

INDEPENDENT AUDITOR'S REPORT

The Members of K Bazaar Online Trading Private Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of K Bazaar Online Trading Private Limited which comprise the Balance Sheet as at March 31, 2013 and Statement of Profit and Loss and Cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information. .

Management's Responsibility for the Financial Statements

2. 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. 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 misstatements, whether due to fraud and error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Standards on auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with the ethical requirements plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.
4. 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 risk of material misstatements 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 and the reasonableness of accounting estimates made by management, as well as evaluating the overall financial statement.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

6. 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 Profit and Loss Account, of the profit/ loss for the year ended on that date; and
 - (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

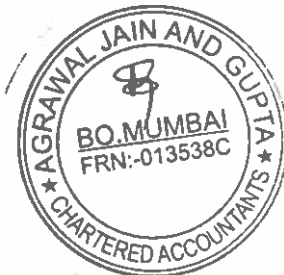
Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of Act, we give in the Annexure a statement on the matter specified in paragraphs 4 and 5 of the order.
2. As required by section 227(3) of the act, 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 these books (and proper returns adequate for the purpose of our audit have been received from the branches not visited by us);
 - (iii) The Balance Sheet and Profit and Loss Account and cash flow statement dealt with by this report are in agreement with the books of account (and with the returns received from branches not visited by us);
 - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and cash flow statements 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 representation 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 Section 274 (1)(g) of the Companies Act 1956.

For **Agrawal Jain & Gupta**
Chartered Accountants
FRN - 013538C



CA Narayan Swami
Partner
M. No – 409759
Mumbai, 30th May, 2013



**Annexure referred to in paragraph(c) of our report of even date
K BAZAAR ONLINE TRADING PRIVATE LIMITED**

- 1) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets. As explained to us, all fixed assets were physically verified by the management in the year before last year in accordance with a planned programme of verifying these once in three years, which in our opinion is reasonable, having regard to the size of the Company and the nature of its assets and no material discrepancies were found on such verification. There was no substantial disposal of fixed assets during the year.
- 2) There is no inventory.
- 3) The Company has taken loan of Rs 560,642/- from KSS Limited and K Sera Sera Miniplex Private Limited Company, 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 are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. Accordingly, the issue of continuing failure to correct major weakness in the internal control in these areas does not apply.
- 5) Based on the audit procedures applied by us and according to 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 of the Companies Act, 1956 have been so entered. In our opinion and according to the information and explanations given to us, the transactions with parties with whom transactions exceeding value of rupees five lakhs have been entered into during the financial year are at prices, which are reasonable having regard to the prevailing market price at the relevant time.
- 6) The Company has not accepted any deposits from the public within the meaning of sections 58A and 58AA of the act and the rules framed there under.
- 7) In our opinion, the Company has an own internal audit system commensurate with the size and nature of its business.
- 8) To the best of our knowledge and as explained to us, the Central Government has not prescribed maintenance of cost records under Clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 for the products of the Company.
- 9) According to the information and explanation given to us and records of the company examined by us in our opinion prima-facie the Company is regular in depositing undisputed statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty were outstanding, at the yearend for a period of more than six months from the date they became payable.
- 10) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year
- 11) Based on our audit procedures and on the basis of information and explanations given by the management, we are of opinion that the Company has not defaulted in repayment of dues to banks and financial institution. The Company did not have any outstanding debentures during the year.
- 12) According to the information and explanations given to us and based on the documents and records produced 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) In our opinion, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi/ mutual benefit fund/ societies. Therefore, provisions of clause 4(A)(ii) of the Companies (Auditor Report) Order, 2003 are not applicable to the Company.

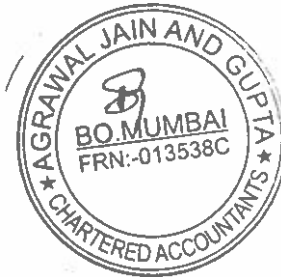


- 14) In our opinion, the Company does not deal or trade in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor Report) Order, 2003 are not applicable to the Company.
- 15) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- 16) Based on the information and explanations given to us by the management, the term loan raised by the company has been used for the purpose for which term loan has been raised.
- 17) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investments. No long-term funds have been used to finance short-term assets except permanent working capital.
- 18) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- 19) The Company did not have any outstanding debentures during the year.
- 20) The Company has not raised any money through a public issue during the year.
- 21) Based upon the audit procedures performed by us for expressing our opinion on these financial statements and the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during of our audit.

For Agrawal Jain & Gupta
Chartered Accountants
FRN - 013538C



CA Narayan Swami
Partner
M. No – 409759
Mumbai, 30th May, 2013



Notes to account

1. Summary of significant accounting policies

a. Basis of preparation of financial statements

The financial statements are prepared under historical cost convention, on the accrual basis of accounting in accordance with the Companies Act, 1956 and the Accounting Principles generally accepted in India ('Indian GAAP') and comply with the Accounting Standards issued by the Institute of Chartered Accountants of India ('ICAI') to the extent applicable.

b. Use of estimates

The preparation of financial statements in conformity with the Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

c. Fixed assets

Tangible assets

Fixed assets are stated at historical cost less accumulated depreciation. Cost includes purchase price and all other attributable cost to bring the assets to its working condition for the intended use.

d. Depreciation/amortization

Tangible assets

Depreciation on fixed assets is provided on written down value method at the rates and the manner prescribed under Schedule XIV of the Companies Act, 1956 or based on management estimates of useful lives of the fixed assets, whichever is higher.

e. Borrowing costs

Borrowing cost that is directly attributable to the acquisition or construction of a qualifying asset is considered as part of the cost of the asset. All other borrowing costs are treated as period cost and charged to the profit and loss account in the year in which it is incurred.

f. Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belong is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account.

g. Investments

- i. Investments are stated at cost if any.



h. Revenue recognition

Revenue recognised on accrual basis of accounting as per Accounting Standard-9 "Revenue Recognition" Issued by the ICAI, when all significant risks and rewards of ownership have been transferred to buyer.

i. Inventories

Inventory is valued at cost or Net reliable value whichever is lower.

j. Accounting for taxes on income

- i. Provision for current tax is made, based on the tax payable under the Income Tax Act, 1961.
- ii. Deferred tax on timing differences between taxable and accounting income is accounted for, using the tax rates and the tax laws enacted or substantially enacted as on the balance sheet date. Deferred tax assets on unabsorbed tax losses and unabsorbed depreciation are recognized only when there is a virtual certainty of their realization. Other items are recognized only when there is a reasonable certainty of their realization.

k. Retirement benefits

- i. If any Contributions payable by the Company to the concerned government authorities in respect of provident fund, family pension fund and employee state insurance are charged to the profit and loss account.
- ii. Provision for gratuity is not made by the company because none of the employee is completed five year in the company.

l. Foreign currency transactions

- i. Foreign currency transactions are recorded at exchange rates prevailing on the date of respective transactions.
- ii. Current assets and current liabilities in foreign currencies existing at balance sheet date are translated at year-end rates.

m. Provision and contingent liabilities

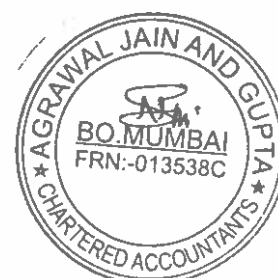
Provisions are recognized when the Company has present legal or constructive obligation, a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation. Contingent liabilities, if any, are disclosed by way of notes to the Balance Sheet.

n. Preliminary Expenses

Preliminary expenses, if any, will be written off over a period of Five years.

2 Earnings per share

(Amount in Rupees)	
Particulars	March 31, 2013
Net profit / (loss) after tax for the year	(19,056)
Weighted equity shares outstanding as at the year end	10000
Nominal value per share (Rs.)	10
Earnings per share(Weighted Average)	
– Basic	(1.91)
– Diluted	(1.91)



3.10 Auditor's remuneration [including service tax]**(Amount in Rupees)**

Particulars	March 31, 2013
Statutory audit	11,236
Total	11,236

3.11 Related Party Disclosures

Related parties are classified as:

1s	Company:
	1. K Sera Sera Limited
	2. K Sera Sera Miniplex Private Limited

Nature of transactions	Holding	Amount in rupees
Loans taken	K Sera Sera Limited	517,142
Loans taken	K Sera Sera Miniplex Private Limited	43,500

3.12. The Company did not have any transactions with Small Scale Industrial ('SME's') Undertakings during the year ended March 31, 2013 and hence there are no amounts due to such undertakings. The identification of SME's undertakings is based on the management's knowledge of their status.

The Company has not received any information from "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amount unpaid as at the year end together with interest paid / payable as required under the said Act have not been furnished.

3.13. Balances in respect of sundry debtors, sundry creditors and loans and advances If any are taken as shown by books of accounts and are subject to confirmation and Consequent adjustments and reconciliations, if any.

For and on behalf of directors

Satish Panchani *[Signature]*

Managing Director

Director

Place: Mumbai

Date: May 30th, 2013**For Agrawal Jain & Gupta**

Chartered Accountants

FRN - 013538C

*[Signature]***CA Narayan Swami**

Partner

M. No - 409759



K BAZAAR ONLINE TRADING PRIVATE LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2013


(Amount in Rupees)

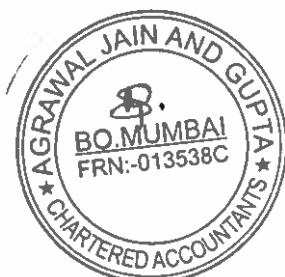
Particulars	Note No.	March, 2013	March, 2012
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	3.1	100,000	100,000
(b) Reserves and Surplus	3.2	(669,444)	(650,388)
(2) Non-Current Liabilities			
(a) Long-Term Borrowings	3.3	560,642	554,042
(3) Current Liabilities			
(a) Short-Term Borrowings			
(b) Trade Payables	3.4	22,472	11,236
(c) Other Current Liabilities		-	-
(d) Short-Term Provisions		-	-
Total Equity & Liabilities		13,670	14,890
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets		-	-
(ii) Intangible Assets		-	-
Gross Block		-	-
Depreciation			
Net Block		-	-
(2) Current Assets			
(c) Trade receivables		-	-
(d) Cash and cash equivalents	3.5	10,010	10,010
(e) Short-term loans and advances		-	-
(f) Other current assets	3.6	3,660	4,880
Total Assets		13,670	14,890

The accompanying notes are an integral part of the financial statements.

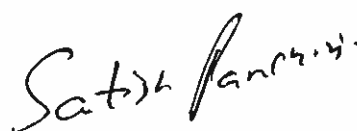
This is the Balance Sheet referred to in our report of even date.

For Agrawal, Jain and Gupta
Chartered Accountants
Firm Registration No. 013538C


CA Narayan Swami
Partner
Membership No.: 409759
Mumbai
Date : 30.05.2013



For K Bazaar Online Trading Private Limited


Satish Panwar
Director


Director

K BAZAAR ONLINE TRADING PRIVATE LIMITED
PROFIT & LOSS STATEMENT FOR THE PERIOD ENDED ON 31ST MARCH, 2013

(Amount in Rupees)

Sr. No	Particulars	Note No.	March, 2013	March, 2012
I	Revenue from operations	3.7	-	21,698
II	Other Income			
III	III. Total Revenue (I +II)		-	21,698
IV	Expenses:			
	Employee Benefit Expenses	3.8	-	621,862
	Financial Costs	3.9	-	979
	Other Administrative Expenses	3.10	19,056	49,245
	Total Expenses (IV)		19,056	672,086
V	Profit before exceptional and extraordinary items and tax	(III - IV)	(19,056)	(650,388)
VI	Exceptional Items		-	-
VII	Profit before extraordinary items and tax (V - VI)		(19,056)	(650,388)
VIII	Extraordinary Items		-	-
IX	Profit before tax (VII - VIII)		(19,056)	(650,388)
X	Tax expense:			
	(1) Current tax		-	-
	(2) Deferred tax			
XI	Profit(Loss) from the period from continuing operations	(IX-X)	(19,056)	(650,388)
XII	Profit/(Loss) from discontinuing operations		-	-
XIII	Tax expense of discounting operations		-	-
XIV	Profit/(Loss) from Discontinuing operations (XII - XIII)			-
XV	Profit/(Loss) for the period (XI + XIV)		(19,056)	(650,388)
XVI	Earning per equity share:			
	(1) Basic		(1.91)	(65.04)
	(2) Diluted		(1.91)	(65.04)

The accompanying notes are an integral part of the financial statements.

This is the Profit & Loss Statement referred to in our Report of even date.

For Agrawal Jain and Gupta

Chartered Accountants

Firm Registration No. 013538C

For K Bazaar Online Trading Private limited

Swami



Satish Parvati

[Signature]

CA Narayan Swami

Partner

Membership No.: 409759

Mumbai

Date : 30.05.2013

Director

Director

K BAZAAR ONLINE TRADING PRIVATE LIMITED
Notes Forming Part of the Profit & Loss Accounts as at 31st March, 2013

Note: 3.7 Revenue from Operations

	Particulars	March, 2013	March, 2012
	Income from operation	-	21,698
	Total	-	21,698

Note: 3.8 Employment Benefit Expenses

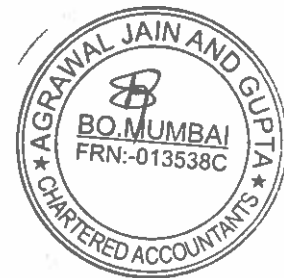
	Particulars	March, 2013	March, 2012
	Salaries, Bonus, PF & ESIC	-	621,862
	Total	-	621,862

Note: 3.9 Financial Cost

	Particulars	March, 2013	March, 2012
	Bank Charges	-	979
	Total	-	979

Note: 3.10 Other Administrative Expenses

	Particulars	March, 2013	March, 2012
	Auditors Remuneration	11,236	11,236
	convayenace	-	338
	Filing and other Expanses	4,000	200
	General Expenses	-	2,315
	Legal Expenses	100	3,900
	Preliminary Expenses W/Off	1,220	1,220
	Professional Tax Company	2,500	2,500
	Stationery Expenses	-	24,780
	Telephone Expenses	-	2,756
	Total	19,056	49,245



K BAZAAR ONLINE TRADING PRIVATE LIMITED
Notes Forming Integral Part of the Balance Sheet as at 31st March, 2013

Note: 3.1 Share Capital

Particulars	March, 2013	March, 2012
AUTHORIZED CAPITAL		
10,000 Equity Shares of Rs. 10/- each.	100,000	100,000
	100,000	100,000
ISSUED, SUBSCRIBED & PAID UP CAPITAL		
To the Subscribers of the Memorandum		
a) 8999 Equity Shares of Rs. 10/- each, Fully Paid up Share capital allotment to KSS limited(formerly known as K Sera Sera Limited)	89,990	89,990
b) 1 Equity Shares of Rs. 10/- each, Fully Paid up Share capital allotment Hussain Shattaf	10	10
c) 1000 Equity Shares of Rs. 10/- each, Fully Paid up Share capital allotment Binary Web Solutions (India)	10,000	10,000
Total	100,000	100,000

Note: 3.2 Reserves & Surplus

Particulars	March, 2013	March, 2012
Surplus (Profit & Loss Account)	(669,444)	(650,388)
Balance brought forward from previous year	(650,388)	-
Less: Tax on Regular Assessment Paid	-	-
Add: Profit for the period	(19,056)	(650,388)
Total	(669,444)	(650,388)

Note: 3.3 Long-Term Borrowings

Particulars	March, 2013	March, 2012
Loans & Advances From Related Parties- interest Free	560,642	554,042
Total	560,642	554,042

Note: 3.4 Trade Payables

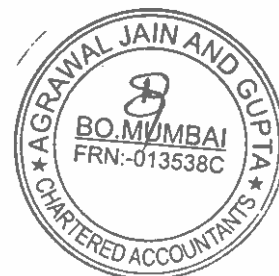
Particulars	March, 2013	March, 2012
Sundry creditors- less than 1 Year	22,472	11,236
Total	22,472	11,236

Note: 3.5 Cash & Cash Equivalents

Particulars	March, 2013	March, 2012
Cash-in-Hand		
Cash Balance	10,010	10,010
Total	10,010	10,010

Note: 3.6 Other Current assets

Particulars	March, 2013	March, 2012
Miscellaneous Expenditure	3,660	4,880
Total	3,660	4,880



K BAZAAR ONLINE TRADING PRIVATE LIMITED
Cash Flow Statement For The Year Ended March 31, 2013

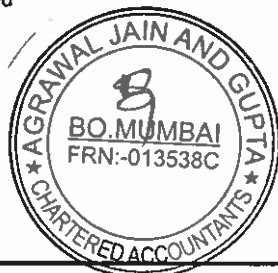
(Amount in Rupees)

Particular	March, 2013	March, 2012
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax	(19,056)	(650,388)
Adjustments For:		
Miscellaneous Expenditure Written Off	1,220	1,220
	1,220	1,220
Operating Cash Flow Before Changes In Working Capital	(17,836)	(649,168)
Adjustments For:		
(Increase)/Decrease In Inventories	-	-
(Increase)/Decrease In Sundry Debtors	-	-
(Increase)/Decrease In Loans And Advances	-	-
Increase/(Decrease) In Current Liabilities And Provisions	11,236	11,236
Net Changes In Working Capital	(6,600)	(637,932)
Taxes Paid	-	-
Extraordinary Items	-	(6,100)
Cash Generated From/(Used In) Operations	(6,600)	(644,032)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase Of Fixed Assets	-	-
Sale/Surrender Of Fixed Assets	-	-
Cash Generated /(Used In) From Investing Activities	-	-
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds From Issue Of Equity Share Capital	-	100,000
Proceeds From Borrowings	6,600	554,042
Repayment Of Borrowings	-	-
Cash Generated /(Used In) From Financing Activities	6,600	654,042
Net Increase/(Decrease) In Cash And Cash Equivalents (A+B+C)	-	10,010
Cash And Cash Equivalents At The Beginning Of The Year	10,010	-
Cash And Cash Equivalents At The End Of The Year	10,010	10,010
Note:		
1 Cash and cash equivalents at the year end comprise:		
Cash On Hand	10,010	10,010
Balance With Scheduled Banks In		
- Current Accounts	-	-
- Deposit Accounts	-	-
	10,010	10,010
2 The Cash Flow Statement Has Been Prepared Under Indirect Method As Set Out In Accounting Standard 3, 'Cash Flow Statement' Issued By The Institute Of Chartered Accountants Of India		


As per our report of even date attached


For Agrawal Jain and Gupta
Chartered Accountants
Firm Registration No. 013538C

CA Narayan Swami
Partner
Membership No.: 409759
Mumbai
Date : 30.05.2013



For and on behalf of the board of directors


Director


Director