



CAFÉ D' LAKE PRIVATE LIMITED

Annual Report

2010 - 2011



## CORPORATE INFORMATION

### Board of Directors :

Mr. P. Prabhakar Reddy	- Director
Mr. A. Vijayavardhan Reddy	- Director
Mr. P. Chakradhar Reddy	- Director
Mr. K. Narasimha Rao	- Director

### Auditors:

M/s. P. Murali & Co.,  
Chartered Accountants  
6-3-655/2/3, 1st Floor, Somajiguda  
Hyderabad – 500 082

### Financial Institutions:

TFCI Limited

### Bankers:

Andhra Bank

### Registered Office:

# 3-6-199/1, Himayatnagar,  
Hyderabad – 500 029

## NOTICE

NOTICE is hereby given that the 8th Annual General Meeting of the Members of the Company will be held at Registered Office at Hyderabad on Wednesday the 31st August, 2011 at 11.00 A.M. to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended 31st March 2011 together with the Report's of the Directors and Auditors thereon.
2. To Appoint a Director in place of Mr. A. Vijayavardhan Reddy who retires by rotation and being eligible, offers himself for re-appointment.
3. "RESOLVED that M/s. P.MURALI & CO., Chartered Accountants, Hyderabad the retiring auditors be and are hereby appointed as Statutory Auditors for the financial year 2011-12 to hold office from conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting on a remuneration as may be decided by the Board.

For and on behalf of the Board  
Café D Lake Private Limited

Hyderabad  
25-07-2011

Sd/-  
Director

## DIRECTOR'S REPORT

To  
The Members

Your Directors have pleasure in presenting 8th Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2011.

### OPERATIONS:

Cafe D Lake Private Limited which operates all the restaurants businesses of Minerva Coffee shop, Blue Fox Bar & Restaurant, Eat Street and Water Front has achieved a turnover of Rs.2990.21 Lakhs for the year ended 31st March, 2011 as against Rs. 2800.05 Lakhs for the previous year. The Net Profit for the year ended 31st March, 2011 is Rs.284.64 Lakhs as against Rs.282.17 Lakhs.

### DIVIDEND:

As the Company's profits are inadequate the Board does not recommend any dividend during the year under review.

### DIRECTORS:

Mr. A. Vijayavardhan Reddy retires by rotation and being eligible offered himself for reappointment. The Board commends his re-appointment as Director.

### AUDITORS:

M/s. P. MURALI & CO., Chartered Accountants, Auditors of the Company retires at the ensuing Annual General Meeting the Company received a letter from them expressing their willingness to be re-appointed as Statutory Auditors to the effect that their appointment, if made will be in accordance with the provisions of section 224(1B) of the Companies Act, 1956. Hence the Board recommends their appointment as Statutory Auditors for the FY 2011-12.

### AUDIT REPORT:

Regarding the Auditors observations and comments in their report for the FY 2010-11, they are self-explanatory and the Company is making efforts / steps to comply the same.

### PARTICULARS OF EMPLOYEES:

There are no employees, who are covered under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975. Information required under Section 217(1)(e) of the Companies Act 1956 read with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988.

#### a) Conservation of Energy:

Proper Control points are set up at all levels to identify the wastage in Power & Fuel consumption and to take/initiate corrective steps.

b) Research and Development and Technology Absorption:

- i. Our Research & Development Cell has been making continuous efforts to ensure the best quality standards.
- ii. No technology either indigenous or Foreign is involved.

c) Foreign Exchange Earnings and Outgo:

During the year the Company has earned Foreign Exchange to the extent of Rs.15,28,911/- (Previous year Rs. 17,78,540/- through International Credit Cards etc., The corresponding foreign exchange out go during the year was Rs. 1,51,343/- (Previous year NIL) and Net Foreign Exchange earned is of Rs.13,77,568/- (Previous year Rs. 17,78,540/-).

DEPOSITS:

During the year under review, the Company has not accepted deposits from the Directors, Relatives and Public.

EMPLOYEE RELATIONS:

The relationship with the employees continues to be cordial. The Directors would like to place on record their appreciation of the services rendered by all the employees of the Company.

DIRECTOR'S RESPONSIBILITY STATEMENT, PURSUANT TO SECTION 217 (2AA) OF THE COMPANIES ACT, 1956:

In the preparation of the Annual Accounts, the Generally Accepted Accounting Principles have been followed. All the Accounting Standards as applicable to the Company have been followed. The Directors have selected accounting policies and applied them consistently and made judgments 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 the Financial year and of the Profit of the Company for the period. Proper and sufficient care to maintain 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 fraud and other irregularities. The Directors have prepared the Annual Accounts on a 'Going Concern Basis'

ACKNOWLEDGEMENTS:

Yours Directors acknowledge with gratitude and wish to place on record their sincere thanks and appreciation for the co-operation received by the Company from various Departments of Central/State Government, Financial Institutions and Banks for their continued co-operation and the support extended during the year.

Your Directors also wish to acknowledge the continued support and confidence proposed in the management by the Shareholders.

Hyderabad  
25-07-2011

For CAFÉ D LAKE PRIVATE LIMITED

Sd /-  
P. CHAKRADHAR REDDY  
CHAIRMAN OF THE MEETING

## AUDITORS' REPORT

To  
The Members,  
CAFÉ D LAKE PRIVATE LIMITED,

We have audited the attached Balance Sheet of CAFÉ D LAKE PRIVATE LIMITED as at 31st March, 2011 and also the Profit & Loss Account for the period ended on the date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement presentation. We believe that our audit provides a reasonable basis of our opinion.

As required by the Companies (Auditors Report) order 2003 and as amended by the companies (Auditor's Report) (Amendment) Order 2004, issued by the Central Government of India in terms of the sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure the statement on the matters specified in paragraph 4 and 5 of the said order.

Further, we report that :

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our Audit;
- (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books ;
- (iii) The Balance Sheet & Profit & Loss Account dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet & Profit & Loss Account dealt with by this report comply with the Accounting standards referred to in sub-section (3C) of Section 211 of Companies Act, 1956 ;
- (v) On the basis of written representations received from the Directors, as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 from being appointed Director in terms of clause(g) of sub-section(1) of section 274 of the Companies Act, 1956 ;
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view 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 31st March, 2011;
  - (b) In the case of the Profit & Loss Account, of the Lost for the period ended on that date;

For P. MURALI & CO.,  
Chartered Accountants  
Firm's Regn. No. : 007257S

Hyderabad  
July 25, 2011

Sd/-  
P.MURALI MOHANA RAO  
Partner  
Membership No. 23412

## Annexure to the Auditors' Report

- I. a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
- b) As explained to us, the fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies between the book records and the physical inventory have been noticed on such verification.
- c) The Company has not disposed off substantial part of the Fixed Assets during the year.
- II. (a) The Inventory has been physically verified during the year and in our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of the physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- The Company is maintaining proper records of inventory and as explained to us, no material discrepancies were noticed on physical verification of stocks as compared to book records.
- III. The Company has granted and taken loans, unsecured to / from Companies, Firms or other Parties covered in the register maintained U/s.301 of the Companies Act, 1956 and registers are being maintained by the company.
- The Company has granted loans, the rate of interest & other term and conditions on which loans have been granted to parties listed in the register maintained under section 301 is not prejudicial to the interest of the Company.
- The loans are granted by company, the clause of receipt of interest & principal amount from parties, are not prejudicial to the company.
- The loans have been granted to Companies, Firms & other parties listed in the register U/s.301 of the Companies Act, 1956, and there is no overdue amount of loan
- The Company has taken loans, unsecured from Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 and registers are being maintained.
- The Company has taken loans, and the rate of interest & other terms and conditions on which loans have been taken from parties listed in the register maintained under section 301 is not prejudicial to the interest of the company.
- The repayment of interest & principal amount to parties, are not prejudicial to the company.
- IV. In our opinion and according to the information and explanations given to us, there are generally adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and for sale of good There is no continuing failure by the company to correct any major weaknesses in internal control.
- V. (a) In our opinion and according to the information and explanation given to us, such transactions have not been made by the company exceeding the value of Five Lacs Rupees in respect of any party in the financial year, the entry in the register U/s.301 of the Companies Act, 1956 are being maintained.
- (b) According to the information and explanations given to us transactions made by the company and charging the reasonable price having regard to the prevailing market prices at the relevant time.
- VI. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 58A and 58AA of the Companies Act, 1956 and the Companies(Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from public. No order is passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- VII. In our opinion, the company is having internal audit system, commensurate with its size and nature of its business.
- VIII. In respect of the Company, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section(1) of section 209 of the Companies Act, 1956.
- IX. a)The Company is regular in depositing statutory dues including PF, ESI, Income Tax, and any other statutory dues with the appropriate authorities and at the last of the financial year there were no amounts outstanding which were due for more than 6 months from the date they became payable.

- b) According to the information and explanations given to us, no undisputed amounts are payable in respect of PF, ES1, Income Tax, and any other statutory dues as at the end of the period, for a period more than six months from the date they became payable.
- X. The Company has been registered for a period of less than 5 years, and the company has no accumulated losses at the end of the financial year and the company has not incurred cash losses in this financial year and in the immediately preceding such financial year.
- XI. According to information and explanations given to us, the Company has not defaulted in repayment of dues to financial Institutions or banks.
- XII. According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities and hence the applicability of the clause regarding maintenance of adequate documents in respect of loans does not arise.
- XIII. This clause is not applicable to this Company as the Company is not covered by the provisions of special statute applicable to Chit Fund in respect of Nidhi/Mutual Benefit Fund/Societies.
- XVI. According to the information and explanations given to us, the company is not dealing or trading in shares, securities, Debentures and other investments and hence the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order 2003, are not applicable to the Company.
- XV. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions, and hence the applicability of this clause regarding terms and conditions which are prejudicial to the interest of the company do not arise.
- XVI. According to the information and explanations given to us, the Term Loans were applied by the company for the purpose for which the loans were obtained.
- XVII. According to the information given to us and on an overall examination of the Balance Sheet of the Company, we report that the funds raised on short-term basis have not been used for long term investment and vice-versa during the year under audit.
- XVIII. According to the information and explanations given to us, the Company has not made preferential allotment of Shares to parties and Companies covered in the Register maintained under section 301 of the Companies Act, 1956 and hence the applicability of the clause regarding the price at which shares have been issued and whether the same is not prejudicial to the interest of the Company.
- XIX. According to the information and explanations given to us, the company does not have any debentures and hence the applicability of the clause regarding the creation of securities in respect of debentures issued does not arise.
- XX. According to information and explanations given to us, the company has not raised money by way of public issues during the year, hence the clause regarding the disclosure by the management on the end use of money raised by Public Issue is not applicable.
- XXI. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year under audit.

For P.MURALI & CO.,  
Chartered Accountants  
Firm's Regn. No. : 007257S

Sd/-  
P.MURALI MOHANA RAO  
Partner  
Membership No. 23412

Hyderabad  
July 25, 2011



BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2011

S.No.	PARTICULARS	SCHEDULE NO'S.	AS ON 31-03-2011 (Rupees)	AS ON 31-03-2010 (Rupees)
<b>I. SOURCES OF FUNDS</b>				
1. SHARE HOLDERS FUNDS				
	a. Capital	1	2,74,45,300	2,74,45,300
	b. Share Application Money		--	1,05,23,414
	c. Reserves & Surplus	2	15,12,04,793	12,27,40,895
2. LOAN FUNDS				
	a. Secured Loans	3	14,24,07,922	16,41,03,674
	b. Unsecured Loan		14,10,85,836	10,53,47,573
3. DEFERRED TAX LIABILITY				
			1,66,34,258	1,57,08,757
TOTAL			<u>47,87,78,109</u>	<u>44,58,69,613</u>
<b>II APPLICATION OF FUNDS</b>				
1. FIXED ASSETS				
	a. Gross Block	8	24,52,98,543	23,24,94,697
	b. Less : Depreciation		6,94,15,765	5,92,98,122
	c. Net Block		17,58,82,778	17,31,96,575
	d. Capital Work in progress		7,92,33,297	5,21,19,219
2. CURRENT ASSETS, LOANS & ADVANCES				
	a. Inventories		42,31,464	34,52,698
	b. Sundry Debtors		42,78,589	45,00,888
	c. Cash & Bank Balance	4	13,12,885	41,98,618
	d. Loans & Advance	5	24,95,32,976	40,85,77,855
	Less: Current Liabilities & Provisions	6	3,56,93,880	20,01,76,239
	NET CURRENT ASSETS		22,36,62,034	22,05,53,820
3. MISCELLANEOUS EXPENDITURE				
	(To the extent of not written off adjusted)		--	--
Notes to Accounts	TOTAL	9	<u>47,87,78,109</u>	<u>44,58,69,613</u>

AS PER OUR REPORT OF EVEN DATE  
FOR P. MURALI & CO.,  
Chartered Accountants  
Firm's Regn. No. : 007257S

SD/-  
P. MURALI MOHANA RAO  
Partner  
Membership No. 23412

Hyderabad  
July 25, 2011

FOR AND ON BEHALF OF THE BOARD

SD/-  
P. CHAKRADHAR REDDY  
Director

SD/-  
A. VIJAYAVARDHAN REDDY  
Director

## PROFIT &amp; LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

S.No.	PARTICULARS	SCHEDULE NO's.	YEAR ENDED 31-03-2011 (Rupees)	YEAR ENDED 31-03-2010 (Rupees)
<b>INCOME</b>				
	Guest Accommodation, Restaurants, Bars and Banquets		28,07,12,881	26,02,23,354
	Other Income		1,83,08,519	1,97,82,205
	<b>TOTAL</b>		<b>29,90,21,400</b>	<b>28,00,05,559</b>
<b>EXPENDITURE</b>				
	Consumption of Provisions & Stores		11,45,14,655	9,14,35,146
	Personnel Cost		5,91,65,901	5,48,59,039
	Power & Fuel		1,40,83,764	78,20,018
	Administrative Expenses	7	5,43,74,160	6,79,60,117
	Interest & Financial Charges		99,78,490	1,33,52,828
	Depreciation		1,10,82,052	1,10,26,362
	<b>TOTAL</b>		<b>26,31,99,022</b>	<b>24,64,53,510</b>
	Profit Before Tax		3,58,22,378	3,35,52,049
	Provision For Tax / Mat		(64,32,981)	(13,07,205)
	Profit Before Deferred Tax		2,93,89,397	3,22,44,844
	Provision for Deferred Tax		(9,25,499)	(40,27,375)
	Profit After Taxes		2,84,63,898	2,82,17,469
	Prior Period Adjustment		-	-
	Profit Brought Forward		7,98,16,445	5,15,98,976
	Balance Carried To Balance Sheet		10,82,80,343	7,98,16,445
	Earning Per Share Basic & Diluted			
	Notes to Accounts	9		

AS PER OUR REPORT OF EVEN DATE  
FOR P. MURALI & CO.,  
Chartered Accountants  
Firm's Regn. No. : 007257S

SD/-  
P. MURALI MOHANA RAO  
Partner  
Membership No. 23412

Hyderabad  
July 25, 2011

FOR AND ON BEHALF OF THE BOARD

SD/-  
P. CHAKRADHAR REDDY  
Director

SD/-  
A. VIJAYAVARDHAN REDDY  
Director

PARTICULARS	AS ON 31-03-2011 (Rupees)	AS ON 31-03-2010 (Rupees)
SCHEDULE 1		
SHARE CAPITAL		
AUTHORISED :		
35,00,000      Equity Shares of Rs.10/- Each	<u>3,50,00,000</u>	<u>3,50,00,000</u>
ISSUED, SUBSCRIBED & PAID - UP		
27,44,530      Equity Shares of Rs.10/- Each	2,74,45,300	2,74,45,300
Share Application Money	--	1,05,23,414
TOTAL	<u>2,74,45,300</u>	<u>3,79,68,714</u>
SCHEDULE 2		
RESERVES & SURPLUS		
Share Premium	4,29,24,450	4,29,24,450
Profit & Loss Account	10,82,80,343	7,98,16,445
TOTAL	<u>15,12,04,793</u>	<u>12,27,40,895</u>
SCHEDULE 3		
SECURED LOANS		
Rupee Term Lonas	14,24,07,922	16,41,03,674
TOTAL	<u>14,24,07,922</u>	<u>16,41,03,674</u>
SCHEDULE 4		
CASH & BANK BALANCES		
Cash on hand	3,46,395	20,58,242
Balance with Scheduled Banks	9,66,490	21,40,376
TOTAL	<u>13,12,885</u>	<u>41,98,618</u>
SCHEDULE 5		
LOANS & ADVANCES		
Deposits	88,05,031	93,27,173
Advances Recoverable in cash or kind	12,42,24,192	14,66,51,633
Advance to Others	11,65,03,753	25,25,99,049
TOTAL	<u>24,95,32,976</u>	<u>40,85,77,855</u>

PARTICULARS	AS ON 31-03-2011 (Rupees)	AS ON 31-03-2010 (Rupees)
SCHEDULE 6		
CURRENT LIABILITIES & PROVISIONS		
Creditors for Supplies & Capital Goods	1,13,67,751	1,13,14,887
Outstanding Expenses and Provisions	1,86,67,504	1,19,78,960
Deposits Receivables / Others	36,58,625	17,68,82,392
TOTAL	3,56,93,880	20,01,76,239

PARTICULARS	YEAR ENDED 31-03-2011 (Rupees)	YEAR ENDED 31-03-2010 (Rupees)
SCHEDULE 7		
ADMINISTRATIVE EXPENSES		
Selling Expenses	4,62,594	11,35,300
Printing & Stationery	10,36,201	10,55,808
Postage, Telegrams & Telephones	8,29,854	6,79,623
Rent, Rates and Taxes	3,20,49,517	2,78,01,565
Traveling & Conveyance	8,20,762	6,92,512
Directors Remuneration	12,00,000	14,00,000
Other Expenses / Repairs & Maintenance	1,77,71,177	3,49,91,254
Auditors Remuneration	2,04,055	2,04,055
TOTAL	5,43,74,160	6,79,60,117

CAFÉ D'LAKE PRIVATE LIMITED

SCHEDULE 8  
FIXED ASSETS

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Block As at 01-04-2010	Additions During the Year	adjustments During the Year	Total Cost as at 31-03-2011	Up to 31-03-2010	For the Year	adjustments During the Year	Total as at 31-03-2011	as at 31-03-2011	as at 31-03-2010
Building	8,74,70,178	--	--	8,74,70,178	1,35,81,263	29,20,762	--	1,65,02,025	7,09,68,153	7,38,88,915
Misc. Fixed Asset	2,07,08,858	5,16,671	--	2,12,25,529	59,63,602	10,04,399	--	69,68,001	1,42,57,528	1,47,45,256
Furniture & Fixtures	2,83,02,724	1,02,03,951	--	3,85,06,675	81,96,418	18,54,652	--	1,00,51,070	2,84,55,605	2,01,06,306
Civil Works	2,25,40,763	--	--	2,25,40,763	53,35,691	7,52,861	--	60,88,552	1,64,52,211	1,72,05,072
Interiors	87,37,635	--	--	87,37,635	44,30,498	5,53,092	--	49,83,590	37,54,045	43,07,137
Electrical Equipment	64,66,407	1,12,700	--	65,79,107	25,15,335	4,64,263	--	29,79,598	35,99,509	39,51,072
Lift	12,07,000	--	--	12,07,000	3,99,289	57,333	--	4,56,622	7,50,379	8,07,711
Air Conditioners	1,00,31,505	25,000	--	1,00,56,505	28,73,931	4,77,684	--	33,51,615	67,04,890	71,57,574
Kitchen Equipment	2,08,48,770	7,94,736	--	2,16,43,506	61,53,720	10,11,209	--	71,64,929	1,44,78,578	1,46,95,048
Office Equipment	98,28,588	28,800	--	98,57,388	26,06,156	4,62,489	--	30,68,645	67,88,743	72,22,431
Generator	60,06,549	--	--	60,06,549	16,21,505	2,85,311	--	19,06,819	40,99,733	43,85,045
Computers	45,83,541	2,23,208	9,64,409	38,42,340	33,22,017	6,02,089	9,64,409	29,59,697	8,82,643	12,61,524
Vehicles	57,62,179	18,63,188	--	76,25,367	22,98,697	6,35,908	--	29,34,605	46,90,762	34,63,484
Total	23,24,94,697	1,37,68,255	9,64,409	24,52,98,543	5,92,98,122	1,10,82,052	9,64,409	6,94,15,765	17,58,82,778	17,31,96,575

## Schedule 9

### NOTES FORMING PART OF THE ACCOUNTS

#### A. Significant Accounting Policies to the Accounts.

##### 1. Significant Accounting Policies to the Balance sheet and Profit and loss account:

The financial statements are prepared under historical cost convention on an accrual basis and comply with the Accounting Standards (AS) issued by the Institute of Chartered Accountants of India (ICAI), referred to in Section 211 (3C) of the Companies Act, 1956. The significant accounting policies adopted in the presentation of the Accounts are as under:

##### (a) Accounting Convention and Revenue Recognitions:

The Financial statements have been prepared in accordance with historical cost convention except for such fixed which are revalued. Both the income and expenditure items are recognized on accrual basis.

##### (b) Retirement Benefits:

Staff benefits arising out of retirement / death, comprising of contributions to Provident Fund, Superannuation & Gratuity Schemes, accrued Leave Encashable and other post-separation benefits are accounted for on the basis of contribution to the schemes, or an independent actuarial valuation as the case may be.

##### (c) Fixed Assets:

Fixed assets are stated at cost of acquisition and subsequent improvements thereto, inclusive of taxes, freight, and other incidental expenses related to acquisition, improvements and installation, except in case of revaluation of fixed assets where it is stated at revalued amount. Interest during construction period on loans to finance fixed assets is capitalized.

##### (d) Depreciation:

Depreciation on fixed assets other than land is provided under the straight-line method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956, as existing on that date.

##### (e) Transactions in Foreign Exchange:

Sales made in foreign currency are converted at the prevailing applicable exchange rate. Gain/loss arising out of the fluctuations in exchange rate is accounted for on realization.

Payment made in foreign currency are converted at the applicable rate prevailing on the date of remittance.

Foreign currency loans covered by forward contracts are realigned at the forward contracts while those not covered by forward contracts are realigned at the rate ruling at the year end. The differences in realignment are accounted for in the Profit and Loss Account.

##### (f) Borrowing Cost

Borrowing cost that is attributable to the acquisition /construction of fixed assets is apitalized as part of the cost of respective assets.

## (g) Inventories:

Stock of food and beverages and operating supplies are carried at cost or Net Realisable Value, whichever is lower.

## (h) Taxes on income:

- (i) Income tax is computed in accordance with Accounting Standard 22 - 'Accounting for Taxes on Income (AS-22)', issued by the ICAI. Tax expenses are accounted in the same period to which the revenue and expenses relate.
- (ii) Provision for current income tax is made on the tax liability payable on taxable income after considering tax allowances, deductions and exemptions determined in accordance with the prevailing tax laws. The differences between taxable income and the net profit or loss before tax for the year as per the financial statements are identified and the tax effect of the deferred tax asset or deferred tax liabilities recorded for timing differences, i.e. differences that originate in one accounting period and reverse in another. The tax effect is calculated on accumulated timing differences at the end of the accounting year based on effective tax rates that would apply in the years in which the timing differences are expected to reverse.
- (iii) Deferred tax assets are recognized only if there is reasonable certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

## (i) Accounting for Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized in terms of Accounting Standard 29 — 'Provisions, Contingent Liabilities and Contingent Assets' (AS-29), issued by the ICAI. when there is a present legal or statutory obligation as a result of past events, where it is probable that there will be outflow of resources to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

Contingent Liabilities are recognized only when there is a possible obligation arising from past events due to occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

Contingent Assets are not recognized in the financial statements.

## B. Notes On Accounts

1. The annual accounts of Café D Lake Private Limited for the financial year ended 31st March, 2011 and 31st March, 2010 pertains to the operating divisions viz 1) Minerva Coffeeshop, Himayatnagar, Hyderabad 2) Blue Fox Bar & Restaurant, Himayatnagar, Hyderabad 3) Minerva Coffeeshop and Blue Fox Bar & Restaurant, Ameerpet, Hyderabad 4) Minerva Coffeeshop and Blue Fox Bar & Restaurant, Vijayawada 5) Minerva Coffeeshop, Nayapul, Hyderabad 6) Eat Street and Water Front at Necklace Road, Hyderabad.
2. In relation of Provision for Current Tax, Deffered Tax & Fringe Benefit Tax:

Particulars	Current Year Rs. In Lakhs	Previous Year Rs. In Lakhs
Provision for Tax / Deferred Tax Liability	73.58	53.34

3. In relation of Managerial Remuneration:

Particulars	Current Year Rs. In Lakhs	Previous Year Rs. in lakhs
Salaries	12.00	14.00

4. Auditors Remuneration:

Particulars	Current Year Rs. In Lakhs	Previous Year Rs. in lakhs
Audit Fees	2.04	2.04

5. In relation of Secured (Term) Loans :

- (i) Term Loan from Andhra Bank is secured on the movable and Immovable properties i.e. Stocks, Furniture and Fixtures of Minerva Coffeeshop and Blue Fox & Bar & Restaurant situated at Himayatnagar, Hyderabad.
- (ii) Term Loan from TFCI are secured by Parri Passu first charge on the lease hold rights and movable properties of Water Front and Eat Street situated at Necklace, Hyderabad and on the movable properties of Minerva Coffeeshop, Blue Fox Bar & Restaurant situated at Ameerpet, Hyderabad. Also secured against the personal property of Director.

6. In Relation of Foreign currency inflows :

Particulars	Current Year Rs. In Lakhs	Previous Year Rs. in lakhs
International Credit Cards etc.,	15.29	17.79



## 7. Expenditure in Foreign Currency :

Particulars	Current Year Rs. In Lakhs	Previous Year Rs. in lakhs
Others	1.51	Nil

8. The Company's only business is Food & Beverage and hence disclosure of segment-wise information is not applicable under Accounting Standard 17- 'Segmental Information' (AS-17), there is no geographical segment to be report.
9. Previous year's figures and current year's figures have been regrouped, recasted, wherever necessary to improve figures presentation.
10. Since Central Government had issued a notification No. S.O. 301 (E) dated 8th February, 2011 in exercise of the powers conferred by Section 211 (3) of the Companies Act, 1956 granting general exemption to some specified class of companies, including hotel companies, from disclosing certain information in their profit and loss account as required under Part-II of Schedule VI of the Companies Act, 1956 subject to fulfilment of few conditions, the Company has duly complied with all conditions of the notification to seek general exemption under Section 211 (4) of the Companies Act, 1956, paras 3(i)(a) and 3(ii)(d) of Part II of Schedule VI of the Companies Act, 1956 dealing with the disclosure of quantitative details of turnover of each class of goods, opening and closing stock, purchases, production and consumption of raw material in the financial statements for the financial year ended 31st March, 2011. In this regard the Board of Directors of the Company has passed necessary resolution to comply with the conditions of the notification for the same.
10. The figures have been rounded off to the nearest rupee.

## Signatures to Schedules 1 to 9

AS PER OUR REPORT OF EVEN DATE  
FOR P. MURALI & CO.,  
Chartered Accountants  
Firm's Regn. No. : 007257S

FOR AND ON BEHALF OF THE BOARD

SD/-  
P. MURALI MOHANA RAO  
Partner  
Membership No. 23412

SD/-  
P. CHAKRADHAR REDDY  
Director

SD/-  
A. VIJAYAVARDHAN REDDY  
Director

Hyderabad  
August 13, 2011

