



**AU BON PAIN CAFÉ INDIA LIMITED**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31<sup>ST</sup> MARCH 2012**

## AU BON PAIN CAFÉ INDIA LIMITED

### DIRECTORS' REPORT

To The Members,

Your Directors take pleasure in submitting the Fourth Annual Report and Audited Accounts of the Company for the year ended 31st March 2012.

#### FINANCIAL RESULTS

<u>Particulars</u>	<u>2011-12</u>	Rs/Million
		<u>2010-11</u>
Sales and Other Income	89	41
Operating Profit / (Loss)	(55)	(39)
Depreciation	16	10
Profit / (Loss) before Tax	(71)	(49)

#### OPERATIONS REVIEW & OUTLOOK

During the year, company opened 14 new cafes across trade channels of high street / mall locations, business and industrial locations and in hospitals. With this, the brand has reasonable presence across the city of Bangalore with a total of 23 cafes in operation at the end of the year.

Several new products have been introduced during the year to cater to customer preferences and price points which have been accepted by the consumer. With the growing awareness for health and nutrition, the company looks at future with promise.

Company is planning to open another 20+ cafes in the city of Bangalore to fully cater to the needs of the consumer in the city. Company is also looking at reaching Company EBITDA break-even in the last quarter of the current financial year.

In addition, company is also evaluating option of entering into other cities for further expansion of operations in the coming years.

#### SHARE CAPITAL

The paid up equity share capital of the Company is increased to Rs.30 Crores during the year which is held by Spencer's' Retail Limited, and Mr. Varin Narula in the ratio of 80:20 respectively.

#### DIRECTORS

Pursuant to section 256 of the Companies Act, 1956, Mr. Kannan Dasaratharaman 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. Kannan Dasaratharaman, 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. 4.702 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 :

Sd/-  
Director  
K. Dasaratharaman

Sd/-  
Director  
Subhrangshu Chakrabarti

# Deloitte Haskins & Sells

Chartered Accountants  
Bengal Intelligent Park  
Building Alpha 1st Floor  
Block - EP 6 GA SECTOR - V  
Salt Lake Electronics Complex  
Kolkata - 700 091  
India

Tel: +91 (33) 6612 1000  
Fax: +91 (33) 6612 1001

## AUDITORS' REPORT TO THE MEMBERS OF Au Bon Pain Cafe India Ltd


1. We have audited the attached Balance Sheet of Au Bon Pain Cafe India Ltd ("the Company") as at 31<sup>st</sup> March, 2012, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (iii) 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;



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- (iv) in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
- (v) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view 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 31<sup>st</sup> March, 2012;
- (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.
5. On the basis of the written representations received from the Directors as on 31<sup>st</sup> March, 2012 taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March, 2012 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

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

  
Abhijit Bandyopadhyay  
Partner  
Membership No. 054785

Kolkata : 24<sup>th</sup> May, 2012



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**ANNEXURE TO THE AUDITORS' REPORT**

- (i) Having regard to the nature of the Company's business/activities/result/transactions clauses 4(vi), (x), (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 the 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 regular intervals. According to the information and explanations 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 inventory:
- (a) As explained to us, the inventories were physically verified by the Management at regular 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) According to the information and explanations given to us, the Company has neither granted nor taken any loan, 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 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.



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- (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. 4
- (vii) In our opinion, the Company has an 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 dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom 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 Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2012 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 31<sup>st</sup> March 2012, 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.
- (x) 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.
- (xi) *In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, short term funds, to the extent of Rs 135.55 lacs, have been used for long term investment.*
- (xii) 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.
- (xiii) During the period covered by our audit report, the Company has not raised any money by public issues.

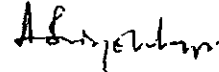




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(xiv) To the best of our knowledge and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported.

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



Abhijit Bandyopadhyay  
Partner  
Membership No. 054785

KOLKATA : 24<sup>th</sup> May, 2012



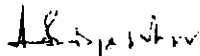
**Au Bon Pain Café India Limited**  
**Balance Sheet as at 31 March 2012**

		Rs. in Lacs	
		As at 31.03.2012	As at 31.03.2011
<b>(I) EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' funds</b>			
	(a) Share Capital	3,000.00	2,000.00
	(b) Reserves and surplus	(1,853.74)	(944.48)
		1,346.26	1,055.52
<b>(2) Non-current liabilities</b>			
	Long-term provisions	10.65	6.79
		10.65	6.79
<b>(3) Current liabilities</b>			
	(a) Trade payables	150.48	43.68
	(b) Other current liabilities	97.41	61.08
	(c) Short-term provisions	0.09	0.07
		247.98	104.83
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,604.89</b>	<b>1,167.14</b>
<b>(II) ASSETS</b>			
<b>(1) Non-current assets</b>			
	(a) Fixed assets		
	(i) Tangible assets	990.08	881.23
	(ii) Intangible assets	231.84	244.12
	(iii) Capital work-in-progress	89.13	24.01
		1,298.85	949.36
	(b) Long-term loans and advances	200.61	138.58
		1,491.46	1,085.94
<b>(2) Current assets</b>			
	(a) Inventories	44.30	28.48
	(b) Trade receivables	34.25	13.60
	(c) Cash and bank balances	22.27	27.13
	(d) Short-term loans and advances	12.61	11.89
		113.43	81.20
<b>TOTAL ASSETS</b>		<b>1,604.89</b>	<b>1,167.14</b>

See accompanying notes forming part of the financial statements: 22-31

In terms of our report attached

For Deloitte Haskins & Sells  
 Chartered Accountants

  
 Abhijit Bandyopadhyay  
 Partner



Kolkata, 24 May 2012

For and on behalf of the Board of Directors

K Dasaratharaman  
 Director

Subhrangshu Chakrabarti

Director

Aloke Kumar Mukherjee

Company Secretary

Kolkata, 24<sup>th</sup> May 2012

**Au Bon Pain Café India Limited**

**Statement of Profit and Loss for the year ended 31 March 2012**

Rs. in Lacs

	Note	Year Ended 31.03.2012	Year Ended 31.03.2011
I Revenue from operations	14	891.38	408.01
II Other Income	15	0.83	0.57
III Total Revenue (I + II)		892.01	408.58
<b>IV EXPENSES</b>			
(e) Cost of materials consumed	16	256.91	128.56
(b) Purchases of Stock in Trade	17	21.24	9.99
(c) Changes in inventories of finished and semi finished goods	18	(3.59)	(2.53)
(d) Employee benefit expense	19	462.19	284.93
(e) Finance costs	20	8.11	3.22
(f) Depreciation and amortisation expense		166.70	99.75
(g) Other expenses	21	700.71	378.86
Total Expenses		1,401.27	902.78
V Loss before tax (III-IV)		(709.26)	(494.20)
VI Tax Expense		-	-
VII Loss after tax for the year (V - VI)		(709.26)	(494.20)
<b>VIII Loss per equity share (Rupees):</b>			
Basic and Diluted	25	(3.12)	(3.78)

See accompanying notes forming part of the financial statements: 22-31

In terms of our report attached

For Deloitte Haskins & Sells

Chartered Accountants

*Abhijit Bandyopadhyay*  
Abhijit Bandyopadhyay

Partner

Kolkata, 24<sup>th</sup> May 2012



For and on behalf of the Board of Directors

K Dasaratharaman

Director

Subhrangshu Chakrabarti

Director

Aloke Kumar Mukherjee

Company Secretary

Kolkata, 24<sup>th</sup> May 2012

**Au Bon Pain Café India Limited**

**Cash Flow Statement for the year ended 31st March, 2012**

Rs. in Lacs

	Year Ended 31.03.2012	Year Ended 31.03.2011
<b>A. Cash Flow from Operating activities:</b>		
Profit before taxes	(709.26)	(494.20)
<i>Adjustments for</i>		
Depreciation	155.70	99.75
Income from investments	-	(0.36)
(Profit)/Loss on sale of capital assets (net of discarded assets written off)	39.04	17.52
Interest Income	-	(0.05)
Miscellaneous write offs	0.45	-
<b>Operating profit before working capital changes</b>	<b>(514.06)</b>	<b>(377.34)</b>
<i>Changes in Working Capital:</i>		
<i>Adjustments for (increase) / decrease in operating assets:</i>		
Trade receivables	(20.83)	(8.10)
Short term Loans and advances	(0.62)	10.82
Long term Loans and advances	(49.61)	(56.38)
Inventories	(15.92)	(13.29)
<i>Adjustments for increase / (decrease) in operating liabilities:</i>		
Trade payables	106.80	22.95
Other Current Liabilities	1.00	(110.12)
Short Term Provisions	0.02	(0.87)
Long Term Provisions	3.86	3.05
<b>Cash generated from operations</b>	<b>(489.09)</b>	<b>(529.29)</b>
Direct taxes paid	(0.22)	0.01
<b>Net cash from operating activities</b>	<b>(489.30)</b>	<b>(529.28)</b>
<b>B. Cash Flow from Investing activities:</b>		
Capital Expenditure on fixed assets	(517.75)	(374.40)
Proceeds from sale of Fixed Assets	2.19	-
Purchase of External Investment	-	(100.00)
Sale of External Investment	-	100.38
Bank balances not considered as Cash and cash equivalents	(0.75)	-
Interest received from banks and others	-	0.05
<b>Net cash utilised in investing activities</b>	<b>(516.31)</b>	<b>(373.99)</b>



**Au Bon Pain Café India Limited**

**Cash Flow Statement for the year ended 31st March, 2012**

	Rs. In Lacs	
	Year Ended 31.03.2012	Year Ended 31.03.2011
<b>C. Cash Flow from Financing activities:</b>		
Proceeds from Equity	1,000.00	834.88
<b>Net cash utilised in financing activities</b>	<b>1,000.00</b>	<b>834.86</b>
<b>Net increase or decrease in cash or cash equivalents</b>	<b>(5.61)</b>	<b>(68.41)</b>
<b>Cash and cash equivalents as at 1st April <sup>1</sup></b>	<b>27.13</b>	<b>95.54</b>
<b>Cash and cash equivalents as at 31st March <sup>1</sup></b>	<b>21.52</b>	<b>27.13</b>

**Notes:**

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

2 Figures in brackets represent outflows

In terms of our report attached

For Deloitte Haskins & Sells

Chartered Accountants

*Abhjit Bandyopadhyay*

Abhjit Bandyopadhyay

Partner

Kolkata, 24<sup>th</sup> May 2012



For and on behalf of the Board of Directors

K Dasaratharaman

Director

Subhrangshu Chakrabarti

Director

Aloke Kumar Mukherjee

Company Secretary

Kolkata, 24<sup>th</sup> May 2012

**Au Bon Pain Café India Limited**

**Notes to the Financial Statements**

**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 have been prepared under the historical cost convention on an accrual basis. The financial statements are presented in accordance with Generally Accepted Accounting principles in India, provisions of Companies Act, 1956, Accounting Standards notified by the Central Government under the Companies (Accounting Standards) Rules, 2006. The accounting policies followed in these financial statements are same as those followed in the financial statements for the year ended 31st March 2011.

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. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

**b). Revenue Recognition**

- i). Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.
- ii). Revenue is recognized when significant risk and rewards of ownership of the goods get passed on to the buyers.
- iii). Interest is recognized on a time proportionate basis taking into account the amount outstanding and 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 and attributable interest.

**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.



**Au Bon Pain Café India Limited**

**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        | : 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 | : 9 to 13 years |

Cost of Intangible Assets are amortized as follows:

- |                        |                 |
|------------------------|-----------------|
| i). Brand License      | : 9 to 10 years |
| ii). Computer Software | : 4 Years       |

**g). Impairment**

Wherever events or changes in circumstances indicate that the carrying value of fixed assets may be impaired, the company subjects such assets to a test of recoverability, based on discounted cash flows expected from use or disposal of such assets. If the assets are impaired, the company recognises an impairment loss as the difference between the carrying value and value in use.

**Leases**

- i). 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.

**Investment**

- i). Long term investments are carried at cost less provision for decline in such investments other than temporary in nature. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

**j). Inventories**

Inventories are valued at the lower of cost (on FIFO / weighted average basis) and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty.

**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 rates prevailing on the date of the transaction. Monetary assets and liabilities in currencies other than the reporting currency 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 profit and loss for the year.



**Au Bon Pain Café India Limited**

**2 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 Contributions 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 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.





**Au Bon Pain Café India Limited**

**3 Share Capital**

	As at 31.03.2012 Rs. in Lacs	As at 31.03.2011 Rs. in Lacs
<b>Authorised:</b>		
30,000,000 Equity Shares of Rs. 10 each (31.03.2011: 20,000,000 Equity Shares of Rs. 10 each)	3,000.00	2,000.00
	<u>3,000.00</u>	<u>2,000.00</u>
<b>Issued, Subscribed and Fully Paid up:</b>		
30,000,000 Equity Shares of Rs. 10 each (31.03.2011: 20,000,000 Equity Shares of Rs. 10 each)	3,000.00	2,000.00
	<u>3,000.00</u>	<u>2,000.00</u>

**3 Share Capital**

**Reconciliation of Number of shares**

	As at 31.03.2012		As at 31.03.2011	
	No. of Shares	Amount Rs. lacs	No. of Shares	Amount Rs. lacs
<b>Issued, Subscribed and Fully paid</b>				
At the beginning of the year	20,000,000	2,000.00	10,000,000	1,000.00
Issued during the year	10,000,000	1,000.00	10,000,000	1,000.00
At the end of the year	<u>30,000,000</u>	<u>3,000.00</u>	<u>20,000,000</u>	<u>2,000.00</u>

**Details of shareholders holding more than 5% of outstanding shares**

Shareholder	As at 31.03.2012		As at 31.03.2011	
	No. of Shares	%	Nos. shares	%
(1) Spencer's Retail Limited	24,000,000	80.00%	16,000,000	80.00%
(2) Mr. Varin Narula	6,000,000	20.00%	4,000,000	20.00%
	<u>30,000,000</u>	<u>100%</u>	<u>20,000,000</u>	<u>100.00%</u>



**Au Bon Pain Café India Limited**

**4 Reserves and Surplus**

	As at 31.03.2012 Rs. In Lacs	As at 31.03.2011 Rs. In Lacs
Surplus / (Deficit) in Statement of Profit and Loss :		
Opening Balance	(944.48)	(450.28)
Add: Profit / (Loss) for the year	(709.28)	(494.20)
Balance as at 31st march	<u>(1,653.74)</u>	<u>(944.48)</u>

**5 Provisions**

	As at 31.03.2012		As at 31.03.2011	
	Rs in lacs		Rs in lacs	
	LongTerm	ShortTerm	LongTerm	ShortTerm
(a) Provision for employee benefits	10.86	0.09	8.79	0.07
(1) Post-employment Defined Benefits	4.31	-	2.16	-
Retiring Gratuity	4.31	-	2.16	-
(2) Other Employee Benefits :				
Leave Encashment	6.34	0.09	4.63	0.07
<b>Total Provisions</b>	<u>10.86</u>	<u>0.09</u>	<u>8.79</u>	<u>0.07</u>

**6 Trade Payables**

	As at 31.03.2012 Rs. In Lacs	As at 31.03.2011 Rs. In Lacs
Acceptances	-	-
Other than Acceptances	150.48	43.68
<b>Total Trade Payables</b>	<u>150.48</u>	<u>43.68</u>

**7 Other Current Liabilities**

(a) Capital Creditors	84.89	29.56
(b) Creditors for other liabilities		
(1) Employee recoveries and employer contributions	10.14	6.48
(2) Statutory Dues	16.91	16.62
(2) Other credit balances	5.57	8.42
<b>Total Other current liabilities</b>	<u>97.41</u>	<u>61.08</u>



**Au Bon Pain Café India Limited**

Rs. In Lacs

**08 Tangible assets**

As at 31.03.2012	Leasehold Improvements	Plant and Machinery	Furniture and fixtures	Office Equipments	Electrical/Cash & Equipments	Vehicles	Total Tangible Assets
Cost at beginning of year	172.99	279.82	144.11	42.94	149.57	1.59	790.91
Additions	75.12	19.74	103.77	32.46	241.22	-	471.31
Disposals	21.71	4.17	5.49	6.19	12.15	-	49.71
Cost at end of year	226.39	293.39	239.38	76.21	378.64	1.59	1,214.91
Depreciation at beginning of year	23.16	41.09	24.01	8.81	11.41	0.28	108.76
Charge for the year	30.72	27.53	22.98	6.92	33.90	0.30	121.23
Disposals	2.29	0.84	1.50	0.01	1.04	-	5.48
Depreciation at end of year	51.61	87.99	48.37	14.72	44.27	0.58	226.53
Net book value at beginning of year	149.89	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	890.08

As at 31.03.2011	Leasehold Improvements	Plant and Machinery	Furniture and fixtures	Office Equipments	Electrical/Cash Equipments	Vehicles	Total Tangible Assets
Cost at beginning of year	123.63	251.23	81.14	39.07	35.48	-	510.55
Additions	53.92	28.35	93.49	3.87	118.14	1.59	299.36
Disposals	4.57	0.76	10.52	-	4.03	-	19.90
Cost at end of year	172.98	278.82	144.11	42.94	149.57	1.59	790.01
Depreciation at beginning of year	8.88	14.81	15.35	3.76	1.18	-	41.48
Charge for the year	17.04	27.34	9.56	5.05	10.41	0.28	69.68
Disposals	0.54	0.76	0.90	-	0.18	-	2.38
Depreciation at end of year	23.18	41.09	24.01	8.81	11.41	0.28	108.78
Net book value at beginning of year	116.96	236.72	45.79	35.31	34.30	-	469.07
Net book value at end of year	149.80	237.73	120.10	34.13	138.16	1.31	681.23



Au Bon Pain Café India Limited

Rs. in Lacs

09 Intangible assets

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
Disposals	-	-	-
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
Disposals	-	-	-
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

As at 31.03.2011	Brand Licence	Software Costs	Total Intangible Assets
Cost at beginning of year	244.61	17.56	262.17
Additions	16.66	9.63	26.49
Disposals	-	-	-
Cost at end of year	261.27	27.39	288.66
Amortisation at beginning of year	12.23	2.24	14.47
Charge for the year	25.49	4.58	30.07
Disposals	-	-	-
Amortisation at end of year	37.72	6.82	44.54
Net book value at beginning of year	232.38	15.32	247.70
Net book value at end of year	223.55	20.57	244.12



**Az Bon Pain Café India Limited**  
**10 Loans and advances**

	As at 31.03.2012		As at 31.03.2011	
	Long Term	Short Term	Long Term	Short Term
	Rs. in Lacs			
<b>Loans and advances</b>				
(a) Capital advances	49.67	-	34.81	-
(b) Security deposits	149.88	-	101.37	-
(c) Other loans and advances	1.06	12.81	0.30	11.89
(1) Other advances and prepayments	1.00	12.81	-	11.89
(2) Advance payment of taxes	0.06	-	0.30	-
<b>Total Loans and advances</b>	<b>200.61</b>	<b>12.81</b>	<b>136.58</b>	<b>11.89</b>
<b>Classification of loans and advances</b>				
Secured, considered good	-	-	-	-
Unsecured, considered good	200.61	12.81	136.58	11.89
Doubtful	-	-	-	-
<b>Gross Loans and advances</b>	<b>200.61</b>	<b>12.81</b>	<b>136.58</b>	<b>11.89</b>

**11 Trade receivables**

	As at	As at
	31.03.2012	31.03.2011
	Rs. in Lacs	
<b>Trade receivables</b>		
(Unsecured, considered good)		
(a) Current trade receivables		
Trade Receivables outstanding for a period exceeding six months from the date they are due for payment	-	-
Others	34.26	13.60
<b>Gross Current Trade Receivables</b>	<b>34.26</b>	<b>13.60</b>
Less: Allowances for bad and doubtful debts	-	-
<b>Net Trade Receivables</b>	<b>34.26</b>	<b>13.60</b>



**Au Bon Pain Café India Limited**

**12 Inventories**

	As at 31.03.2012	As at 31.03.2011
	Rs. in lacs	Rs. in lacs
(a) Raw materials (At cost)	18.71	12.00
(b) Work in Progress (At cost)	3.01	1.50
(c) Finished goods (At lower of cost or net realisable value)	3.09	2.08
(d) Stock in Trade (At cost)	2.88	1.91
(d) Stores and packing material (At cost less provision for obsolescence)	16.61	10.99
<b>Total Inventories</b>	<b>44.30</b>	<b>28.48</b>

**13 Cash and bank balances**

	As at 31.03.2012	As at 31.03.2011
	Rs. in lacs	Rs. in lacs
(a) Cash on hand	0.68	3.45
(b) Cheques, drafts on hand	0.87	0.16
(c) Balances with banks		
(1) In Current Accounts	13.97	23.52
(2) In Deposit Accounts (maturity more than three months)	0.76	-
<b>Total cash and bank balances</b>	<b>22.27</b>	<b>27.13</b>

**Note**

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

21.62	27.13
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**Au Bon Pain Café India Limited**

**14 Revenue from operations**

	Year Ended 31.03.2012 Rs. In lacs	Year Ended 31.03.2011 Rs. In lacs
(a) Sale of products	904.36	412.32
(b) Other operating income	1.07	-
<b>Gross Revenue from Operations</b>	<b>905.45</b>	<b>412.32</b>
(c) Less: Excise duty	14.07	4.31
<b>Total Revenue from Operations</b>	<b>891.38</b>	<b>408.01</b>

**15 Other Income**

	Year Ended 31.03.2012 Rs. In lacs	Year Ended 31.03.2011 Rs. In lacs
(a) Interest Income		
(1) Interest received on term deposits, customers' balances etc.	-	0.05
(2) Net gain / Loss on sale of current investment	-	0.36
(b) Other non operating income	0.83	0.16
<b>Total Other Income</b>	<b>0.83</b>	<b>0.57</b>



**Au Bon Pain Café India Limited**

**16 Cost of materials consumed**

	Year Ended	Year Ended
	31.03.2012	31.03.2011
	Rs. in lacs	Rs. in lacs
Raw materials consumed	12.00	8.64
Opening Stock	263.82	134.02
Add: Purchases	275.82	140.58
Less: Inventory at the end of the year	18.71	12.00
	<u>256.91</u>	<u>128.56</u>

**Raw material consumption comprises**

	Year Ended	Year Ended
	31.03.2012	31.03.2011
	Rs. in lacs	Rs. in lacs
(a) Groceries	89.41	48.98
(b) Dairy	63.38	23.75
(c) Others	114.18	55.83
Total Raw Material Consumed	<u>256.91</u>	<u>128.56</u>

**17 Purchases of Stock in Trade**

	Year Ended	Year Ended
	31.03.2012	31.03.2011
	Rs. in lacs	Rs. in lacs
(a) Beverages	16.21	7.09
(b) Impulses and others	6.03	2.90
	<u>22.24</u>	<u>9.99</u>

**18 Changes in Stock of Finished Goods, Work in Progress and Stock in Trade**

	Year Ended	Year Ended
	31.03.2012	31.03.2011
	Rs. in lacs	Rs. in lacs
Opening Stock		
Finished Goods	2.08	1.35
Stock in Trade	1.81	0.79
Work in Progress	1.80	0.82
	<u>5.69</u>	<u>2.96</u>
Less: Closing Stock		
Finished Goods	3.08	2.08
Stock in Trade	2.98	1.81
Work in Progress	2.01	1.80
	<u>9.08</u>	<u>5.69</u>
Net (Increase)/Decrease	<u>(3.69)</u>	<u>(2.53)</u>





**Au Bon Pain Café India Limited**

**19 Employee Benefit Expense**

	Year 31.03.2012	Year 31.03.2011
	Rs. in lacs	Rs. in lacs
(a) Salaries and wages, including bonus	421.85	256.12
(b) Contribution to provident and other funds	18.63	12.35
(c) Staff welfare expenses	20.71	13.48
<b>Total Employee Benefit Expense</b>	<b>462.19</b>	<b>284.93</b>

**20 Finance costs**

	Year 31.03.2012	Year 31.03.2011
	Rs. in lacs	Rs. in lacs
(a) Bank Charges	8.11	3.22
<b>Total finance costs</b>	<b>8.11</b>	<b>3.22</b>



Au Bon Pain Café India Limited

21 Other Expenses

	Year Ended 31.03.2012 Rs. In Lacs	Year Ended 31.03.2011 Rs. In Lacs
(a) Consumption of stores and packing materials	65.37	29.35
(b) Repairs to buildings	3.88	2.88
(c) Repairs to machinery	8.53	3.13
(d) Repairs to others	15.38	13.98
(e) Purchase of power	110.29	51.89
(f) Freight and handling charges	24.24	17.69
(g) Rent	191.24	97.43
(h) Rates and taxes	13.18	10.77
(i) Other expenses	276.62	141.78
(1) Auditors remuneration and out-of-pocket expenses	7.83	5.28
(i) As Auditors	6.00	4.00
(ii) For Taxation matters	1.50	1.00
(iii) Auditors out-of-pocket expenses	0.33	0.28
(2) Legal and other professional costs	10.98	5.15
(3) Advertisement, Promotion and Selling Expenses	77.78	42.92
(4) Travelling Expenses	21.42	16.06
(5) Security Expenses	7.87	5.88
(6) Communication Expenses	9.73	6.28
(7) Printing and Stationery	7.73	4.18
(8) House Keeping	13.58	10.08
(9) Royalty	37.37	17.44
(10) Loss on sale/ discard of assets	38.04	17.52
(11) Other General Expenses	37.51	12.10
<b>Total Other Expenses</b>	<b>700.71</b>	<b>378.86</b>

Note: The above amounts are exclusive of Service Tax



**Au Bon Pain Café India Limited**

22 Estimated amounts of contracts remaining to be executed on capital account and not provided for : Rs.59.69 lacs (As at 31.3.2011: Rs. 56.64 lacs ) (Net of advances Rs. 47.29 lacs (As at 31.03.2011 Rs.21.72 lacs)).

	Year ended 31.03.2012		Year ended 31.03.2011	
	%	Amount (Rs. in lacs)	%	Amount (Rs. in lacs)
<b>23 Consumption of Imported and Indigenous Materials</b>				
a). Raw Materials consumed				
- Indigenous	100.00%	256.91	100.00%	128.56
- Imported	0.00%		0.00%	
	<u>100.00%</u>	<u>256.91</u>	<u>100.00%</u>	<u>128.56</u>

<b>24 Expenditure in Foreign Currency (on accrual basis)</b>		
a) Franchisee Fee ( Net of Withholding taxes)	15.07	112.47
b). Others - Travelling Expenses	1.59	2.35
c). Royalty Fees on Sales ( Net of withholding taxes)	30.36	11.24

	Year ended	Year ended
	31.03.2012	31.03.2011
<b>25 Loss per share</b>		
Loss for the year (Rs. in lacs)	(709.28)	(494.20)
Weighted average number of equity shares (Face value Rs. Basic and diluted loss per equity share (Rs.))	22,718,679	13,062,192
	(3.12)	(3.78)

26 **Deferred Tax Liability**  
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'.



Au Bon Pain Café India Limited

27 Au Bon Pain Café India Limited  
Related party transaction

a). List of Related Parties and Relationship

Name of the Related Party

- i). Spencers Retail Limited
- ii). Mr Varin Narula

Relationship

- Holding Company
- Co-Venturer

b). Related party transactions

Name of the related party	Nature of transactions	Year ended 31.03.2012	Year ended 31.03.2011
		Amount (Rs. in lacs)	Amount (Rs. in lacs)
Spencer's Retail Limited(Holding Company)	Expenses Recovered	0.46	-
	Rent and Electricity	-	22.58
	Sale of Goods	-	8.56
	Equity Contribution	800	800
	Advance Received / Adjusted against equity shares pending allotment		
		31.03.2012	31.03.2011
		Amount (Rs. in lacs)	Amount (Rs. in lacs)
	Amounts payable	-	-
	Amounts receivable	-	0.28
Name of the related party	Nature of transactions	Year ended 31.03.2012	Year ended 31.03.2011
Mr Varin Narula( Co- Venturer)	Equity Contribution	200.00	200.00
		31.03.2012	31.03.2011
		Amount (Rs. in lacs)	Amount (Rs. in lacs)
	Amounts payable	-	-
	Amounts receivable	-	-



Au Bon Pain Café India Limited

Au Bon Pain Café India Limited

**28 Employee Benefits**

**Defined Contribution Plans**

The Company has recognised, in the Profit and Loss Account for the current year an amount of Rs. 17.39 lacs (Previous year : Rs. 10.39 lacs) expenses under defined contribution plans.

	2011-12 Amount (Rs. in lacs)	2010-11 Amount (Rs. in lacs)
i) Contribution to Provident Fund	14.76	8.39
ii) Contribution to Superannuation Fund	2.63	2.00
	<b>17.39</b>	<b>10.39</b>

**Defined Benefits Plans**

Details of the Gratuity and Leave Encashment Benefit are as follows

Description	2011-12		2010-11	
	Gratuity (Funded) Amount (Rs. in lacs)	Leave (UnFunded) Amount (Rs. in lacs)	Gratuity (Funded) Amount (Rs. in lacs)	Leave (UnFunded) Amount (Rs. in lacs)
<b>1. Reconciliation of opening and closing balances of obligation</b>				
a. Obligation as at 01.04.2011	3.44	4.70	1.66	2.59
b. Current service cost	1.86	1.53	1.30	1.98
c. Interest cost	0.28	0.33	0.14	0.21
d. Acquisition adjustment	-	-	-	-
e. Actuarial (gain)/loss	0.12	1.42	0.34	0.24
f. Benefits paid	-	(1.55)	-	(0.32)
g. Obligation as at 31.03.2012	5.71	6.43	3.44	4.70
<b>2. Change in fair value of plan assets</b>				
a. Fair value of plan assets as at 01.04.2011	1.28	-	0.51	-
b. Acquisition adjustment	-	-	-	-
c. Expected return on plan assets	0.10	-	0.04	-
d. Actuarial gain/(loss)	0.02	-	(0.22)	-
e. Contributions made by the company	-	-	0.95	-
f. Benefits paid	-	-	-	-
g. Fair value of plan assets as at 31.03.2012	1.40	-	1.28	-
<b>3. Reconciliation of fair value of plan assets and obligations</b>				
a. Present value of obligation as at 31.03.2011	5.71	6.43	3.44	4.70
b. Fair value of plan assets as at 31.03.2012	(1.40)	-	(1.28)	-
c. Amount recognised in the balance sheet (Assets)/ Liability	4.31	6.43	2.16	4.70
<b>4. Expenses recognised during the year</b>				
a. Current service cost	1.86	1.53	1.30	1.98
b. Interest cost	0.28	0.33	0.14	0.21
c. Expected return on plan assets	(0.10)	-	(0.04)	-
d. Actuarial (gains)/loss	0.10	1.42	0.56	0.24
e. Expenses recognised during the year	2.15	3.28	1.96	2.43
<b>5. Investment details</b>				
a. Others (Funds with Life Insurance Corporation of India)	1.40	-	1.28	-
<b>6. Assumptions</b>				
a. Discount rate (per annum)	8.50%	8.50%	8.50%	8.50%
b. Estimated rate of return on plan assets (per annum)	8.00%	-	8.50%	-
c. Rate of escalation in salary	5.00%	5.00%	5.00%	5.00%



Au Bon Pain Café India Limited

Au Bon Pain Café India Limited

7. Experience adjustments

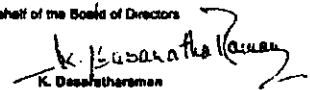
	2011-12	2010-11	2009-10
<b>Gratuity</b>			
a. Present value of obligation as at the end of the year	5.71	3.44	1.66
b. Fair value of plan assets as at the end of the year	(1.40)	(1.28)	(0.51)
c. (Surplus)/Deficit in the plan	4.31	2.16	1.15
d. Experience adjustments on plan liabilities (loss/(gains))	0.57	0.48	0.68
e. Experience adjustments on plan assets ((loss)/gain)	(0.24)	(0.22)	0.51
<b>Leave</b>			
a. Present value of obligation as at the end of the year	5.43	4.70	2.59
b. Fair value of plan assets as at the end of the year	-	-	-
c. (Surplus)/Deficit in the plan	5.43	4.70	2.59
d. Experience adjustments on plan liabilities (loss/(gains))	0.24	0.30	1.96
e. Experience adjustments on plan assets ((loss)/gain)	-	-	-

29 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 secondary segment disclosure prescribed by the paragraphs 39 to 51 of Accounting Standard 17, Segment Reporting, is not applicable.

30 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.

31 The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. 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

  
K. Dasatharaman  
Director



Subhreshu Chakrabarti  
Director

Aloke Kumar Mukherjee  
Aloke Kumar Mukherjee  
Company Secretary

Kolkata 24<sup>th</sup> May 2012