AU BON PAIN CAFÉ INDIA LIMITED

FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013

AU BON PAIN CAFÉ INDIA LIMITED

DIRECTORS' REPORT

To The Members,

Your Directors take pleasure in submitting the Fifth Annual Report and Audited Accounts of the Company for the year ended 31st March 2013.

FINANCIAL RESULTS

Rs/Million

Particulars	2012-13	2011-12
Sales and Other Income	110	89
Operating Profit / (Loss)	(54)	(55)
Depreciation	25	16
Profit / (Loss) before Tax	(79)	(71)

OPERATIONS REVIEW & OUTLOOK

Company is the India master franchisee of the US based bakery café chain Au Bon Pain. The chain presently operates only in the city of Bangalore, where it added 5 new cafes in the year exiting March 13 with 25 cafes. The chain operates across different formats – High Streets, Malls, Hospitals, Education, Business & IT Parks. In the last 4 months of the fiscal, the chain has managed to report positive same café sales and reverse its earlier negative trend. The chain is poised for greater expansion in Bangalore in the coming year in order to achieve economies of scale and put it on path for business break even. The Company is also evaluating entering into Delhi / NCR and Kolkata in the year 2014 with the aim of spreading its wings Pan India.

SHARE CAPITAL

The paid up equity share capital of the Company is increased to Rs.35 Crores during the year which is held by Spencer's' Retail Limited and Mr. Varin Narula in the ratio of 80:20 respectively.

DIRECTORS

Mr. Kannan Dasaratharaman resigned from the Board of the Company with effect from 9 October 2012. The Board places on record its appreciation for the services rendered by Mr. Kannan Dasaratharaman during his tenure.

Mr. Sanjay Gupta was appointed as Additional Director on the Board of the Company with effect from 9 October 2012.

Company has received notice from a member signifying his intention to propose the appointment of Mr. Sanjay Gupta as Director of the Company at the ensuing Annual General Meeting.

Pursuant to section 256 of the Companies Act, 1956, Mr. Sumantra Banerjee retire by rotation at the ensuing Annual General Meeting and, being eligible, offers himself for reappointment.

AUDIT COMMITTEE

The Audit Committee consists of three members namely Mr. Sumantra Banerjee, Mr. Sanjay Gupta and Mr. Subhrangshu Chakrabarti.

AUDITORS REPORT

The Board has examined the Auditors Report to the accounts and the clarifications, wherever necessary, have been included in the Notes to Accounts.

AUDITORS

M/s. Deloitte Haskins & Sells, Chartered Accountants, Statutory Auditors of the Company retire at the ensuing Annual General Meeting, and being eligible, offer themselves for re-appointment. The Company has received necessary confirmation from the Auditors under Section 224(1B) of the Companies Act, 1956 ("the Act").

FIXED DEPOSITS

During the year under review, the Company has not accepted any deposit under Section 58A of the Companies Act, 1956 read with Companies (Acceptance of Deposits) Rules, 1975.

PARTICULARS OF EMPLOYEES

As required under the provisions of Section 217(2A) of the Act, read with the Companies (Particulars of Employees) Rules, 1975, as amended, particulars of employees form part of this report.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors hereunder confirm that :

i. in the preparation of annual accounts, the applicable accounting standards have been followed and no material departures have been made from the same;
ii. they have selected such Accounting Policies and applied them consistently; and made judgment and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of financial year;
iii. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;
iv. that the annual Accounts have been prepared on a 'going concern' basis.

PARTICULARS OF TECHNOLOGY ABSORPTION, ENERGY CONSERVATION ETC.

The provisions of Sec. 217(1)(e) of the Act relating to technology absorption and energy conservation do not apply to the Company. The Company widely uses information technology in its operations.

During the year under review, expenditure in foreign currency amounted to Rs. 4.182 million and foreign exchange earnings was nil.

ACKNOWLEDGEMENTS

The Directors express their appreciation to bankers, trade suppliers, employees, and shareholders for their continued support and cooperation.

For and on behalf of the Board

Kolkata
Date : 7th May 2013

Sanjay Gupta
Director

Subhrangshu Chakrabarti
Director

Deloitte
Haskins & Sells

Chartered Accountants
Bengal Intelligent Park
Building Alpha, 1st Floor
Block - EP & GP, Sector - V
Salt Lake Electronics Complex
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TO THE MEMBERS OF
AU BON PAIN CAFÉ INDIA LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **AU BON PAIN CAFÉ INDIA LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's 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 Section 211(3C) 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 the 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 Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

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Chartered Accountants

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 aforesaid 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 of the Company for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the cash flows of the Company 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 ("the Order") issued by the Central Government in terms of Section 227(4A) 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 purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.

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Chartered Accountants

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(e) On the basis of the written representations received from the directors as on March 31, 2013 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 Act.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm Registration No. 302009E)

Abhijit Bandyopadhyay
Partner
Membership No. 054785

Kolkata, May 07, 2013

Deloitte Haskins & Sells
Chartered Accountants

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ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) Having regard to the nature of the Company's business/activities/result/transactions clauses 4(vi), (xii), (xiii), (xiv), (xv), (xvi) and (xix) of CARO are not applicable.

(ii) In respect of its fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

(iii) In respect of its inventories:

(a) As explained to us, the inventories were 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 were reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.

(iv) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.

(v) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and

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suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.

(vi) According to the information and explanation given to us, there are no contracts or arrangements that need to be entered into the Register maintained Under Section 301 of the Companies Act, 1956.

(vii) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.

(viii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that, *prima facie,* the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(ix) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2013 for a period of more than six months from the date they became payable.

(c) Accordingly to the information and explanations given to us, as at 31st March 2013, there were no dues on account of income tax, sales tax, service tax and cess which has not been deposited on account of any dispute.

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(x) *The accumulated losses of the Company at the end of the financial year are not less than fifty percent of its net worth and the Company has incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.*

(xi) In our opinion and according to information and explanations given to us, the Company has not taken any loans from financial institutions or banks and hence there are no dues.

(xii) *In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis aggregating to Rs. 80.25 lakhs have, prima facie, been used during the year for long- term investment.*

(xiii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.

(xiv) During the period covered by our audit report, the Company has not raised any money by public issues.

(xv) To the best of our knowledge and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No.302009E)

Deloitte Haskins & Sells Chartered Accountants

Abhijit Bandyopadhyay
Partner
Membership No. 054785

Kolkata, May 07, 2013

Au Bon Pain Café India Limited

Balance Sheet as at 31 March 2013

Rs. In Lacs

	Notes	As at 31.03.2013	As at 31.03.2012
(I) EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share Capital	03	**3,500.00**	3,000.00
(b) Reserves and surplus	04	**(2,446.51)**	(1,653.74)
		1,053.49	1,346.26
(2) Share Application money pending Allotment	05	**277.50**	-
(3) Non-current liabilities			
Long-term provisions	06	**13.44**	10.65
		13.44	10.65
(4) Current liabilities			
(a) Trade payables	07	**158.81**	150.48
(b) Other current liabilities	08	**64.67**	97.41
(c) Short-term provisions	06	**0.19**	0.09
		223.67	247.98
TOTAL EQUITY AND LIABILITIES		**1,568.10**	1,604.89
(II) ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	09	**997.78**	990.08
(ii) Intangible assets	10	**193.12**	231.64
(iii) Capital work-in-progress		**55.96**	69.13
		1,246.86	1,290.85
(b) Long-term loans and advances	12	**177.81**	200.61
		1,424.67	1,491.46
(2) Current assets			
(a) Current Investment	11	**0.70**	-
(b) Inventories	14	**65.05**	44.30
(c) Trade receivables	13	**50.20**	34.25
(d) Cash and bank balances	15	**18.62**	22.27
(e) Short-term loans and advances	12	**8.86**	12.61
		143.43	113.43
TOTAL ASSETS		**1,568.10**	1,604.89

See accompanying notes forming part of the financial statements : 24 -34

In terms of our report attached

For Deloitte Haskins & Sells

Chartered Accountants

Abhijit Bandyopadhyay

Partner

Kolkata , 7th May, 2013

Deloitte Haskins & Sells Chartered Accountants

For and on behalf of the Board of Directors

Sanjay Gupta

Director

Subhrangshu Chakrabarti

Director

Aloke Kumar Mukherjee Aloke Kumar Mukherjee

Company Secretary

Kolkata , 7th May, 2013

Au Bon Pain Café India Limited

Statement of Profit and Loss for the year ended 31 March 2013

Rs. In Lacs

		Note	Year Ended 31.03.2013	Year Ended 31.03.2012
I	Revenue from operations	16	**1,095.01**	891.38
II	Other Income	17	**6.54**	0.63
III	**Total Revenue (I + II)**		**1,101.55**	892.01
IV	**EXPENSES**			
	(a) Cost of materials consumed	18	**350.10**	270.58
	(b) Purchases of Stock In Trade	19	**47.90**	21.24
	(c) Changes in inventories of finished and semi finished goods	20	**(12.78)**	(3.59)
	(d) Employee benefit expense	21	**460.31**	462.19
	(e) Finance costs	22	**23.12**	8.11
	(f) Depreciation and amortisation expense		**245.58**	155.70
	(g) Other expenses	23	**780.09**	687.04
	Total Expenses		**1,894.32**	1,601.27
V	**Loss before tax (III-IV)**		**(792.77)**	(709.26)
VI	Tax Expense		-	-
VII	**Loss for the year (V - VI)**		**(792.77)**	**(709.26)**
VIII	**Loss per equity share (Rupees):**			
	Basic and Diluted	27	**(2.45)**	(3.12)

See accompanying notes forming part of the financial statements: 24-34

In terms of our report attached

For Deloitte Haskins & Sells

Chartered Accountants

Abhijit Bandyopadhyay

Partner

Kolkata , 7th May, 2013

For and on behalf of the Board of Directors

Sanjay Gupta

Director

Subhrangshu Chakrabarti

Director

Aloke Kumar Mukherjee Aloke Kumar Mukherjee

Company Secretary

Kolkata , 7th May, 2013

Deloitte Haskins & Sells
Chartered Accountants

Cash Flow Statement for the year ended 31st March, 2013

Rs. In Lacs

	Year Ended 31.03.2013	Year Ended 31.03.2012
A. Cash Flow from Operating activities:		
Profit before taxes	**(792.77)**	(709.26)
Adjustments for:		
Depreciation	**245.58**	155.70
Income from investments	**(0.70)**	-
Interest on Fixed Deposit	**(0.13)**	-
(Profit)/Loss on sale of capital assets (net of discarded assets written off)	**42.33**	39.04
Liability no longer required written back	**(4.97)**	-
Miscellaneous write offs	-	0.46
Operating profit before working capital changes	**(510.66)**	(514.06)
Changes in Working Capital:		
Adjustments for (increase) / decrease in operating assets:		
Trade receivables	**(15.95)**	(20.65)
Short term Loans and advances	**3.87**	(0.62)
Long term Loans and advances	**(2.48)**	(49.61)
Inventories	**(20.75)**	(15.82)
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	**8.33**	106.80
Other Current Liabilities	**13.03**	1.00
Short Term Provisions	**0.10**	0.02
Long Term Provisions	**2.79**	3.86
Cash generated from operations	**(521.72)**	(489.09)
Direct taxes paid	**(0.23)**	(0.22)
Net cash from operating activities	**(521.95)**	(489.30)
B. Cash Flow from Investing activities:		
Capital Expenditure on fixed assets	**(259.75)**	(517.75)
Proceeds from sale of Fixed Assets	**0.55**	2.19
Purchase of External Investment	**(95.00)**	-
Sale of External Investment	**95.00**	-
Fixed deposits not considered as Cash and cash equivalents	**(0.82)**	(0.75)
Net cash utilised in investing activities	**(260.02)**	(516.31)

Deloitte Haskins & Sells
Chartered Accountants

Bon Pain Café India Limited

...h Flow Statement for the year ended 31st March, 2013

Rs. In Lacs

	Year Ended 31.03.2013	Year Ended 31.03.2012
Cash Flow from Financing activities:		
Proceeds from issue of equity shares	**500.00**	1,000.00
Share Application money pending allotment	**277.50**	
Net cash utilised in financing activities	**777.50**	1,000.00
Increase or decrease in cash or cash equivalents	**(4.47)**	(5.61)
...h and cash equivalents as at 1st April [1]	**21.52**	27.13
...h and cash equivalents as at 31st March [1]	**17.05**	21.52

...s

1 Include cash and Cheques on hand, balance in current and deposit accounts with banks

Figures in brackets represent outflows.

...terms of our report attached

For ... Deloitte Haskins & Sells

...rtered Accountants

Abhijit Bandyopadhyay

...ner

...ata , 7th May, 2013

Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the Board of Directors

Sanjay Gupta

Director

Subhrangshu Chakrabarti

Director

Aloke Kumar Mukherjee Aloke Kumar Mukherjee

Company Secretary

Kolkata , 7th May, 2013

01 Corporate information

The Company Au Bon Pain Café India Limited (ABPCIL), is engaged in setting up a chain of retail cafes and other outlets. For developing the business, master franchise agreement has been entered into between ABPCIL and Au Bon Pain Corporation USA on 14th July 2008, for the grant of exclusive franchise to the Company.

02 Significant Accounting Policies

a). Basis of accounting and preparation of financial statements

The financial statements are prepared under the historical cost convention on an accrual basis of accounting in accordance with the Generally Accepted Accounting Principles in India, Accounting Standards notified by the Central Government under the companies (Accounting Standards) Rules.2006 as amended and other relevant provisions of Companies Act, 1956 . The accounting policies followed in these financial statements are same as those followed in the financial statements for the year ended March 31, 2012.

The preparation of the financial statements in conformity with Indian GAAP requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956. Based on the nature of services rendered by the Company and the time between the cost incurred for rendering the services and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

b). Revenue Recognition

i). Revenue is recognized to the extent it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

ii). Revenue is recognized on transfer of significant risk and rewards of ownership of the goods to the buyers.

iii). Dividend income is recognised when the Company's right to receive dividend is established. Interest income is recognised on a time proportion basis based on the amount outstanding and the rate applicable.

c). Tangible Assets

All tangible assets are valued at cost less depreciation. The cost of an asset includes the purchase cost of materials, including import duties and non refundable taxes, and any directly attributable costs of bringing an asset to the location and condition of its intended use. Interest on borrowings used to finance the construction of qualifying assets are capitalised as part of the cost of the asset until such time that the asset is ready for its intended use.

d). Capital work-in-progress:

Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest, if any.

e). Intangible assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and non refundable taxes, and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates.

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Chartered Accountants

02 Significant Accounting Policies

f). Depreciation

Depreciation is charged on straight line method at the rates and in the manner prescribed under Schedule XIV of the Companies Act 1956. However in the following cases, a higher rate of depreciation is applied based on useful life of the relevant assets estimated by the management. Improvement to leased properties is amortized over the period of lease.

i).	Leasehold Improvement	: 2 to 9 years
ii).	Plant and Machinery	: 5 to 13 years
iii).	Furniture fixture	: 3 to 16 years
iv).	Motor Vehicles	: 5 years
v).	Office Equipments	: 9 years
vi).	Electrical/ Café Equipments	: 2 to 13 years

Cost of Intangible Assets are amortized as follows:

i).	Brand License	: 2 to 10 years
ii).	Computer Software	: 4 Years

g). Impairment

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the statement of profit and loss, except in case of revalued assets.

h). Leases

Leases where the lessor effectively retains substantially all the risk and benefits of ownership of the leased asset, are classified as operating leases. Operating lease payment is recognized as an expense in the Statement of Profit and Loss on the straight-line basis over the lease term.

i). Investment

Long term investments are carried at cost less provision for diminution other than temporary (if any) in value of such investments.

Current investments are carried at lower of cost and fair value.

j). Inventories

Raw materials are valued at cost or net realisable value whichever is lower. Cost comprises purchase price, freight and handling charges, non refundable taxes and duties and other directly attributable costs.

Finished products produced and purchased by the Company are valued at lower of cost and net realisable value.

Work-in-progress is carried at lower of cost and net realisable value.

Stores and packing materials are valued at cost comprising of purchase price, freight and handling charges on refundable taxes and duties and other directly attributable costs less provisions for obsolescence.

Cost of inventories are generally ascertained on the "weighted average" basis.

k). Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

l). Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

m). Foreign Currency Transactions

Foreign Currency transactions are recorded on initial recognition in the reporting currency i.e. Indian rupees, using the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities in currencies other than the reporting currencies and foreign exchange contracts remaining unsettled are remeasured at the rates of exchange prevailing at the balance sheet date. Exchange difference arising on the settlement of monetary items, and on the remeasurement of monetary items, are included in statement of profit and loss.

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02 Significant Accounting Policies

n). Employee Benefits

(i) Short term benefits

Short term employee benefits are recognised as an expense at the undiscounted amount in the statement of profit and loss for the year in which the related service is rendered.

(ii) **Post employment benefits**

Defined Contribution plans:

Defined Contribution plans are those plans where the Company pays fixed contribution in return for the service rendered by the employees during the year. Retirement benefits in the form of Provident & Superannuation Funds are defined contribution schemes and the contributions are charged to Statement of Profit and Loss of the year when due.

Defined Benefit Plans:

The Company provides Gratuity and Leave Encashment Benefits to its employees. Gratuity is a defined benefit obligation and contribution, by way of premium is paid to Life Insurance Corporation of India (LIC)under the group gratuity scheme. The liability towards leave benefits is unfunded. The present value of these defined benefit obligations are ascertained by an independent actuarial valuation as per the requirement of Accounting Standards 15 - Employee Benefits. The liability recognised in the balance sheet is the present value of the defined benefit obligations on the balance sheet date less the fair value of the plan assets (for funded plans), together with adjustments for unrecognised past service costs. All actuarial gains and losses are recognised in the Statement Profit and Loss in full in the year in which they occur.

o). Earnings Per Share

The Company reports basic and diluted earnings per share in accordance with Accounting Standard (AS) 20- Earnings Per Share. Basic earnings per equity share have been computed by dividing net profit after tax attributable to equity share holders by the weighted average numbers of equity shares outstanding during the year. Diluted earnings during the year adjusted for the effects of all dilutive potential equity shares per share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year.

p). Provision, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

q). Taxes on Income

Current Tax:

Provision for Current tax is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961.

Deferred Tax:

Deferred tax assets and liabilities are recognised by computing the tax effect on timing differences which arise during the year and reverse in the subsequent periods. Deferred tax assets are recognised only 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 realised.

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Chartered Accountants

03 Share Capital

	As at 31.03.2013 Rs. In Lacs	As at 31.03.2012 Rs. In Lacs
Authorised:		
40,000,000 Equity Shares of Rs. 10 each *(31.03.2012: 35,000,000 Equity Shares of Rs. 10 each)*	4,000.00	3,500.00
	4,000.00	3,500.00
Issued, Subscribed and Fully Paid up:		
35,000,000 Equity Shares of Rs. 10 each *(31.03.2012: 30,000,000 Equity Shares of Rs. 10 each)*	3,500.00	3,000.00
	3,500.00	3,000.00

Notes :

(I) Reconciliation of Number of shares

	As at 31.03.2013		As at 31.03.2012	
Issued, Subscribed and Fully paid	No. of Shares	Amount Rs. lacs	No. of Shares	Amount Rs. lacs
At the beginning of the year	30,000,000	3,000.00	20,000,000	2,000.00
Issued during the year	5,000,000	500.00	10,000,000	1,000.00
At the end of the year	35,000,000	3,500.00	30,000,000	3,000.00

(II) Details of shareholders holding more than 5% of outstanding shares

	As at 31.03.2013		As at 31.03.2012	
Shareholder	No. of Shares	%	Nos. shares	%
(1) Spencer's Retail Limited	28,000,000	80	24,000,000	80
(2) Mr. Varin Narula	7,000,000	20	6,000,000	20
	35,000,000	100	30,000,000	100

(iii) The Company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

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04 Reserves and Surplus

	As at 31.03.2013 Rs. In Lacs	As at 31.03.2012 Rs. In Lacs
Surplus / (Deficit) in Statement of Profit and Loss :		
Opening Balance	**(1,653.74)**	(944.48)
Add: Profit / (Loss) for the year	**(792.77)**	(709.26)
Balalance as at 31st march	**(2,446.51)**	(1,653.74)

05 Share Application money pending Allotment

	As at Rs. In Lacs	As at Rs. In Lacs
Share Application money pending Allotment	**277.50**	-
	277.50	-

Note:

Share Application money as above represents money received from the Company's Holding Company - Spencer's Retail Limited towards equity shares proposed to be issued at par within the next financial year.

06 Provisions

	As at 31.03.2013 Rs in lacs		As at 31.03.2012 Rs in lacs	
	Long Term	**Short Term**	Long Term	Short Term
(a) Provision for employee benefits				
(1) Post-employment Defined Benefits				
Retiring Gratuity	5.92	0.09	4.31	
(2) Other Employee Benefits :				
Leave Encashment	7.52	0.10	6.34	0.09
Total Provisions	**13.44**	**0.19**	10.65	0.09

07 Trade Payables

	As at 31.03.2013 Rs. In Lacs	As at 31.03.2012 Rs. In Lacs
Acceptances	-	-
Other than Acceptances	**158.81**	150.48
Total Trade Payables	**158.81**	**150.48**

08 Other Current Liabilities

(a) Capital Creditors	**24.11**	64.89
(b) Creditors for other liabilities		
(i) Employee recovereries and employer contributions	**14.81**	10.14
(ii) Statutory Dues	**18.27**	16.81
(iii) Other credit balances	**7.48**	5.57
Total Other current liabilities	**64.67**	**97.41**

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09 Tangible assets

Rs. In Lacs

As at 31.03.2013	Leasehold Improvements	Plant and Machinery	Furniture and fixtures	Office Equipments	Electrical/Café Equipments	Vehicles	Total Tangible Assets
Cost at beginning of year	226.39	293.39	239.39	75.21	378.64	1.59	1,214.61
Additions	26.66	83.37	50.69	5.72	83.94	-	250.38
Deductions	24.13	4.12	15.21		17.05	-	60.51
Cost at end of year	228.92	372.64	274.87	80.93	445.53	1.59	1,404.48
Depreciation at beginning of yea	51.61	67.98	45.37	14.72	44.27	0.58	224.53
Charge for the year	42.66	38.84	50.27	7.16	60.54	0.33	199.80
Deductions	8.72	1.19	4.06		3.66		17.63
Depreciation at end of year	85.55	105.63	91.58	21.88	101.15	0.91	406.70
Net book value at beginning ol	174.78	225.41	194.02	60.49	334.37	1.01	990.08
Net book value at end of year	143.37	267.01	183.29	59.05	344.38	0.68	997.78

As at 31.03.2012	Leasehold Improvements	Plant and Machinery	Furniture and fixtures	Office Equipments	Electrical/Café Equipments	Vehicles	Total Tangible Assets
Cost at beginning of year	172.98	278.82	144.11	42.94	149.57	1.59	790.01
Additions	75.12	18.74	103.77	32.46	241.22	-	471.31
Deductions	21.71	4.17	8.49	0.19	12.15	-	46.71
Cost at end of year	226.39	293.39	239.39	75.21	378.64	1.59	1,214.61
Depreciation at beginning of year	23.18	41.09	24.01	8.81	11.41	0.28	108.78
Charge for the year	30.72	27.53	22.86	5.92	33.90	0.30	121.23
Deductions	2.29	0.64	1.50	0.01	1.04	-	5.48
Depreciation at end of year	51.61	67.98	45.37	14.72	44.27	0.58	224.53
Net book value at beginning of year	149.80	237.73	120.10	34.13	138.16	1.31	681.23
Net book value at end of year	174.78	225.41	194.02	60.49	334.37	1.01	990.08

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10 Intangible assets

Rs. In Lacs

As at 31.03.2013	Brand Licence	Software Costs	Total Intangible Assets
Cost at beginning of year	**279.96**	**30.69**	**310.65**
Additions	**7.26**		**7.26**
Deduction	-	-	-
Cost at end of year	**287.22**	**30.69**	**317.91**
Amortisation at beginning of year	**64.95**	**14.06**	**79.01**
Charge for the year	**38.25**	**7.53**	**45.78**
Deduction	-	-	-
Amortisation at end of year	**103.20**	**21.59**	**124.79**
Net book value at beginning of year	**215.01**	**16.63**	**231.64**
Net book value at end of year	**184.02**	**9.10**	**193.12**

As at 31.03.2012	Brand Licence	Software Costs	Total Intangible Assets
Cost at beginning of year	261.27	27.39	288.66
Additions	18.69	3.30	21.99
Deduction	-	-	-
Cost at end of year	279.96	30.69	310.65
Amortisation at beginning of year	37.72	6.82	44.54
Charge for the year	27.23	7.24	34.47
Deduction	-	-	-
Amortisation at end of year	64.95	14.06	79.01
Net book value at beginning of year	223.55	20.57	244.12
Net book value at end of year	215.01	16.63	231.64

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11 CURRENT INVESTMENT
(Lower of cost and fair value)

	As at 31.03.2013		As at 31.03.2012	
	Units	**Rs. in Lacs**	Units	Rs. in Lacs
Investment in Liquid Mutual Funds (Unquoted)				
HDFC Cash Management Fund Treasury Advantage Plan	**2,845.03**	**0.70**	-	-
Total Current Investments		**0.70**		-
Additional details:				
Aggregate value of Unquoted Investments		0.70		-

12 Loans and advances

Rs. in Lacs

	As at 31.03.2013		As at 31.03.2012	
	Long Term	**Short Term**	Long Term	Short Term
Loans and advances (Unsecured considered good)				
(a) Capital advances	**24.06**	-	49.57	-
(b) Security deposits	**153.34**	-	149.98	-
(c) Other loans and advances				
(1) Other advances and prepayments	**0.14**	**8.86**	1.00	12.61
(2) Advance payment of taxes	**0.27**	-	0.06	-
Total Loans and advances	**177.81**	**8.86**	200.61	12.61

13 Trade receivables

	As at 31.03.2013 Rs. In Lacs	As at 31.03.2012 Rs. In Lacs
Trade receivables		
(Unsecured, considered good)		
Trade Receivables outstanding for a period exceeding six months from the date they are due for payment	-	-
Others	**50.20**	34.25
Total Trade Receivables	**50.20**	34.25

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14 Inventories

	As at 31.03.2013 Rs. In Lacs	As at 31.03.2012 Rs. In Lacs
(a) Raw materials (*At cost*)	**28.27**	18.71
(b) Work in Progess (*At cost*)	**5.18**	3.01
(c) Finished goods (*At lower of cost or net realisable value*)	**9.31**	3.09
(d) Stock in Trade (*At cost*)	**7.37**	2.98
(e) Stores and packing material (*At cost less provision for obsolescence*)	**14.92**	16.51
Total Inventories	**65.05**	44.30

15 Cash and bank balances

	As at 31.03.2013 Rs. In Lacs	As at 31.03.2012 Rs. In Lacs
(a) Cash on hand	**9.17**	6.58
(b) Cheques, drafts on hand	**0.32**	0.97
(c) Balances with banks		
(1) In Current Accounts	**7.56**	13.97
(2) In Deposit Accounts (maturity more than three months and less than twelve months)	**1.57**	0.75
Total cash and bank balances	**18.62**	22.27

Note

Out of above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements :	**17.05**	**21.52**

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16 Revenue from operations

	Year Ended 31.03.2013 Rs. In Lacs	Year Ended 31.03.2012 Rs. In Lacs
(a) Sale of products	**1,112.13**	904.38
(b) Other operating income	**-**	1.07
Gross Revenue from Operations	**1,112.13**	905.45
(c) Less: Excise duty	**17.12**	14.07
Total Revenue from Operations	**1,095.01**	891.38

17 Other Income

	Year Ended 31.03.2013 Rs. In Lacs	Year Ended 31.03.2012 Rs. In Lacs
(a) Income from Investment	**0.70**	-
(b) Interest on Fixed Deposit	**0.13**	-
(c) Liability no longer required written back	**4.97**	-
(d) Other non operating Income	**0.74**	0.63
Total Other Income	**6.54**	0.63

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18 Cost of materials consumed

	Year Ended 31.03.2013 Rs. In Lacs	Year Ended 31.03.2012 Rs. In Lacs
Raw materials consumed		
Opening Stock	18.71	12.00
Add: Purchases	359.66	277.29
	378.37	289.29
Less: Inventory at the end of the year	28.27	18.71
	350.10	270.58

Raw material consumption comprises	Year Ended 31.03.2013 Rs. In Lacs	Year Ended 31.03.2012 Rs. In Lacs
(a) Groceries	77.27	89.41
(b) Dairy	85.98	53.35
(c) Others	186.85	127.82
Total Raw Material Consumed	350.10	270.58

19 Purchases of Stock in Trade

	Year Ended 31.03.2013 Rs. In Lacs	Year Ended 31.03.2012 Rs. In Lacs
(a) Beverages	27.16	16.21
(b) Impulses and others	20.74	5.03
	47.90	21.24

20 Changes in Stock of Finished Goods, Work in Progress and Stock in Trade

	Year Ended 31.03.2013 Rs. In Lacs	Year Ended 31.03.2012 Rs. In Lacs
Opening Stock		
Finished Goods	3.09	2.08
Stock in Trade	2.98	1.91
Work in Progess	3.01	1.50
	9.08	5.49
Less Closing Stock		
Finished Goods	9.31	3.09
Stock in Trade	7.37	2.98
Work in Progess	5.18	3.01
	21.86	9.08
Net (Increase)/Decrease	(12.78)	(3.59)

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	21 Employee Benefit Expense	Year 31.03.2013 Rs. In Lacs	Year 31.03.2012 Rs. In Lacs
(a)	Salaries and wages, including bonus	**424.55**	421.95
(b)	Contribution to provident and other funds	**19.16**	19.53
(c)	Staff welfare expenses	**16.60**	20.71
	Total Employee Benefit Expense	**460.31**	462.19

	22 Finance costs	Year Ended 31.03.2013 Rs. In Lacs	Year Ended 31.03.2012 Rs. In Lacs
(a)	Bank Charges	**23.12**	8.11
	Total finance costs	**23.12**	8.11

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23 Other Expenses

		Year Ended 31.03.2013 Rs. In Lacs	Year Ended 31.03.2012 Rs. In Lacs
(a)	Consumption of stores and packing materials	**58.85**	51.70
(b)	Repairs to buildings	**2.44**	3.88
(c)	Repairs to machinery	**5.18**	6.53
(d)	Repairs to others	**18.76**	15.36
(e)	Purchase of power	**142.05**	110.29
(f)	Freight and handling charges	**34.16**	24.24
(g)	Rent	**220.84**	191.24
(h)	Rates and taxes	**7.98**	13.18
(i)	Other expenses	**289.83**	270.62
	(1) Auditors remuneration and out-of-pocket expenses	**7.64**	7.83
	(i) As Auditors #	**6.00**	6.00
	(ii) For Taxation matters #	**1.50**	1.50
	(iii) Auditors out-of-pocket expenses	**0.14**	0.33
	(2) Legal and other professional costs	**13.11**	10.96
	(3) Advertisement, Promotion and Selling Expenses	**92.42**	77.78
	(4) Travelling Expenses	**18.42**	21.42
	(5) Security Expenses	**7.13**	7.67
	(6) Communication Expenses	**9.00**	9.73
	(7) Printing and Stationery	**9.38**	7.73
	(8) House Keeping	**15.19**	13.58
	(9) Royalty	**44.68**	37.37
	(10) Loss on sale/ discard of assets	**42.33**	39.04
	(11) Other General Expenses	**30.53**	37.51
Total Other Expenses		**780.09**	687.04

Note #: The above amounts are exclusive of Service Tax

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24 Estimated amounts of contracts remaining to be executed on capital account and not provided for : Rs.50.67 lacs (*As at 31.3.2012: Rs. 59.69 lacs*) [Net of advances Rs. 21.86 lacs (*As at 31.03.2012 Rs.47.29 lacs*)].

		Year ended 31.03.2013		Year ended 31.03.2012	
		%	Amount (Rs. In lacs)	%	Amount (Rs. In lacs)
25	**Consumption of Imported and Indigenous Materials**				
	a). Raw Materials consumed				
	- Indigenous	**100%**	**350.10**	100%	270.58
	- Imported	**-**	**-**	-	-
		100%	**350.10**	100%	270.58

		Year ended 31.03.2013	Year ended 31.03.2012
26	**Expenditure in Foreign Currency (on accrual basis)**		
	a) Franchisee Fee (Net of Withholding taxes)	5.84	15.07
	b) Others - Travelling Expenses	-	1.59
	c) Royalty Fees on Sales (Net of withholding taxes)	35.98	33.90

		Year ended 31.03.2013	Year ended 31.03.2012
27	**Loss per share**		
	Loss for the year (Rs. In lacs)	**(792.77)**	**(709.26)**
	Weighted average number of equity shares for basic loss per share	**32,383,562**	22,718,579
	Add: Adjustment for share application money pending allotment	**566,438**	-
	Weighted average number of equity shares for diluted loss per share	**32,950,000**	**22,718,579**
	Basic and diluted loss per equity share (Rs.) #	**(2.45)**	(3.12)

Since the effect of potential equity shares are anti dilutive, basic and diluted loss per share is equal.

28 **Deferred Tax Assets**

In view of the absence of virtual certainty of absorption of unabsorbed losses, deferred tax assets have not been recognized in accordance with the principles set out in Accounting Standard 22 'Accounting for Taxes on Income'.

	Deferred tax liability/ (Asset) as at 01.04.2012	Current Year Charge/ (Credit)	Deferred tax liability/ (Asset) as at 31.03.2013
Deferred Tax Liabilities			
Difference between book and tax depreciation	136.48	26.60	163.08
Deferred Tax Assets			
Unabsorbed depreciation (restricted to the extent of deferred tax liability on depreciation)	(136.48)	(26.60)	(163.08)
Deferred Tax Assets (Net)	-	-	-

The Company has recognised deferred tax asset on unabsorbed depreciation to the extent of the corresponding deferred tax liability on the difference between the book balance and the written down value of fixed assets under Income Tax.

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29 Related party transaction

a). List of Related Parties and Relationship

Name of the Related Party	Relationship
i) CESC Limited	Ultimate Holding Company
ii) Spencer's Retail Limited	Holding Company
iii) Mr Varin Narula	Co-Venturer

b). Related party transactions

Name of the related party	**Nature of transactions**	**Year ended 31.03.2013**	Year ended 31.03.2012
		Amount (Rs. In lacs)	Amount (Rs. In lacs)
CESC Limited (Ultimate Holding Company)	Expenses Incurred	**0.80**	-
		31.03.2013	31.03.2012
		Amount (Rs. In lacs)	Amount (Rs. In lacs)
	Amounts payable	**0.80**	-
	Amounts receivable	-	-
Name of the related party	**Nature of transactions**	**Year ended 31.03.2013**	Year ended 31.03.2012
		Amount (Rs. In lacs)	Amount (Rs. In lacs)
Spencer's Retail Limited(Holding Company)	Expenses Recovered		0.46
	Expenses Incurred	**9.46**	-
	Sale of Goods	-	-
	Equity Contribution	**400.00**	800.00
	Share Application money pending Allotment	**277.50**	-
		31.03.2013	31.03.2012
		Amount (Rs. In lacs)	Amount (Rs. In lacs)
	Amounts payable	**277.50**	-
	Amounts receivable	-	-
Name of the related party	**Nature of transactions**	**Year ended 31.03.2013**	Year ended 31.03.2012
		Amount (Rs. In lacs)	Amount (Rs. In lacs)
Mr Varin Narula(Co- Venturer)	Equity Contribution	**100.00**	200.00
		31.03.2013	31.03.2012
		Amount (Rs. In lacs)	Amount (Rs. In lacs)
	Amounts payable	-	-
	Amounts receivable	-	

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30 Employee Benefits

Defined Contribution Plans

The Company has recognised, in the Profit and Loss Account for the current year an amount of Rs. 17.46 lacs *(Previous year : Rs. 17.39 lacs)* expenses under defined contribution plans.

	2012-13 Amount (Rs. In lacs)	2011-12 Amount (Rs. In lacs)
i). Contribution to Provident Fund	**14.89**	14.76
ii). Contribution to Superannuation Fund	**2.57**	2.62
	17.46	17.38

Defined Benefits Plans

Details of the Gratuity and Leave Encashment Benefit are as follows

Description	2012-13		2011-12	
	Gratuity (Funded)	**Leave (UnFunded)**	Gratuity (Funded)	Leave (Unfunded)
	Amount (Rs. In lacs)	**Amount (Rs. In lacs)**	Amount (Rs. In lacs)	Amount (Rs. In lacs)
1. Reconciliation of opening and closing balances of obligation				
a. Obligation as at 01.04.2011	**5.71**	**6.43**	3.44	4.70
b. Current service cost	**1.92**	**1.33**	1.86	1.53
c. Interest cost	**0.40**	**0.46**	0.29	0.33
d. Acquisition adjustment	-	-	-	-
e. Actuarial (gain)/loss	**0.67**	**0.85**	0.12	1.42
f. Benefits paid	**(1.54)**	**(1.45)**		(1.55)
g. Obligation as at 31.03.2012	**7.16**	**7.62**	5.71	6.43
2. Change in fair value of plan assets				
a. Fair value of plan assets as at 01.04.2011	**1.40**	-	1.28	-
b. Acquisition adjustment	-	-	-	-
c. Expected return on plan assets	**0.11**		0.10	
d. Actuarial gain/(loss)	**1.18**	-	0.02	-
e. Contributions made by the company				
f. Benefits paid	**(1.54)**		-	-
g. Fair value of plan assets as at 31.03.2012	**1.15**	-	1.40	-
3. Reconciliation of fair value of plan assets and obligations				
a. Present value of obligation as at 31.03.2012	**7.16**	**7.62**	5.71	6.43
b. Fair value of plan assets as at 31.03.2013	**(1.15)**	-	(1.40)	-
c. Amount recognised in the balance sheet (Assets)/ Liability	**6.01**	**7.62**	4.31	6.43
4. Expenses recognised during the year				
a. Current service cost	**1.92**	**1.33**	1.86	1.53
b. Interest cost	**0.40**	**0.46**	0.29	0.33
c. Expected return on plan assets	**(0.11)**	-	(0.10)	-
d. Actuarial (gains)/loss	**(0.51)**	**0.85**	0.10	1.42
e. Expenses recognised during the year	**1.70**	**2.64**	2.15	3.28
5. Investment details				
a. Others (Funds with Life Insurance Corporation of India)	**1.15**	-	1.40	-
6. Assumptions				
a. Discount rate (per annum)	**8.00%**	**8.00%**	8.50%	8.50%
b. Estimated rate of return on plan assets (per annum)	**8.00%**	-	8.00%	-
c. Rate of escalation in salary	**5.00%**	**5.00%**	5.00%	5.00%

7. **Experience adjustments**

		2012-13	2011-12	2010-11	2009-10
Gratuity					
a.	Present value of obligation as at the end of the year	**7.16**	5.71	3.44	1.66
b.	Fair value of plan assets as at the end of the year	**(1.15)**	(1.40)	(1.28)	(0.51)
c.	(Surplus)/Deficit in the plan	**6.01**	4.31	2.16	1.15
d.	Experience adjustments on plan liabilities (loss/(gains))	**0.15**	0.57	0.48	0.69
e.	Experience adjustments on plan assets ((loss)/gain)	**0.02**	(0.24)	(0.22)	0.51
Leave					
a.	Present value of obligation as at the end of the year	**7.62**	6.43	4.70	2.59
b.	Fair value of plan assets as at the end of the year	-	-	-	-
c.	(Surplus)/Deficit in the plan	**7.62**	6.43	4.70	2.59
d.	Experience adjustments on plan liabilities (loss/(gains))	**1.68**	0.24	0.30	1.96
e.	Experience adjustments on plan assets ((loss)/gain)	-	-	-	-

31 The Company is engaged in Food and Beverage business. As the Company is operating in a single business and geographical segment, the reporting requirement for primary and sceondary segment disclosure prescribed by the paragraphs 39 to 51 of Accounting Standard 17, Segment Reporting, is not applicable.

32 Based on and to the extent of information obtained from suppliers regarding their status as Micro, Small or Medium enterprises under Micro, Small and Medium Enterprises Development Act, 2006, there are no amounts due to them as at the end of the year.

33 As at March 31, 2013 the Company's paid up capital and accumulated losses are Rs. 3,500 lacs and Rs. 2,446.51 lacs respectively and the Company had a net loss of Rs. 792.77 lacs for the year ended March 31, 2013.

The Company, however having created a robust infrastructure for food and beverage business, is confident of generating positive cash flows and operational surplus in the near future with certain interim support from the holding company. Therefore the Company is confident about the continuity of its operations and long term viability.

Accordingly, these financial statements have been prepared on a going concern basis and do not include any adjustments relating to the recoverability and classification of recorded assets, or to amounts and classification of liabilities that might result if the Company is unable to continue as a going concern.

34 Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board of Directors

Sanjay Gupta

Sanjay Gupta
Director

Subhrangshu Chakrabarti
Director

Aloke Kumar Mukherjee

Aloke Kumar Mukherjee
Company Secretary

Kolkata, 7th May, 2013

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