

Auditors' Report

To
The Members of Hardcastle Restaurants Private Limited

1. We have audited the attached Balance Sheet of Hardcastle Restaurants Private Limited ('the Company') as at March 31, 2012 and also the Statement of profit and loss and the Cash Flow statement for the year ended on that 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.
2. 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 statements. An audit also includes assessing the accounting principles used and significant estimates made by 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 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose 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 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 appears from our examination of those books;
 - iii. The balance sheet, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the balance sheet, statement of profit and loss and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - v. On the basis of the written representations received from the directors, as on March 31, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.



S.R. BATLIBOI & Co.

Chartered Accountants

Hardcastle Restaurants Private Limited

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- 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 March 31, 2012;
 - b) in the case of the statement of profit and loss, of the profit for the year ended on that date; and
 - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

S. R. Batliboi & Co

For S. R. Batliboi & Co.

Firm Registration No.: 301003E

Chartered Accountants

R. Bansal

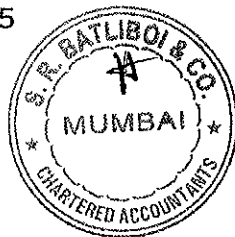
per Ravi Bansal

Partner

Membership No. 49365

Mumbai

Date: 12 SEP 2012



Annexure referred to in paragraph [3] of our report of even date
Re: Hardcastle Restaurants Private Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All the fixed assets have not been physically verified by the management during the year, but there is a regular program of verification which, in our opinion is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification.
- (c) There was no disposal of a substantial part of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of 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.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii) (b) to (d) of the Companies (Auditor's Report) order, 2003 (as amended) are not applicable to the Company and hence not commented upon.
- (b) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii) (e) to (g) of the companies (Auditors report) Order, 2003 (as amended) are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company in respect of these areas.



S.R. BATLIBOI & CO.

Chartered Accountants

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- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956, for the products of the Company.
- (ix) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, profession tax, value added tax, customs duty, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities. As explained to us, the provisions relating to excise duty and investor education and protection fund are not applicable to the company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.



S.R. BATLIBOI & CO.

Chartered Accountants

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- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth tax, service tax, excise duty, custom duty and cess on account of any dispute, are as follows:

Name of the Statute	Nature of Dispute	Amount (Including Penalty) Rs in Lakhs	Period to which amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty demand	437.34	2000 - 2006	Central Excise and Service Tax Appellate Tribunal.
Central Excise Act, 1944	Excise Duty demand	3.19	2006	Central Excise and Service Tax Appellate Tribunal.
Local Sales Tax Act, VAT Act and Central Sales Tax Act	Sales Tax Demand	25.36	2003-04 & 2004-05	Commissioner of Sales Tax (Appeal-II) Mumbai.

- (x) *The Company's accumulated losses at the end of the financial year are more than fifty percent of its net worth. The Company has not incurred cash losses in the current and immediately preceding financial year.*
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to banks. The company does not have any borrowings from financial institutions or by way of debentures.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.



S.R. BATLIBOI & CO.

Chartered Accountants

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- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The company has not raised any money through a public issue during the year
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

S. R. Batliboi & Co
For S.R. Batliboi & Co.
Firm Registration No.:301003E
Chartered Accountants



per Ravi Bansal
Partner
Membership No. 49365
Mumbai
Date: 12 SEP 2012



HARDCASTLE RESTAURANTS PRIVATE LIMITED
Balance Sheet as at 31 March 2012

	Note No.	As at March 31, 2012 (Rs in lakh)	As at March 31, 2011 (Rs in lakh)
<u>EQUITY AND LIABILITIES</u>			
Shareholders' Funds			
Share capital	2	12,350.00	12,350.00
Reserves and surplus	3	(10,049.21)	(14,300.05)
		2,300.79	(1,950.05)
Non-current liabilities			
Long-term borrowings	4	23,750.00	23,750.00
Long-term provisions	5	83.79	139.09
Other long-term liabilities	6	27.20	13.11
		23,860.99	23,902.20
Current liabilities			
Trade payables	7	729.19	1,006.24
Other current liabilities	8	2,162.71	1,465.85
Short-term provisions	9	4,198.48	3,178.02
		7,090.38	5,650.11
TOTAL		33,252.16	27,602.26
<u>ASSETS</u>			
Non-current assets			
Fixed assets	10		
Tangible assets		18,491.54	14,606.16
Intangible assets		2,265.18	1,803.12
Capital work-in-progress		1,960.44	1,462.40
Long-term loans and advances	11	3,870.52	3,160.27
Other non-current assets	12	7.14	-
		26,594.82	21,031.95
Current assets			
Current investments	13	350.00	177.52
Inventories	14	1,503.10	1,172.97
Trade receivables	15	628.24	279.93
Cash and bank balances	16	3,027.58	3,918.01
Short-term loans and advances	17	616.38	579.40
Other current assets	18	532.04	442.48
TOTAL		6,657.34	6,570.31
TOTAL		33,252.16	27,602.26

Summary of significant accounting policies 1
The accompanying notes are an integral part of the financial statements.

As per our report of even date

S. R. Batliboi & Co
For S.R. Batliboi & Co.
Firm Registration No. 301003E
Chartered Accountants

For and on behalf of the Board of Directors
Hardcastle Restaurants Private Limited

R. Bansal

per Ravi Bansal
Partner
Membership No. 49365

Amit Jatia

Amit Jatia
Executive Director



Smita Jatia
Smita Jatia
Director

Dr. Shatadru Sengupta
Dr. Shatadru Sengupta
Company Secretary

Place :- Mumbai
Date :- 17 SEP 2012



HARDCASTLE RESTAURANTS PRIVATE LIMITED
Statement of Profit & Loss for the year ended 31 March 2012

	Note No.	For the year ended March 31, 2012 (Rs in lakh)	For the year ended March 31, 2011 (Rs in lakh)
Income			
Revenue from operations (Net)	19	54,446.04	37,933.45
Other income	20	402.23	267.43
Total Revenue (I)		54,848.27	38,200.88
Expenses			
Cost of raw material and components consumed	21	24,366.21	16,373.21
Employee benefits expense	22	6,503.67	5,210.84
Other expenses	23	17,254.55	12,640.11
Total (II)		48,124.43	34,224.16
Earnings before Interest, Tax, Depreciation, and Amortization (EBIDTA) (I) – (II)		6,723.84	3,976.72
Depreciation and Amortisation Expenses	10	2,465.80	1,961.17
Finance Expenses	24	7.20	137.65
Profit before Tax		4,250.84	1,877.90
Tax Expenses			
Current Tax		-	-
Deferred Tax	32	-	-
Total tax expense		-	-
Profit for the year		4,250.84	1,877.90
Earning Per Share			
Basic & Diluted Earning per Share (Rs)		1,371.24	605.77
Weighted average number of shares used in computing earning per share		310,000.00	310,000.00
Nominal Value per Share (Rs)		1,000.00	1,000.00

Summary of significant accounting policies

1

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

As per our report of even date

S. R. Batliboi & Co.
For S.R. Batliboi & Co.
 Firm Registration No. 301003E
Chartered Accountants

R. Bansal
 per Ravi Bansal
 Partner
 Membership No. 49365



Place :- Mumbai
 Date :- 12 SEP 2012

For and on behalf of the Board of Directors
Hardcastle Restaurants Private Limited

Amit Jatia
 Amit Jatia
 Executive Director

Smita Jatia
 Smita Jatia
 Director

Dr. Shatadru Sengupta
 Dr. Shatadru Sengupta
 Company Secretary



HARDCASTLE RESTAURANTS PRIVATE LIMITED
Cash Flow Statement for the year ended 31 March 2012

	For the year ended March 31, 2012 (Rs in lakh)	For the year ended March 31, 2011 (Rs in lakh)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	4,250.84	1,877.90
Adjustments for :		
Assets written off	80.03	232.30
(Profit)/Loss on sale of fixed assets, scrap sold etc	25.24	(2.36)
Interest expense	-	137.65
Income from investments	(359.89)	(247.44)
Depreciation	2,465.80	1,961.17
Write back of provisions	(45.08)	-
Unrealised (gain)/loss	(0.43)	(0.94)
Operating profit before working capital changes	6,416.51	3,958.28
Movements in Working Capital		
Decrease/(Increase) in inventories	(330.13)	(475.22)
Decrease/(Increase) in trade receivables	(348.31)	(43.26)
Decrease/(Increase) in loans and advances	(347.71)	(173.80)
(Decrease)/Increase in trade payables	368.40	1,515.02
(Decrease)/Increase in provisions	916.58	71.21
Cash generated from operations	6,675.34	4,852.23
Tax refund received / (Taxes paid)	47.66	16.89
NET CASH FROM OPERATING ACTIVITIES	6,723.00	4,869.12
B. CASH FLOW FROM INVESTING ACTIVITIES		
Additions to fixed assets & Capital work-in-progress	(7,386.51)	(6,083.37)
Proceeds from sale of fixed assets	18.54	4.41
(Decrease)/Increase in creditors for capital goods	111.01	(50.24)
Income from interest on fixed deposits and others	268.63	101.27
Income from investment in mutual funds	91.26	146.16
Investments in mutual fund	(10,040.10)	(10,244.88)
Proceeds from mutual fund	9,867.62	10,067.36
Investments in fixed deposits with bank (With original maturity of three months or more)	2,242.74	(3,531.50)
(Increase)/Decrease in long term deposits	(543.88)	(435.06)
NET CASH USED IN INVESTING ACTIVITIES	(5,370.69)	(10,025.85)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from inter corporate deposits	-	23,750.00
Repayment of borrowings	-	(18,276.65)
Interest paid	-	(147.77)
NET CASH USED IN FINANCING ACTIVITIES	-	5,325.58
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,352.31	168.85
Cash and cash equivalents at the beginning of the year	386.51	217.66
Cash and cash equivalents at the end of the year	1,738.82	386.51
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,352.31	168.85
Components of cash and cash equivalents as at		
	March 31, 2012	31 March 2011
	Rs	Rs
Cash and bank balances	3,027.58	3,918.01
Less: Not considered as cash and cash equivalents		
Fixed deposit with original maturity of more than three months	1,288.76	3,531.50
Total cash and cash equivalent	1,738.82	386.51

S. R. Batliboi & Co
For S.R. Batliboi & Co.
Firm Registration No - 301003E
Chartered Accountants

Ravi Bansal
per Ravi Bansal
Partner
Membership No. 49365

Place :- Mumbai
Date :- 12 SEP 2012



For and on behalf of the Board of Directors of
Hardcastle Restaurants Private Limited

Amit Jatia
Amit Jatia
Executive Director

Smita Jatia
Smita Jatia
Director

Dr. Shatadra Sengupta
Dr. Shatadra Sengupta
Company Secretary



HARDCASTLE RESTAURANTS PRIVATE LIMITED
Notes to Financial Statement for the year ended March 31, 2012

Note - 1 -

A. Corporate Information:

Hardcastle Restaurants Private Limited ('the Company') was incorporated on August 7, 1995. The Company is engaged in operating the McDonald's chain of restaurants in the Western and Southern Regions of India.

B. Summary of Significant Accounting Policies:

Basis of Preparation

The financial statements have been prepared to comply in all material respects with the Notified Accounting Standards issued by Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The Financial Statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company.

Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

Fixed Assets and Depreciation

(i) Fixed Assets are stated at cost less accumulated depreciation and impairment losses (if any). Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use. Further contribution received from landlords in respect of leasehold improvements carried out to leasehold premises is deducted from leasehold improvements cost.

(ii) Depreciation is provided on Straight Line Method on a pro-rata basis from the date of use. The rates of depreciation are based on technical evaluation of the economic life of assets by the management, which are given below, and are equal to or greater than the corresponding rates prescribed in Schedule XIV of the Companies Act, 1956.

Assets	Economic Life (Years)
Building	28
Leasehold Improvements	15
Restaurant Equipments	5-10
Furniture and Fixtures	5-10
Office Equipments	5
Mobile Phones	3
Laptop	3
Computers	5
Motor Vehicles	4

Leasehold Land is amortised over the period of the lease.

Fixed Assets below Rs 5000 are fully depreciated in the year of purchase.



HARDCASTLE RESTAURANTS PRIVATE LIMITED
Notes to Financials Statement for the year ended March 31, 2012

Intangible Assets

Initial Location & License fees for stores opened up to May 15, 2010, are amortised on a straight line basis over a period of twenty years. For stores opened after May 15, 2010, Initial Location & License fees are amortised on a straight line basis over the remaining period of the Master Franchise Agreement.

Software is depreciated over a period of 5 years.

Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost or market value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of such investments.

Impairment

The carrying amounts of assets are reviewed at each balance sheet date for any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

Inventories

Inventories (comprising of Food, Paper, Toys and Premiums, Stores, Spares and Others) are valued at lower of cost (determined on First in First Out basis) or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

Revenue Recognition

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.

Revenue for food items is recognised when sold to the customer over the counter and are net of VAT.

Royalty income and conducting fees are recognised on an accrual basis in accordance with terms of relevant agreement.

Income from space rental is recognized on an accrual basis in accordance with the terms of relevant agreement.

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividend income is recognized when the Company's right to receive dividend is established by the balance sheet date.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds

Foreign Currency Transactions

(a) Initial Recognition :-

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount, the exchange rate between the reporting currency and the foreign currency at the date of the transaction.



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HARDCASTLE RESTAURANTS PRIVATE LIMITED
Notes to Financials Statement for the year ended March 31, 2012

(b) Conversion :-

Foreign currency monetary items are reported using the closing rate.

(c) Exchange Differences :-

Exchange differences arising on the settlement of monetary items or on reporting monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expense in the year in which they arise.

(d) Forward Exchange Contracts :-

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contracts is recognized as income or as expense for the year.

Retirement and other employee's benefits

Retirement benefit in the form of Provident Fund is a defined contribution scheme and these contributions are charged to the Profit and Loss Account of the year when the contributions are due. There are no other obligations.

Gratuity liability is a defined benefit obligation and is provided on the basis of an actuarial valuation done by an independent actuary on the projected unit credit method at the end of each financial year.

Short term compensated absences are provided based on details of leave balance and applicable salary rate. Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

Income Tax

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961.

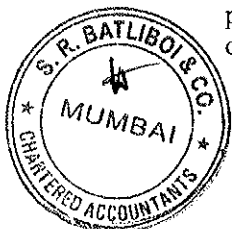
Deferred Income tax reflects the impact of current years timing difference between taxable and accounting income for the year and reversal of timing difference of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

Unrecognized deferred tax assets of the earlier years are reassessed and recognized to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax can be realized.

MAT credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal Income Tax during the specified period. In the year in which the Minimum Alternate Tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendation contained in the Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of credit to the Profit and Loss account and shown as MAT credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal Income Tax during the specified period.

Earnings per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.



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HARDCASTLE RESTAURANTS PRIVATE LIMITED
Notes to Financials Statement for the year ended March 31, 2012

Lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight – line basis over the lease term for fixed rent agreements and as a percentage of revenue for variable rent agreements.

Provisions

A provision is recognized when the company has a present obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on a best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Cash and Cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

Measurement of EBITDA

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the company has opted to present earnings before interest, tax, depreciation and amortisation (EBITDA) as a separate line item on the face of the statement of profit and loss. The company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the company does not include depreciation and amortisation expenses, finance costs and tax expense.



A handwritten signature in black ink, appearing to be the initials "AM".

HARDCASTLE RESTAURANTS PRIVATE LIMITED
Notes to Financials Statement for the year ended March 31, 2012

	As at March 31, 2012 (Rs in lakh)	As at March 31, 2011 (Rs in lakh)
Note - 2 - Share Capital		
Authorised Share Capital		
315,000 (Previous Year 315,000) Equity Shares of Rs 1,000 each	3,150.00	3,150.00
925,000 (Previous Year 925,000) Cumulative Redeemable Preference Shares of Rs 1,000 each.	9,250.00	9,250.00
Total	12,400.00	12,400.00
Issued, Subscribed & Paid-up Capital		
310,000 (Previous Year 310,000) Equity Shares of Rs 1000 each fully paid up	3,100.00	3,100.00
925,000 (Previous Year 925,000) Cumulative Redeemable Preference Shares of Rs 1,000 each fully paid up	9,250.00	9,250.00
Total issued, subscribed and fully paid-up share capital	12,350.00	12,350.00

2.1 - The company has only one class of equity shares having par value of Rs 1000 per share. Each holder of equity shares is entitled to one vote per share.

2.2 - In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

2.3 - The Company has issued 925,000 Cumulative Redeemable Preference Shares of Rs 1,000 each. Of these 824,546 Preference Shares are redeemable at par on or before August 22, 2023 and the remaining are redeemable at par on or before September 27, 2025. As per the terms of the agreement, the Company shall declare and pay the dividends and all unpaid dividends, if any, subject to the company having distributable profits in accordance with the provisions of Section 205 of the Companies Act, 1956. The dividend rate shall be subject to revision every year on the basis of the Bank Rate prevailing as on the 31st day of the month of March immediately preceding the date of meeting of the board at which the Balance Sheet and Profit and Loss account pertaining to the relevant financial year are approved by the Board. The rate of dividend will be such Bank Rate plus 3%, provided that in no case the dividend rate shall exceed 11% p.a.

2.4 - Out of equity and preference shares issued by the company, 309,650 (Previous year 309,650) equity shares and 925,000 (Previous year 925,000) preference shares are held by its holding company, Triple A Foods Private Limited, which is a subsidiary of Westpoint Leisureparks Private Limited. Westpoint Leisureparks Private Limited is a subsidiary of Westlife Development Limited.

2.5 - Details of Shareholders holding more than 5% shares in the company

Particular	No of Shares	%	No of Shares	%
Equity Shares of Rs 1000 each fully paid up				
Triple A Foods Pvt Ltd. (Holding Company)	309,650.00	99.89%	309,650.00	99.89%
Cumulative Redeemable Preference Shares of Rs 1000 each fully paid up				
Triple A Foods Pvt Ltd. (Holding Company)	925,000.00	100%	925,000.00	100%

Note - 3 - Reserve & Surplus

Surplus/ (deficit) in the statement of profit and loss

Balance as per last financial statements	(14,300.05)	(16,177.95)
Profit for the year	4,250.84	1,877.90
Net deficit in the statement of profit and loss	(10,049.21)	(14,300.05)

Note - 4 - Long Term Borrowings

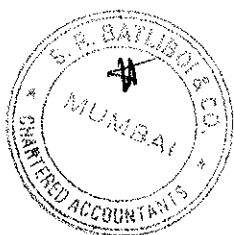
Inter-Corporate Deposit - Triple A Foods Pvt. Ltd. (Unsecured)	23,750.00	23,750.00
Total	23,750.00	23,750.00

The Inter Corporate Deposit taken from Triple A Foods Pvt. Ltd is interest free deposit and is repayable after 3 years from the date of last disbursement which is 29-Dec-2010.



HARDCASTLE RESTAURANTS PRIVATE LIMITED
Notes to Financials Statement for the year ended March 31, 2012

	As at March 31, 2012 (Rs in lakh)	As at March 31, 2011 (Rs in lakh)
Note - 5 - Long Term Provisions		
Provision for gratuity (Refer Note - 30)	83.79	139.09
Total	83.79	139.09
Note - 6 - Other Long Term Liabilities		
Deposits taken	27.20	13.11
Total	27.20	13.11
Note - 7 - Trade Payables		
Trade payables (Refer note - 37 for details of dues to micro and small enterprises)	729.19	1,006.24
Total	729.19	1,006.24
Note - 8 - Other Current Liabilities		
Deposits taken	2.61	4.50
Book overdrafts	1,043.62	505.75
Taxes & duties payable	446.82	373.35
Other payables	669.66	582.25
Total	2,162.71	1,465.85
Note - 9 - Short Term Provisions		
Provision for employee related expenses	987.74	662.26
Provision for expenses	3,093.87	2,504.76
Provision for gratuity (Refer Note - 30)	116.87	11.00
Total	4,198.48	3,178.02

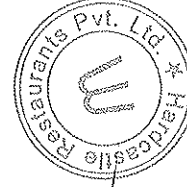
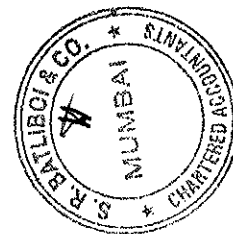


HARDCASTLE RESTAURANTS PRIVATE LIMITED
Notes to Financials Statement for the year ended March 31, 2012

Note - 10 - Fixed Assets and Depreciation

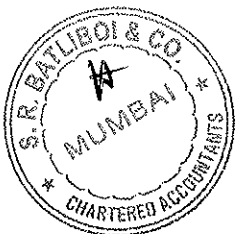
(Rs in lakh)

	Gross Block (At cost)				Depreciation / Amortisation			Net Block	
	As at April 1, 2011	Additions during the year	Deductions during the year	As at March 31, 2012	As at April 1, 2011	For the year	Deletion during the year	As at March 31, 2012	As at March 31, 2011
TANGIBLE ASSETS									
Leasehold Land	104.96			104.96	14.98	1.75		16.73	88.23
Buildings	1,468.39	7.44	(7.38)	1,468.45	599.30	56.37	(3.31)	652.36	816.09
Leasehold Improvements	9,347.56	2,594.27	(149.37)	11,792.46	2,326.91	733.56	(110.57)	2,949.90	8,842.56
Restaurant Equipments	9,054.62	2,933.60	(169.71)	11,818.51	3,597.55	1,136.19	(144.07)	4,589.67	7,020.65
Furniture & Fixtures	1,924.64	634.89	(30.36)	2,529.17	973.44	281.27	(23.66)	1,231.05	1,298.12
Office Equipments	94.49	5.41	-	99.90	62.69	16.47	-	79.16	20.74
Computers	206.95	33.69	(16.39)	224.25	131.98	21.59	(16.39)	137.18	87.07
Motor Vehicles	305.45	59.87	(0.56)	364.76	194.05	61.37	(0.55)	254.87	109.89
Subtotal	22,507.06	6,269.17	(373.77)	28,402.46	7,900.90	2,308.57	(298.55)	9,910.92	18,491.54
INTANGIBLE ASSETS									
Initial Location & License Fee	2,115.56	529.20		2,644.76	379.63	117.69		497.32	1,735.93
Computer Software	371.38	90.09		461.47	304.19	39.54		343.73	67.19
Subtotal	2,486.94	619.29	-	3,106.23	683.82	157.23	-	841.05	2,265.18
TOTAL	24,994.00	6,888.46	(373.77)	31,508.69	8,584.72	2,465.80	(298.55)	10,751.97	20,756.72
Previous Year	19,687.93	5,728.00	(421.93)	24,994.00	6,833.23	1,961.17	(209.68)	8,584.72	16,409.28



HARDCASTLE RESTAURANTS PRIVATE LIMITED
Notes to Financials Statement for the year ended March 31, 2012

	As at March 31, 2012 (Rs in lakh)	As at March 31, 2011 (Rs in lakh)
Note - 11 - Long term Loans & Advances (Unsecured, considered good)		
Security deposits to lessors	3,306.95	2,704.07
Sundry deposits	128.70	229.59
Capital advances	279.32	29.61
Balances with Statutory/Government authority	31.89	30.89
Advances to suppliers	37.00	37.00
Advance income tax	46.60	94.26
Pre-paid expenses	40.06	34.85
Total	3,870.52	3,160.27
Sundry deposits to lessors include Rs 122.54 lakh (Previous Year Rs 111.56 lakh) deposited with companies in which a director is interested. Maximum balance outstanding during the year is Rs. 122.54 lakh (previous year Rs 125.56 lakh).		
Note - 12 - Other Non Current Assets		
Deposit with Bank (Maturity after 12 Months from the Balance Sheet date)	7.14	-
Total	7.14	-
Note - 13 - Current Investments		
Unquoted Mutual Funds (Valued at cost or Market value whichever is lower)		
194,655 (Previous year - Nil) Units of Rs 100 each in Birla Sunlife Mutual Fund Growth Plan	350.00	-
Nil (Previous Year - 274346) Units of Rs. 10 each in HDFC Daily Dividend Plan	-	27.52
Nil (Previous Year - 1,500,000) Units of Rs. 10 each in ICICI Prudential Growth Plan	-	150.00
Total	350.00	177.52
Note - 14 - Inventories (Valued at lower of cost and net realizable value)		
Food items (Includes goods in transit Rs 2.42 lakh (Previous Year Rs 22.54 lakh))	666.62	524.84
Paper (Includes goods in transit Rs 0.33 lakh (Previous Year Rs 4.54 lakh))	248.87	199.92
Toys & premiums	207.54	167.93
Stores and spares (Includes goods in transit Rs 0.04 lakh (Previous Year Rs 0.73 lakh))	205.18	133.25
Other inventories (Include goods in transit Rs Nil (Previous Year Rs 2.06 lakh))	174.89	147.03
Total	1,503.10	1,172.97
Note - 15 - Trade Receivables		
Sundry Debtors (Unsecured, considered good)		
Outstanding for a period exceeding six months from the date they are due for payment	38.47	-
Other receivables	589.77	279.93
Total	628.24	279.93



HARDCASTLE RESTAURANTS PRIVATE LIMITED
Notes to Financials Statement for the year ended March 31, 2012

	As at March 31, 2012 (Rs in lakh)	As at March 31, 2011 (Rs in lakh)
Note - 16 - Cash & Bank Balances		
16.1 Cash and cash equivalents		
Balances with banks:		
– On current accounts	389.73	15.44
– Deposits with original maturity of less than three months	822.51	-
Cash on Hand	526.58	371.07
	<u>1,738.82</u>	<u>386.51</u>
16.2 Other Bank Balances		
– Deposits with original maturity for more than 12 months	783.50	781.50
– Deposits with original maturity for more than 3 months but less than 12 months	505.26	2,750.00
	<u>1,288.76</u>	<u>3,531.50</u>
Total	<u><u>3,027.58</u></u>	<u><u>3,918.01</u></u>
Note - 17 - Short Term Loan & Advances (Unsecured, considered good)		
Security deposits to lessors	35.00	94.00
Employee advances	20.26	16.68
Other advances	223.10	194.90
Lease hold improvements contributions receivable	194.23	198.73
Advances to suppliers	18.75	75.09
Sundry deposits	125.04	-
Total	<u>616.38</u>	<u>579.40</u>
Note - 18 - Other Current Assets		
Other receivables (Unsecured, considered good)	444.06	368.11
Prepaid expenses	87.98	74.37
Total	<u>532.04</u>	<u>442.48</u>
	For the year ended March 31, 2012 (Rs in lakh)	For the year ended March 31, 2011 (Rs in lakh)
Note - 19 - Revenue From Operations		
Sales	53,698.82	37,406.90
Birthday party revenue	40.94	57.43
Delivery Charges Revenue	238.56	182.12
Other Operating Revenue		
Conducting Fees	32.82	51.02
Franchising Income	96.81	92.71
Scrap Sales	51.75	31.54
Space rental	286.34	111.73
Total	<u>54,446.04</u>	<u>37,933.45</u>
Note - 20 - Other Income		
Interest Income		
- on Bank Deposits	257.20	98.93
- Others	11.43	2.34
Dividend Income on Current Investment (Non Trade)	0.41	17.97
Gain on sale of Current investment	90.85	128.20
Foreign Exchange Gain (Net)	-	10.94
Profit on Sale of Fixed Assets	-	2.36
Other Non-operating income	42.34	6.69
Total	<u>402.23</u>	<u>267.43</u>



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HARDCASTLE RESTAURANTS PRIVATE LIMITED
Notes to Financials Statement for the year ended March 31, 2012

	For the year ended March 31, 2012 (Rs in lakh)		For the year ended March 31, 2011 (Rs in lakh)	
Note - 21 - Raw Materials Consumed				
Stock at the commencement of the year	892.69		530.41	
Add: Purchases during the year	24,596.55		16,735.49	
	25,489.24		17,265.90	
Less Stock at close of the year	1,123.03		892.69	
Total	24,366.21		16,373.21	
21.1 - Details of Raw Materials Consumed				
Food	20,633.02		13,821.63	
Paper	2,773.75		1,843.62	
Toys & Premiums	959.44		707.96	
Total	24,366.21		16,373.21	
21.2 - Value of Imported and indigenous Raw Materials Consumed:				
Imported	1,703.21	6.99%	1,405.57	8.58%
Indigenous	22,663.00	93.01%	14,967.64	91.42%
	24,366.21	100.00%	16,373.21	100.00%
Note - 22 - Employee Benefit Expenses				
Salaries, wages and bonus	5,811.80		4,669.61	
Contribution to provident fund	429.05		331.41	
Gratuity Expenses (Refer Note - 30)	61.58		48.21	
Staff Welfare expenses	201.24		161.61	
Total	6,503.67		5,210.84	
Note - 23 - Other Expenses				
Electricity, Gas and Other Utilities	4,380.48		3,050.29	
Conducting Charges	3,652.58		2,636.56	
Advertising & Promotional Expenses	3,153.51		1,905.43	
Royalty Fee	1,153.74		941.03	
Maintenance & Repairs - Restaurant Equipments	653.33		568.58	
Maintenance & Repairs - Others	637.29		458.58	
Operating Supplies at Stores	615.96		480.15	
Travelling Expenses	345.47		296.35	
Consultancy & Professional Fees (Refer Note 23.1 below)	847.39		818.30	
Rent Expenses	185.41		170.24	
Asset Write offs	80.03		238.32	
Training and Development Expenses	108.11		72.86	
Telephone Expenses	87.61		87.57	
Rates & Taxes	86.45		69.31	
Insurance	66.84		67.59	
Loss on Sale of assets	25.24		-	
Foreign Exchange differences (net)	67.75		-	
Miscellaneous Expenses	1,107.36		778.95	
Total	17,254.55		12,640.11	
23.1 - Payments to Auditors				
Consultancy & Professional fees include auditors fees as follows:				
Statutory Audit fees	18.50		16.00	
Out of Pocket Expenses	0.36		0.18	
	18.86		16.18	
Note - 24 - Finance Expenses				
Interest				
- on Bank Overdraft	-		6.31	
- on Short Term bank Loans	-		109.89	
Finance Charges	7.20		21.45	
Total	7.20		137.65	



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HARDCASTLE RESTAURANTS PRIVATE LIMITED
Notes to Financials Statement for the year ended March 31, 2012

Note - 25 - Related Party disclosure

Related party transactions

Particulars	McDonald's India Private Limited		McDonald's Corporation USA		Bugsee Fashions Pvt Ltd		Vishwas Investment & Trading Company Private Limited		West Pioneer Properties (India) P Ltd		Triple A Foods Private Limited		Hardcastle & Wood Mfg. Co. Ltd		Westlife Development Ltd		Smriti Jais (as a relative of Key Managerial person up to December 21, 2010)	
	2011-12	2010-11	2010-11	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Salaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Royalty payment made	-	208.45	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	39.02
Rent payment made	-	-	-	-	-	-	-	113.10	109.99	-	-	-	-	-	-	-	-	-
Electric charges paid	-	-	-	-	-	-	0.93	14.61	51.89	47.56	-	-	-	-	-	-	-	-
Water charges paid	-	-	-	-	-	-	-	0.32	-	-	-	-	-	-	-	-	-	-
Civil work charges paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electric work charges paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loan taken	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Initial location license fees paid	-	43.16	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rent recovered	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Advertisement expenses recovered	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reimbursement of expenses by the Company	-	-	-	148.06	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenses recovered	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance payable at the year end	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance receivable at the year end	-	-	-	19.86	-	-	6.72	102.54	91.56	2.35	23,750.00	23,750.00	-	-	1.84	-	-	-

Amit Jais (Rs. in Lakh)

Particulars	2011-12	2010-11
Salaries & Bonus	148.90	153.18
Contribution to Provident Fund	12.33	12.06
Total	161.23	165.24

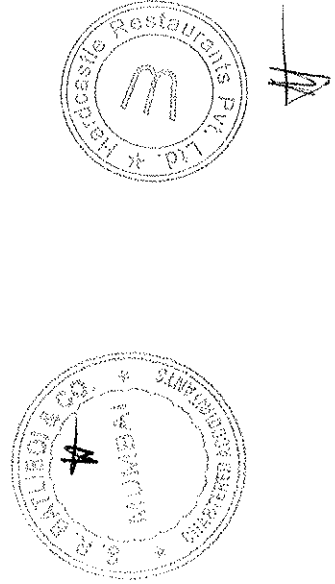
Smriti Jais (Additional Director from December 22, 2010 to September 25, 2011 & Director w.e.f. September 26, 2011)

(Rs. in Lakh)

Particulars	2011-12	2010-11
Salaries & Bonus	57.96	16.34
Contribution to Provident Fund	4.80	0.27
Total	62.76	16.61

Name of related parties and related party relationship

- (A) Where control exists:
- a) Holding Company
 - b) Holding Company of Triple A Foods Private Limited
 - c) Ultimate Holding Company
- (B) Others:
- a) Investing Parties:
 - b) Key Management Personnel:
- c) Enterprises over which Key Management Personnel or their relative share able to exercise control:



Triple A Foods Private Limited
Westlife Development Limited
Westlife Development Limited

McDonald's India Private Limited (up to May 15, 2010)
McDonald's Corporation, USA (up to May 15, 2010)

Mrs. Smriti Jais, Additional Director from December 22, 2010 to September 25, 2011 & Director w.e.f. September 26, 2011
Mr. Amit Jais, Managing Director, up to December 21, 2010 & Executive Director w.e.f. December 22, 2010

Hardcastle & Wood Manufacturing Company Limited
Vishwas Investment & Trading Company Private Limited
West Pioneer Properties (India) Private Limited
Bugsee Fashions Private Limited

HARDCASTLE RESTAURANTS PRIVATE LIMITED
Notes to Financials Statement for the year ended March 31, 2012

Note - 26 - CIF Value of Imports

(Rs in lakh)

Particulars	2011-12	2010-11
Materials (Food, Beverages & Toys)	889.02	1,048.14
Capital Goods	1,746.60	1,273.79

Note - 27 -Earnings in foreign currency (Accrual basis)

(Rs in lakh)

Particulars	2011-12	2010-11
Reimbursement of Direct Marketing Fees	NIL	148.06
Other Reimbursements	0.22	23.08

Note – 28 – Expenditure in Foreign Currency (Accrual Basis)

(Rs in lakh)

Particulars	2011-12	2010-11
Travel	23.85	13.71
Training	18.28	16.44
Software License & Maintenance	NIL	11.67
Professional Services	86.26	57.65
Others	2.92	18.07
Total	131.31	117.54

Note - 29 - Particulars of Un-hedged Foreign Currency Exposure as at Balance Sheet date:-

(Rs in lakh)

Particulars	2011-12	2010-11
Import Creditors	129.06 (USD 2.52 lakh @ Rs 51.16 per USD)	28.03 (USD 0.63 lakh @ Rs. 44.65 per USD)
Advances Receivable in cash/kind	172.55 (USD 3.37 lakh @ Rs 51.16 per USD)	76.18 (USD 1.71 lakh @ Rs. 44.65 per USD)

Note - 30 - Gratuity & Post Employment Benefit Plans

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary for each completed year of service subject to a maximum of Rs 10 lakh. The scheme is funded with Life Insurance Corporation in the form of a qualifying insurance policy.

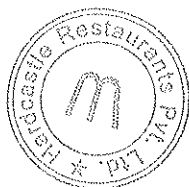
The following tables summarise the components of net benefit expense recognized in the profit and loss account and the funded status and amounts recognized in the balance sheet.

Profit and Loss account-

Gratuity expense (recognized in Employee Cost)

(Rs in lakh)

Particulars	2011-12	2010-11
Current service cost	78.19	53.62
Interest cost on benefit obligation	15.89	12.40
Expected return on plan assets	(3.40)	(3.45)
Net Actuarial (gain) or loss recognized in the year	(29.10)	(14.36)
Past Service Cost – vested benefit recognized during the period	NIL	NIL
Expense recognized in Profit & Loss Account	61.58	48.21
Actual return on plan assets	3.25	2.02



HARDCASTLE RESTAURANTS PRIVATE LIMITED
Notes to Financials Statement for the year ended March 31, 2012

Balance sheet

Details of Provision for gratuity

(Rs in lakh)

Particulars	2011-12	2010-11
Present value of defined benefit obligation	237.23	192.57
Fair value of plan assets	36.57	42.49
Amount recognized in balance sheet	200.66	150.08

Changes in present value of defined benefit obligation are as follows:

(Rs in lakh)

Particulars	2011-12	2010-11
Opening defined benefit obligation	192.57	155.04
Interest cost	15.89	12.40
Current service cost	78.19	53.62
Past service cost – vested benefit	NIL	NIL
Benefits paid	(20.17)	(12.69)
Actuarial (gains)/losses on obligations	(29.25)	(15.80)
Closing defined benefit obligation	237.23	192.57

Changes in the fair value of plan assets are as follows:

(Rs in lakh)

Particulars	2011-12	2010-11
Opening fair value of plan assets	42.49	43.16
Expected return on plan assets	3.40	3.45
Contributions by employer	11.00	10.00
Benefits paid	(20.17)	(12.69)
Actuarial gains/(losses) on plan assets	(0.15)	(1.43)
Closing fair value of plan assets	36.57	42.49

The Company plans to contribute Rs 25.00 lakh to gratuity fund in the next year.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	2011-12	2010-11
Insurer managed funds	100%	100%



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The principal assumptions used in determining gratuity benefit obligations for the Company's plans are shown below:

Particulars	2011-12	2010-11
Discount rate	8.75%	8.25%
Expected rate of return on assets	8.60%	8.00%
Salary escalation	7.00%	5.50%
Attrition Rate		
Age Related	5.00%	5.00%
Service Related	10.00%	10.00%
Retirement Age	58 Years	58 Years

The estimates of future salary increases considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

	(Rs in lakh)	
Experience Adjustments	2011-12	2010-11
On Plan Liability (Gain) / Loss	(54.12)	(25.28)
On Plan Assets Gain / (Loss)	(0.15)	(1.44)

Note - 31 - Segment Reporting:

The Company operates McDonald's chain of restaurants in Western and Southern India and the management considers that these restaurants constitute a single business segment, since the risk and rewards from these are not different from one another.

As the Company's business activity primarily falls within a single business and geographical segment, there are no additional disclosures to be provided under Accounting Standard 17 - "Segment Reporting", other than those already provided in the financial statements.

Note - 32 - Income Taxes:

Break-up of Deferred Tax Assets and Liabilities:-

Particulars		2011-12	2010-11
Deferred Tax liability recognized for timing differences due to:			
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	(A)	262.86	202.50
Deferred tax assets recognized due to:			
a. Expenses allowable in Income Tax on payment basis		161.07	118.28
b. Unabsorbed depreciation and carried forward losses		101.79	84.22
Total	(B)	262.86	202.50
Net deferred tax	(A) - (B)	Nil	Nil



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HARDCASTLE RESTAURANTS PRIVATE LIMITED
Notes to Financials Statement for the year ended March 31, 2012

The Company has accumulated carried forward losses up to March 31, 2012. However, the deferred tax asset on unabsorbed carried forward loss has been recognized only to the extent of net deferred tax liability.

Note - 33 - Contingent Liabilities not provided for in the accounts:

(a) Claims against the Company not acknowledged as debt:

- i. The Company has preferred an appeal before the Central Excise and Service Tax Appellate Tribunal against a demand of Rs 442.62 lakh (Previous Year: Rs 442.62 lakh) for earlier years by the Central Excise Department on account of excise duty and penalties, which appeal is pending before the said Tribunal. The Company has deposited a sum of Rs 10.00 lakh as pre-deposit in compliance with the order passed by the said Tribunal, which has stayed the recovery of the remaining amount till the matter is finally decided.
- ii. The Company has preferred an appeal before the Central Excise and Service Tax Appellate Tribunal on 16.02.2010 against a demand of Rs 4.85 lakh (Previous Year: Rs 4.85 lakh) for earlier years by the Central Excise Department on account of excise duties and penalties. The appeal is pending. The Company has deposited a sum of Rs 0.13 lakh as pre-deposit in compliance with the order passed by the Tribunal, which has stayed the recovery of the remaining amount till the matter is finally decided.
- iii. The Company has preferred an Appeal before the Commissioner (Appeals), Central Excise, Mumbai against demand of Rs 3.19 lakh (Previous Year Rs 3.19 lakh) made by the Central Excise Department on account of excise duty and penalty. The Commissioner (Appeals), Central Excise passed an order rejecting the Appeal of the Company. Being aggrieved by the order of the Commissioner (Appeals), Central Excise, the Company had preferred an appeal before the Central Excise and Service Tax Appellate Tribunal which appeal is pending.
- iv. The Company has preferred an appeal before the Joint Commissioner of Sales Tax (Appeal II) against a demand of Rs 40.62 lakh (Previous Year: 40.62 lakh) as per assessment order passed by the assessing officer on account of disallowance of resale sale for the years 2003-04 and 2004-05. The Company has deposited a sum of Rs 15.26 lakh as part payment fixed by the said authority. The said appeal is pending.

(b) Cumulative Preference Dividend Arrears: Rs 7,161.36 lakh (Previous Year: Rs 6,143.86 lakh)

Note - 34 -Capital Commitments

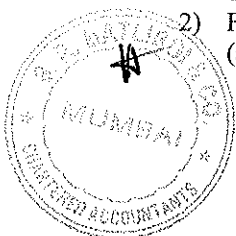
Estimated amount of contracts remaining to be executed on capital account, net of advances and not provided for is Rs 1,220.18 lakh (Previous Year Rs 929.10 lakh).

Note - 35 - Service Tax on Conducting Charges

The Company had, in accordance with the advice of its lawyers, filed a petition in the Bombay High Court being petition no. 8737 of 2010 challenging the amendment in law pertaining to levy of service tax on renting of immovable property retrospectively from June 1, 2007. The Hon'ble Court had, vide Judgement dated 4th August, 2011 ("the Judgement") dismissed the petition (along with other similar petitions filed by other retailers) and upheld the constitutional validity of the law pertaining to service tax on renting of immovable property.

Against the Judgement, the Retailers Association of India (RAI) (of which the Company is a member) had, on behalf of its members, preferred an appeal in the Hon'ble Supreme Court of India (the SCI) being Civil Appeal No. 8390 of 2011. The appeal is pending disposal by the SCI; however, by an order dated 14th October, 2011 ("the Order"), the SCI issued, inter alia, the following directions:

- 1) All the members of RAI to deposit 50% of the arrears due for the period 1st June, 2007 through 30th September, 2011 with the concerned department in three equated instalments on or before 1st November, 2011, 1st January, 2012 and 1st March, 2012;
- 2) For the balance 50% of the arrears, all the members of RAI are:
 - (a) To file solvent surety to the satisfaction of the jurisdictional Commissioners;



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HARDCASTLE RESTAURANTS PRIVATE LIMITED
Notes to Financials Statement for the year ended March 31, 2012

- (b) To file affidavits in the SCI, within four weeks from the date of the Order, undertaking to pay the balance arrears of service tax, stayed in terms of the Order, as may be directed by the SCI at the time of final disposal of the appeal;
- 3) The successful party in the appeal to be entitled to interest on the amount stayed by the SCI at such rate as may be directed by the SCI at the time of final disposal of the appeal.

For the service tax due from 1st October, 2011, no relief in terms of injunction was granted by the SCI.

The Company accordingly, in accordance with the Order:

- (a) Has deposited on or before 1st November, 2011, 1st January, 2012 and 1st March, 2012, with the concerned department, 50% of the arrears of service tax due for the period 1st June, 2007 through 30th September, 2011 in three equated instalments;
- (b) For the balance 50% of the arrears, has:
- (i) Filed solvent surety to the satisfaction of the jurisdictional Commissioners;
- (ii) Filed affidavit in the SCI, undertaking to pay the balance arrears of service tax, stayed in terms of the Order.
- (c) Commenced payment of service tax with effect from 1st October, 2011 to those parties to whom the Company has contractually agreed to pay the service tax.

As a matter of abundant caution, however, an amount of Rs. 12.07 lakh (previous year Rs 253.44 lakh), representing liability has been provided in the financial statement during the year and the balance as at March 31, 2012 is Rs 363.92 lakh (previous year Rs 351.85 lakh)

Note - 36 -Operating Leases Disclosure:

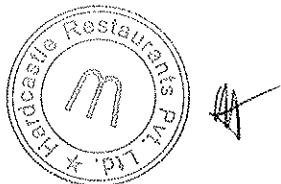
Stores and Office premises are obtained on operating leases. The rentals for some of the stores are fixed while for the others they are based on a percentage of the revenue generated by the respective store. There are no restrictions imposed by such lease arrangements.

Particulars	(Rs in lakh)	
	2011-12	2010-11
Fixed Lease payments for the year	1,822.89	1,464.93
Rent based on Percentage of Revenue debited to Profit and Loss Account	2,015.10	1,341.87
	3,837.99	2,806.80

Sub Leases

The Company has sub leased Sigma Mall Store to Golden Kitchen Private Limited on operating lease. The rentals are based on percentage of the revenue generated by the Store. The lease term is for 20 years. There is no escalation clause in the lease agreement. There are no restrictions imposed by the lease arrangement.

Particulars	(Rs in lakh)	
	2011-12	2010-11
Rent based on Percentage of Revenue credited to Profit and Loss Account	32.82	51.02



HARDCASTLE RESTAURANTS PRIVATE LIMITED
Notes to Financials Statement for the year ended March 31, 2012

Note - 37 - Details of dues to Micro, Small and Medium Enterprises as per MSMED Act 2006:

(Rs in lakh)

Particulars	2012	2011
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	-	-
The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006.	-	-

Note - 38- Previous year figures

Till the year ended 31 March 2011, the company was using pre-revised Schedule VI to the Companies Act 1956, for preparation and presentation of its financial statements. During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company. The company has reclassified previous year figures to conform to this year's classification. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it significantly impacts presentation and disclosures made in the financial statements, particularly presentation of balance sheet.

S. R. Batliboi & Co
For S. R. Batliboi & Co.
 Firm Registration No - 301003E
Chartered Accountant

**For and on behalf of the Board of Directors of
 Hardcastle Restaurants Private Limited**

P Bansal
per Ravi Bansal

Amit Jatia
Amit Jatia

Smita Jatia
Smita Jatia

Dr. Shatadru Sengupta
Dr. Shatadru Sengupta

Partner
 Membership no: 49365
 Place: Mumbai
 Date: 12 SEP 2012

Executive Director

Director

Company Secretary

