and Bank Balances	14				
Cash on Hand			3,02,539		990
<u>Balances with Banks</u>					
In Current Accounts			3,32,981		19,101
Total Cash and Bank Balances			6,35,520		20,091
Short Term Loans and Advances (Unsecured, considered good)	15				
Prepaid Expenses			1,34,766		
Balance with Statutory Authorities			33,017		
Advances to Employees			1,45,763		
Advances to others			21,47,408		
Total Short Term Loans and Advances			24,60,954		-
Other Current Assets	16		-		60,527
Total Other Current Assets			-		60,527

