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HARDCASTLE RESTAURANTS  
PRIVATE LIMITED

AUDITED FINANCIALS AS ON  
MARCH 31, 2014

**INDEPENDENT AUDITOR'S REPORT****To the Members of Hardcastle Restaurants Private Limited****Report on the Financial Statements**

We have audited the accompanying financial statements of Hardcastle Restaurants Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Act, 1956 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (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 the Cash Flow Statement, of the cash flows for the year ended on that date.



# **S.R. BATLIBOI & CO. LLP**

Chartered Accountants

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Audit report for the year ended March 31, 2014  
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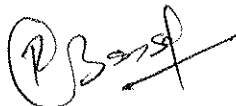
## **Emphasis of Matter**

We draw attention to Note 35 of the financial statements for approval awaited from the Central Government for managerial remuneration paid in excess of the amount specified under Schedule XIII of Companies Act, 1956 aggregating Rs.20.77 Millions to two whole time directors. Pending receipt of such approval no adjustments are considered necessary in these financial statements. Our opinion is not qualified in respect of this matter.

## **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) 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;
  - (c) 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;
  - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs;
  - (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For S.R. Batliboi & CO. LLP  
Chartered Accountants  
ICAI Firm Registration Number: 301003E

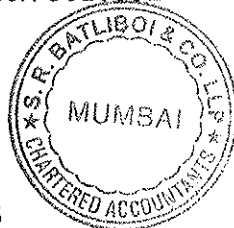


per Ravi Bansal  
Partner

Membership Number: 49365

Place: Mumbai

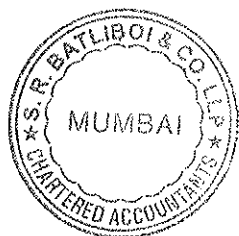
Date: 9 May, 2014



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**Annexure referred to in paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the 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) (a) to (d) of the Order are not applicable to the Company.
- (e) According to 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(ii) (e) to (g) of the Order are not applicable to the Company.
- (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. LLP

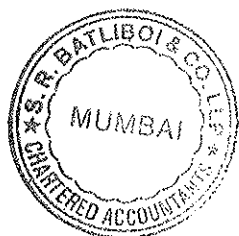
Chartered Accountants

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- (v) (a) In our opinion, there are no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4 (v) (b) of the Order is not applicable to the Company.
- (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 of the Company 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, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities *though there has been a slight delay in a few cases*. The provisions relating to excise duty are not applicable to the Company.
- (b) According to the information and explanations given to us, there are no undisputed dues 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 material statutory dues which were outstanding, at the year end, for a period of more than six months from the date they became payable except as below:

(Rs. Millions)

Name of the Statute	Nature of the Dues	Amount	Period to which the amount relates	Due Date	Paid
Various Labour Welfare Fund Acts	Unclaimed Employee Dues	0.63	March-2007 to December-2010	March-2010 to December-2013	Remain Unpaid



# S.R. BATLIBOI & Co. LLP

Chartered Accountants

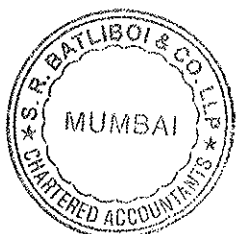
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- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

(Rs. Millions)

Name of the Statute	Nature of Dispute	Amount (Including Penalty)	Period to which amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty demand	44.05	2000-01 to 2005-06	Appellate Tribunal, Mumbai
Bombay Sales Tax Act, 1959	Sales Tax demand	2.54	2003-04 to 2004-05	Commissioner of Sales Tax (Appeal), Mumbai
Karnataka Value Added Tax, 2003	Sales Tax demand	374.79	2008-09 to 2013-14	High Court of Karnataka
Tamilnadu Value Added Tax, 2006	Sales Tax demand	60.79	2008-09 to 2012-13	Appellate Deputy Commissioner, Chennai

- (x) The Company's accumulated losses at the end of the financial year are less than fifty per cent of its net worth and it 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 any 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 before 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 Order 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 Order 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 bank or financial institutions.
- (xvi) Based on the 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.



**HARDCASTLE RESTAURANTS PRIVATE LIMITED**  
Balance Sheet as at March 31, 2014

	Note No.	As at March 31, 2014 (Rs in Millions)	As at March 31, 2013 (Rs in Millions)
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>Shareholders' Funds</b>			
Share capital	2	1,655.00	1,235.00
Reserves and surplus	3	(689.89)	(697.31)
		<b>965.11</b>	<b>537.69</b>
<b>Non-current liabilities</b>			
Long-term borrowings	4	4,237.92	2,795.50
Long-term provisions	5	-	4.21
Other long-term liabilities	6	2.20	3.17
		<b>4,240.12</b>	<b>2,802.88</b>
<b>Current liabilities</b>			
Short-term borrowings	7	465.54	156.53
Trade payables	8a	589.11	569.44
Other current liabilities	8b	550.16	529.19
Short-term provisions	9	47.99	36.70
		<b>1,652.80</b>	<b>1,291.86</b>
<b>TOTAL</b>		<b>6,858.03</b>	<b>4,632.43</b>
<b><u>ASSETS</u></b>			
<b>Non-current assets</b>			
Fixed assets	10		
Tangible assets		3,424.50	2,733.44
Intangible assets		347.60	289.18
Capital work-in-progress		176.77	394.98
Non Current Investments	11	200.00	-
Long-term loans and advances	12	708.42	587.54
Other non-current assets	13	0.96	0.08
		<b>4,858.25</b>	<b>4,005.22</b>
<b>Current assets</b>			
Current investments	14	1,344.09	5.00
Inventories	15	199.47	177.33
Trade receivables	16	64.59	82.77
Cash and bank balances	17	120.82	125.16
Short-term loans and advances	18	102.37	98.78
Other current assets	19	168.44	138.17
		<b>1,999.78</b>	<b>627.21</b>
<b>TOTAL</b>		<b>6,858.03</b>	<b>4,632.43</b>

Summary of significant accounting policies 1.2

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

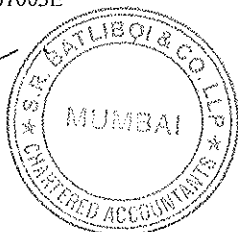
As per our report of even date

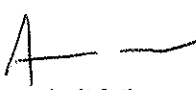
For S.R. Batliboi & Co. LLP  
Chartered Accountants  
Firm Registration No. 301003E

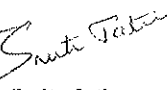
For and on behalf of the Board of Directors  
Hardecastle Restaurants Private Limited



  
per Ravi Bansal  
Partner  
Membership No. 49365



  
Amit Jatia  
Director

  
Smita Jatia  
Director

  
Radha Jain  
Company Secretary

Place :- Mumbai  
Date :- May 09, 2014

Place :- Mumbai  
Date :- May 09, 2014



**HARDCASTLE RESTAURANTS PRIVATE LIMITED**  
**Statement of Profit & Loss for the year ended March 31, 2014**

	Note No.	For the year ended March 31, 2014 (Rs in Millions)	For the year ended March 31, 2013 (Rs in Millions)
<b>Income</b>			
Revenue from operations (Net)	20	7,383.92	6,810.34
Other income	21	44.37	48.07
<b>Total Revenue (I)</b>		<b>7,428.29</b>	<b>6,858.41</b>
<b>Expenses</b>			
Cost of raw material consumed	22	3,192.55	3,083.12
Employee benefits expense	23	906.93	760.86
Other expenses	24	2,838.69	2,387.37
<b>Total (II)</b>		<b>6,938.17</b>	<b>6,231.35</b>
<b>Earnings before Interest, Depreciation, Tax and Amortisation (EBIDTA) (I) – (II)</b>		<b>490.12</b>	<b>627.06</b>
Depreciation and amortisation expense	10	435.02	313.36
Finance costs	25	47.68	6.09
<b>Profit before Tax</b>		<b>7.42</b>	<b>307.61</b>
<b>Tax Expenses</b>			
Current Tax		1.55	27.01
Less : MAT credit entitlement		(1.55)	(27.01)
Deferred Tax	32	-	-
<b>Total tax expense</b>		<b>-</b>	<b>-</b>
<b>Profit for the year</b>		<b>7.42</b>	<b>307.61</b>
<b>Earning Per Equity Share</b>			
Basic & Diluted Earning per Share (Rs)		23.92	992.29
Weighted average number of equity shares for computing EPS		310,000	310,000
Nominal Value per Share (Rs)		1,000	1,000

Summary of significant accounting policies 1.2

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

As per our report of even date

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

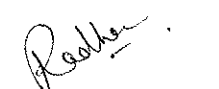
  
per Ravi Bansal  
Partner  
Membership No. 49365



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

  
Amit Jatia  
Director

  
Smita Jatia  
Director

  
Radha Jain  
Company Secretary

Place :- Mumbai  
Date :- May 09, 2014

Place :- Mumbai  
Date :- May 09, 2014





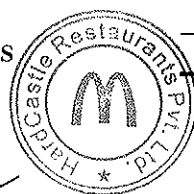


**Hardecastle Restaurants Private Limited**  
**Cash flow Statement for the year ended March 31, 2014**

	For the year ended March 31, 2014 (Rs in Millions)	For the year ended March 31, 2013 (Rs in Millions)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	7.42	307.61
Adjustments for :		
Depreciation and amortisation expense	435.02	313.36
Loss on Sale / write off of Fixed assets	46.07	7.50
Interest expense	30.74	1.31
Premium on forward contract amortised	11.19	1.96
Interest Income	(0.24)	(4.79)
Gain on sale of current investment	(34.73)	(8.75)
Unrealised (gain)/loss on foreign exchange	0.62	0.08
<b>Operating profit before working capital changes</b>	<b>496.09</b>	<b>618.28</b>
<b>Movements in Working Capital</b>		
Decrease/(Increase) in inventories	(22.15)	(27.02)
Decrease/ (Increase) in trade receivables	18.19	(39.62)
Decrease/ (Increase) in long term loans and advances	(64.61)	(91.54)
Decrease/ (Increase) in short term loans and advances	(3.59)	(28.29)
Decrease/ (Increase) in other current assets	(30.92)	(59.33)
(Decrease)/Increase in trade payables	19.62	205.39
(Decrease)/Increase in other long term liabilities	(0.97)	0.45
(Decrease)/Increase in other current liabilities	(34.32)	84.86
(Decrease)/Increase in provisions	7.08	6.41
<b>Cash generated from operations</b>	<b>384.42</b>	<b>669.59</b>
Taxes paid	(11.45)	(30.21)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>372.97</b>	<b>639.38</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Additions to fixed assets & capital work-in-progress	(1,026.75)	(1,348.61)
Proceeds from sale of fixed assets	5.33	2.10
Interest Income	0.20	7.75
Investments in mutual funds	(3,246.08)	(1,242.16)
Proceeds from sale of mutual funds	1,741.73	1,280.91
Investment in / Proceeds from liquidation of fixed deposits (With original maturity of three months or more)	(0.98)	128.80
(Increase)/Decrease in long term deposits	(50.00)	(92.75)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(2,576.55)</b>	<b>(1,263.96)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from short term borrowings	414.41	106.70
Repayments of Short term borrowings	(106.53)	-
Proceeds from long term borrowings	175.00	-
Repayments of Long term borrowings	(3.75)	-
Proceeds from Inter Corporate Deposits	1,860.00	470.50
Repayments of Inter Corporate Deposits	(530.50)	-
Proceeds from issue of Preference Share Capital	420.00	-
Interest paid	(21.87)	(2.05)
Premium on forward Contract paid	(7.62)	-
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>2,199.14</b>	<b>575.15</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(4.44)</b>	<b>(49.43)</b>
Cash and cash equivalents at the beginning of the year	124.45	173.88
Cash and cash equivalents at the end of the year	120.01	124.45
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(4.44)</b>	<b>(49.43)</b>



*Very*



**Components of cash and cash equivalents**

Balances with banks:

On current accounts

13.93

7.35

Cash on Hand

106.08

117.10

**Total cash and cash equivalents ( refer note - 17.1)**

120.01

124.45

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

As per our report of even date

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

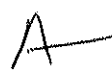


per Ravi Bansal  
Partner  
Membership No. 49365

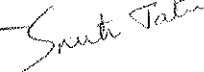


Place :- Mumbai  
Date :- May 09, 2014

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



Amit Jatin  
Director



Smita Jatin  
Director



Radha Jain  
Company Secretary

Place :- Mumbai  
Date :- May 09, 2014



**HARDCASTLE RESTAURANTS PRIVATE LIMITED**  
**Notes to the Financial Statements for the year ended March 31, 2014**

**Note - 1 -**

**1.1 Corporate Information:**

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

**1.2 Summary of Significant Accounting Policies:**

**a) Basis of Preparation**

The financial statements of the Company have been prepared and presented in accordance with the generally accepted accounting principles in India (Indian GAAP) under the historical cost convention on an accrual basis. 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 read with General Circular 8 / 2014 dated April 4, 2014, issued by the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

**b) Use of estimates**

Preparation of financial statements in conformity with Indian GAAP requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenue, 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, actual results could differ from the estimates.

**c) Tangible Fixed Assets and Depreciation**

(i) Fixed Assets are stated at cost less accumulated depreciation and impairment losses (if any). Cost comprises purchase price and any attributable cost of bringing the asset to its working condition for its intended 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)
Buildings	28
Leasehold Improvements	15
Restaurant Equipments	5-10
Furniture and Fixtures	5-10
Office Equipments	5
Mobile Phones	3
Laptops	3
Computers	5
Motor Vehicles	4

Leasehold Land is amortised over the period of the lease which is 60 years.

Fixed Assets below Rs 5,000 are depreciated at the rate of 100% p.a.



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**HARDCASTLE RESTAURANTS PRIVATE LIMITED**  
**Notes to the Financial Statements for the year ended March 31, 2014**

**d) Intangible Assets and amortisation**

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

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.

**e) Impairment of tangible and intangible assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

**f) 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 and fair 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 long-term investments.

**g) Inventories**

Inventories (comprising of Food, Paper, Toys and Premiums, Stores, Spares and Consumables) are valued at lower of cost (determined on First in First Out basis) or net realisable value. Net realisable 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.

**h) Revenue Recognition**

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and that the revenue can be reliably measured.

Revenue for food items is recognised when sold to the customer over the counter.

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

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

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

**i) 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 capitalised 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.



*Vijay*



**HARDCASTLE RESTAURANTS PRIVATE LIMITED**  
**Notes to the Financial Statements for the year ended March 31, 2014**

**j) Foreign Currency Transactions**

**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.

**Conversion :-**

Foreign currency monetary items are reported using the closing rate.

**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 recognised as income or as expense in the year in which they arise.

**Forward Exchange Contracts :-**

Premium or discount arising at the inception of forward exchange contracts is amortised and recognised 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 period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contracts is recognised as income or as expense for the period.

**k) Employee Benefits**

**Defined contribution plan**

State governed Provident Fund, ESIC and Labour Welfare Fund are considered as defined contribution plan and contributions thereto are charged to the Statement of Profit and Loss for the year as they are incurred. There are no other obligations, other than the contribution payable to the respective funds.

**Defined benefit plan**

Gratuity liability is a defined benefit scheme 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. Actuarial gains/losses are recognised in the Statement of Profit and Loss immediately in the year in which they arise and are not deferred. For the purpose of presentation of defined benefit plan allocation between short term and long term provision is made as determined by an actuary.

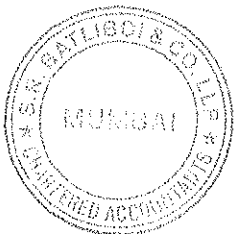
**Other benefits**

Short term compensated absences are provided based on details of leave balance and applicable salary rate.

**l) 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 tax reflects the impact of 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 and subsequently enacted at the balance sheet date. Deferred tax assets are recognised 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 realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.



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## HARDCASTLE RESTAURANTS PRIVATE LIMITED

Notes to the Financial Statements for the year ended March 31, 2014

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognizes unrecognised deferred tax assets 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 assets can be realised.

Carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which the deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the Statement of Profit and Loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

### m) 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.

### n) Operating Leases

*Where Company is lessee:*

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss.

*Where Company is lessor:*

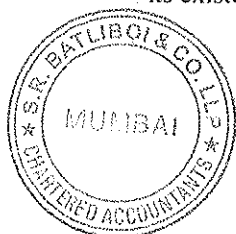
Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognised in the Statement of Profit and Loss. Costs, including depreciation are recognised as an expense in the Statement of Profit and Loss. Initial direct cost such as legal costs, brokerage costs, etc. are recognised immediately in the Statement of Profit and Loss.

### o) Provisions

A provision is recognised when the Company has a present obligation as a result of a past event and 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.

### p) Contingent Liability

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. The Company does not recognise a contingent liability but discloses its existence in the financial statements.



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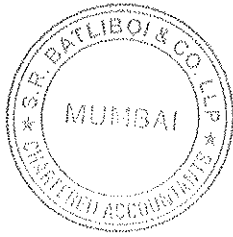
**HARDCASTLE RESTAURANTS PRIVATE LIMITED**  
**Notes to the Financial Statements for the year ended March 31, 2014**

**q) Cash and Cash Equivalents**

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

**r) 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 from continuing operations. In its measurement, the Company does not include depreciation and amortisation expenses, finance costs and tax expense but includes other income.



*N. Batliboi*



**HARDCASTLE RESTAURANTS PRIVATE LIMITED**

Notes to the Financial Statements for the year ended March 31, 2014

	As at March 31, 2014 (Rs in Millions)	As at March 31, 2013 (Rs in Millions)
<b>Note - 2 - Share Capital</b>		
<b>Authorised Share Capital</b>		
315,000 (Previous Year 315,000) Equity Shares of Rs 1,000 each	315.00	315.00
1,355,000 (Previous Year 925,000) Cumulative Redeemable Preference Shares of Rs 1,000 each.	1,355.00	925.00
	<b>1,670.00</b>	<b>1,240.00</b>
<b>Issued, Subscribed and fully Paid-up Capital</b>		
310,000 (Previous Year 310,000) Equity Shares of Rs 1000 each fully paid up	310.00	310.00
1,345,000 (Previous Year 925,000) Cumulative Redeemable Preference Shares of Rs 1,000 each fully paid up	1,345.00	925.00
	<b>1,655.00</b>	<b>1,235.00</b>

**2.1 - Reconciliation of shares outstanding at the beginning and at the end of the reporting period**
**Equity shares**

Particulars	March 31, 2014		March 31, 2013	
	No. of shares	(Rs. in millions)	No. of shares	(Rs. in millions)
At the beginning of the period	310,000	310.00	310,000	310.00
Outstanding at the end of the period	310,000	310.00	310,000	310.00

**Preference shares**

Particulars	March 31, 2014		March 31, 2013	
	No. of shares	(Rs. in millions)	No. of shares	(Rs. in millions)
At the beginning of the period	925,000	925.00	925,000	925.00
Add : Issued during the year	420,000	420.00	-	-
Outstanding at the end of the period	1,345,000	1,345.00	925,000	925.00

**2.2 - Terms/ rights attached to equity shares**

The Company has only one class of equity shares having par value of Rs 1,000 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. During the year ended 31st March, 2014 the amount of dividend per share recognised as distribution to shareholders was NIL. (Previous Year NIL). 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 - Terms of redemption of Cumulative Redeemable Preference Shares (CRPS)**

The Company has issued 1,345,000 (previous year 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, 100,454 Preference Shares are redeemable at par on or before September 27, 2025 and the remaining are redeemable at par on or before April 30, 2033. 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 Statement of Profit and Loss 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. During the year ended 31st March, 2014 the amount of dividend per share recognised as distribution to preference shareholders was NIL. (Previous Year NIL). Each holder of Cumulative Redeemable Preference Shares (CRPS) is entitled to one vote per share only on resolutions placed before the company which directly affect the rights attached to CRPS. In the event of liquidation of the Company, the holders of CRPS will have priority over equity shares in the payment of dividend and repayment of capital.

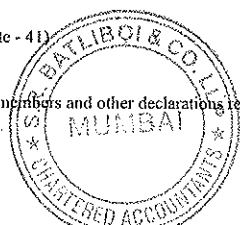
**2.4 - Shares held by holding company**

Particulars	March 31, 2014 (Rs. in millions)	March 31, 2013 (Rs. in millions)
Triple A Foods Private Limited (Amalgamated with Westlife Development Limited) (Refer Note - 41)		
Nil (Previous Year 309,650) Equity Shares of Rs 1000 each fully paid up	-	309.65
Nil (Previous Year 925,000) Cumulative Redeemable Preference Shares of Rs 1,000 each fully paid up	-	925.00
<b>Westlife Development Limited (WDL)</b>		
309,999 (Previous Year Nil) Equity Share shares of Rs 1000 each full paid up	310.00	-
1,345,000 (Previous Year Nil) Cumulative Redeemable Preference Shares of Rs 1,000 each fully paid up	1,345.00	-

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

Particulars	No of Shares	%	No of Shares	%
Equity Shares of Rs 1000 each fully paid up				
Westlife Development Limited ( Holding Company)	309,999	99.99%	-	-
Triple A Foods Private Limited (Amalgamated with WDL) (Refer Note - 41)	-	-	309,650	99.89%
Cumulative Redeemable Preference Shares of Rs 1000 each fully paid up				
Westlife Development Limited ( Holding Company)	1,345,000	100%	-	-
Triple A Foods Private Limited (Amalgamated with WDL) (Refer Note - 41)	-	-	925,000	100%

As per records of the company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares



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**HARDCASTLE RESTAURANTS PRIVATE LIMITED**  
**Notes to the Financial Statements for the year ended March 31, 2014**

	As at March 31, 2014 (Rs in Millions)	As at March 31, 2013 (Rs in Millions)
<b>Note - 3 - Reserves &amp; Surplus</b>		
<b>Surplus/ (deficit) in the statement of profit and loss</b>		
Balance as per last financial statements	(697.31)	(1,004.92)
Profit for the year	7.42	307.61
<b>Net deficit in the statement of profit and loss</b>	<b>(689.89)</b>	<b>(697.31)</b>

**Note - 4 - Long Term Borrowings**

**Secured**

Loan from Bank ( Refer note i below) 112.92

**Unsecured**

**Inter Corporate Deposits**

Triple A Foods Private Limited (Refer Note ii below) - 2,375.00  
 Westpoint Leisureparks Private Limited ( Refer Note iii below) - 420.50  
 Westlife Development Limited ( Refer Note ii & iv below) 4,125.00

**Total** 4,237.92 2,795.50

- i) During the year, the Company has taken a term loan of Rs 175 million from Citi Bank N. A. to finance the capital expenditure. To avail this facility the Company has hypo-theated i.e created first exclusive charge on present and future moveable plant, machinery and kitchen equipments that are brought in and stored in any premises of the Company including the course of delivery wherever lying and parked. The loan was disbursed in 2 tranches, first tranche of Rs 45 million was drawn at an interest rate of 11.50% p.a. and the second tranche of Rs. 130 million was drawn at an interest rate of 11.20% p.a.. The term loan is repayable in quarterly instalments over a period of 36 months.  
 The current maturity of the loan taken from Citi Bank N.A. of Rs. 58.33 million is reported in Note 8b " Other Current Liabilities".
- ii) The Company has taken a long term interest free deposit of Rs. 2375 million from Triple A Foods Private Limited (TAF) which was repayable on December 29, 2016. During the year, TAF has been amalgamated with Westlife Development Limited (WDL). Consequently the inter corporate deposit taken from TAF is now transferred to WDL. The terms and conditions of the inter corporate deposit remains the same.
- iii) During the previous year, the Company had taken an interest free inter corporate deposit of Rs 420.50 million for a period of 3 years from the date of disbursement. In the current year the Company has pre maturely repaid the said inter corporate deposit.
- iv) During the year, the Company has entered into loan agreement of Rs. 1800 million with Westlife Development Limited ( Holding Company) for capital expenditure, working capital and general corporate requirements. In the current year the Company has drawn Rs 1750 million under the said agreement. The said loan is interest free and repayable after two years from the date of last drawdown i.e October 18, 2013.

**Note - 5 - Long Term Provisions**

Provision for gratuity ( Refer Note - 30) - 4.21

**Total** - 4.21

**Note - 6 - Other Long Term Liabilities**

Security Deposits 2.20 3.17

**Total** 2.20 3.17



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**HARDCASTLE RESTAURANTS PRIVATE LIMITED**  
Notes to the Financials Statements for the year ended March 31, 2014

	As at March 31, 2014 (Rs in Millions)	As at March 31, 2013 (Rs in Millions)
<b>Note - 7 - Short term borrowings</b>		
<b>Secured</b>		
Loan from Bank - Buyers' Credit ( Refer note i below)	125.22	106.53
Loan from Bank ( Refer note ii below)	200.00	-
<b>Unsecured</b>		
Bank overdrafts ( Refer note iii below)	90.14	-
Inter Corporate Deposit		
Westlife Development Limited ( Refer note iv below)	-	50.00
West Leisure Resorts Limited ( Refer note iv below)	50.18	-
<b>Total</b>	<b>465.54</b>	<b>156.53</b>

- i) The Company has availed of import financing facility under the buyer's credit scheme of RBI from Citibank. This facility is sanctioned upto Rs.250 millions for the purpose of financing capital expenditure w.e.f 3rd October, 2012 for a period of 3 years. To avail this, the Company has hypothecated i.e. created a first exclusive charge on present & future movable plant, machinery, kitchen and other equipments that are brought in or stored in any of the premises of the Company including those in the course of transit or delivery wherever lying or parked. Further, a promissory note of Rs.250 millions has been issued as a continuing security. The maximum repayment period is one year from the date of drawdown. The entire facility maybe repayable on demand if the bank gives 7 days notice in advance. Interest is charged @ LIBOR + 2.5% p.a.(3.06% p.a. to 3.39% p.a.) payable monthly. The amount payable denotes the amount outstanding as on March 31, 2014 for the drawdowns that are not yet repaid.
- ii) During the year, the Company has availed a revolving short term loan facility of Rs. 200 million from HDFC Bank Ltd. This facility is sanctioned for the purpose of financial working capital requirements w.e.f January 9, 2014 for a period of 180 days. To avail this, the Company has hypothecated i.e created a first charge on all stock and book debts and also an exclusive charge on the credit / debit card receivables to the extent of Rs 400 million by way of hypothecation. Interest is charged at 11.10% p.a. and is payable monthly. The said loan is repayable on maturity.
- iii) The Company had availed an overdraft facility of Rs 100 million (previous year Rs 50 million) with Royal Bank of Scotland with an interest rate of 10.95% p.a. and 18% p.a. if the facility extends beyond Rs. 100 million. This overdraft facility will be used for financing the working capital requirement and will be repayable on demand.
- iv) During the previous year the company had taken a loan of Rs. 50 million at an interest rate of 10.25% p.a. from Westlife Development Limited (WDL). The said loan was repayable on demand. In the current year WDL has transferred its lending business to West Leisure Resorts Private Limited, consequently the said inter-corporate deposit has been transferred to West Leisure Resorts Limited. Currently the loan carries an interest rate of 11.00% p.a.

**Note - 8a - Trade Payable**

Trade payables (Refer note - 39 )	589.11	569.44
<b>Total</b>	<b>589.11</b>	<b>569.44</b>

**Note - 8b - Other Current Liabilities**

Security Deposits	2.11	0.11
Book overdrafts	104.76	94.53
Statutory Dues Payables	59.32	54.60
Liability for capital expenditure	135.30	183.48
Advance received from supplier	5.00	-
Unearned Revenue	-	21.97
Current Maturity of Long Term Borrowings (Refer note i below)	58.33	-
Interest accrued but not due on borrowings	9.92	1.22
Employee related liabilities	95.18	129.49
Other payables	80.24	43.79
<b>Total</b>	<b>550.16</b>	<b>529.19</b>

- i) Current maturity of long term borrowings refer Note 4 (i)

**Note - 9 - Short Term Provisions**

**Provision for employee benefits**

Provision for gratuity (Refer Note - 30)	34.11	23.43
Provision for leave benefits	13.88	13.27
<b>Total</b>	<b>47.99</b>	<b>36.70</b>



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**HARDCASTLE RESTAURANTS PRIVATE LIMITED**

Notes to the Financial Statements for the year ended March 31, 2014

**Note - 10 - Fixed Assets and Depreciation**

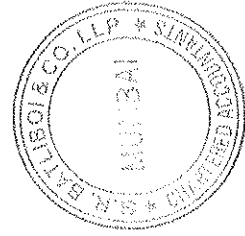
	Gross Block (At cost)				Depreciation / Amortisation		Net Block			
	As at 01-04-2013	Additions / Adjustments	Deductions / Adjustments	As at 31-03-2014	As at 01-04-2013	For the year	Deductions / Adjustments	As at 31-03-2014	As at 31-03-2013	
	(Rs. in millions)									
<b>TANGIBLE ASSETS</b>										
Lease hold Land	10.50	-	-	10.50	1.84	0.17	-	2.01	8.49	8.66
Buildings	146.16	-	(0.61)	145.55	70.64	5.50	(0.16)	1.84	8.66	8.83
Leasehold Improvements	1,669.82	527.15	(27.91)	2,169.06	65.24	5.53	(0.13)	75.98	69.57	75.52
Restaurant Equipments	1,132.59	537.76	(20.53)	1,669.82	374.51	131.87	(19.59)	70.64	75.52	81.60
Furniture & Fixtures	1,673.25	473.13	(29.54)	2,116.84	289.86	99.29	(14.64)	486.79	1,682.27	1,295.31
Office Equipments	1,208.51	509.70	(44.96)	1,673.25	568.21	203.07	(22.58)	374.51	1,295.31	862.73
Computers	343.93	102.00	(4.99)	440.94	145.16	49.96	(3.31)	748.70	1,368.14	1,105.04
Motor Vehicles	252.92	104.41	(13.40)	343.93	123.10	32.94	(10.89)	191.81	1,105.04	744.41
Sub Total	20.12	5.61	(0.02)	25.71	10.55	3.25	(0.02)	145.16	249.13	198.77
	9.99	10.69	(0.56)	20.12	7.92	3.09	(0.46)	13.78	11.93	9.57
	35.30	6.57	(1.62)	40.25	17.31	6.53	(1.62)	22.22	18.03	17.99
	22.42	13.82	(0.94)	35.30	13.72	4.53	(0.94)	17.31	17.99	8.70
	52.54	2.87	(6.75)	48.66	29.96	8.50	(6.74)	31.72	16.94	22.58
	36.48	16.53	(0.49)	52.54	25.49	4.96	(0.49)	29.96	22.58	10.99
	3,951.62	1,117.33	(71.44)	4,997.51	1,218.18	408.85	(54.02)	1,573.01	3,424.50	2,733.44
	2,840.25	1,192.93	(81.56)	3,951.62	991.10	292.98	(65.90)	1,218.18	2,733.44	1,849.15
<b>INTANGIBLE ASSETS</b>										
Initial Location & License Fee	344.31	60.92	-	405.23	64.88	19.71	-	84.59	320.64	279.43
Computer Software	264.47	79.84	-	344.31	49.75	15.15	-	64.88	279.43	214.74
Sub Total	49.35	23.67	-	73.02	39.60	6.46	-	46.06	26.96	9.75
	46.15	3.20	-	49.35	34.37	5.23	-	39.60	9.75	11.78
	393.66	84.59	-	478.25	104.48	26.17	-	130.65	347.60	289.18
	310.62	83.04	-	393.66	84.10	20.38	-	104.48	289.18	226.52
<b>TOTAL</b>	<b>4,345.28</b>	<b>1,201.92</b>	<b>(71.44)</b>	<b>5,475.76</b>	<b>1,322.66</b>	<b>435.02</b>	<b>(54.02)</b>	<b>1,703.66</b>	<b>3,772.10</b>	<b>3,022.62</b>
Previous Year	3,150.87	1,275.97	(81.56)	4,345.28	1,073.20	313.36	(65.90)	1,322.66	3,022.62	

(figures in italics pertain to previous year)

**Notes :**

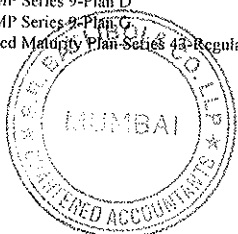
The company has created an exc. use charge in favour of ING-Vyasa on immovable fixed assets having area of 1,291.76 sq.m. located at Kalamboli, Navi Mumbai. Further a promissory note of Rs. 70.00 millions ( previous year Rs 70.00 millions ) has been issued as a continuing security. This charge is created to avail the facility of cash credit / short term loan or issuing letter of Credit / Letter of undertaking / Bank guarantees upto Rs. 70.00 millions ( previous year Rs 70.00 millions ). Further this facility also covers hedging of foreign exchange risk or entering into forward / derivatives upto Rs. 20.00 million ( previous year Rs 20.00 million )

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**HARDCASTLE RESTAURANTS PRIVATE LIMITED**  
**Notes to the Financial Statements for the year ended March 31, 2014**

	As at March 31, 2014 (Rs in Millions)	As at March 31, 2013 (Rs in Millions)
<b>Note - 11 - Non Current Investment (Valued at cost)</b>		
Unquoted investments		
Investments in Mutual funds ( Fixed term plan)		
Face Value Rs.10 each		
1,00,00,000 (Previous year Nil) units of Birla Sunlife Fixed Term Plan-Series II (527 days)-Growth Regular	100.00	-
50,00,000 (Previous year Nil) units of HDFC FMP 554 Days November 2013-(1) Series 28- Regular Growth	50.00	-
50,00,000 (Previous year Nil) units of Reliance Fixed Horizon Fund XXIV Series-Series 22-Growth Plan	50.00	-
<b>Total</b>	<b>200.00</b>	<b>-</b>
Aggregate amount of Unquoted Investments		
	200.00	-
<b>Note - 12 - Long term Loans and Advances (Unsecured, considered good unless otherwise stated)</b>		
Security deposits to lessors	473.45	423.45
Security deposits - others	28.58	18.98
Capital advances	11.73	16.89
Balances with Statutory/Government authorities	70.74	10.82
Advances to suppliers	3.70	3.70
Advance income tax (net of provisions)	17.75	7.86
MAT Credit entitlement	28.57	27.01
Loans to others	68.67	73.36
Pre-paid expenses	5.23	5.47
<b>Total</b>	<b>708.42</b>	<b>587.54</b>
Security deposits to lessors include Rs. 2.00 million (previous year Rs 7.25 million) deposited with companies in which a director is interested. Maximum balance outstanding during the year is Rs. 2.00 million (previous year Rs 12.25 million).		
<b>Note - 13 - Other Non Current Assets</b>		
Deposit with Bank for original maturity more than 12 months	0.96	0.08
<b>Total</b>	<b>0.96</b>	<b>0.08</b>
<b>Note - 14 - Current Investments (Valued at lower of cost and fair value)</b>		
Unquoted investments		
Investments in Mutual Fund		
Face Value of Rs.100 each		
Nil (Previous year - 17,735.14) units in Birla Sunlife Mutual Fund Growth Plan	-	5.00
10,62,646.791 (Previous year Nil) units of Birla Sunlife Floating Rate Fund Short Term plan-Growth-Regular Plan	181.08	-
9,67,373.663 (Previous year Nil) units of ICICI Prudential Money Market Fund-Regular Plan- Growth	171.32	-
75,85,439.377 (Previous year Nil) units of HDFC liquid fund- Growth	191.69	-
Face Value of Rs.10 each		
66,34,071 (Previous year - Nil) units of ICICI Interval Fund Annual Return - Plan IV - Regular Plan - Growth	100.00	-
150,00,000 (Previous year Nil) units of Birla Sunlife FTP-Series II- 368 days-Growth Regular	150.00	-
30,00,000 (Previous Year Nil) units of Birla Sunlife FTP-Series IT 367 days-Growth Regular	30.00	-
50,00,000 (Previous year Nil) units of Birla Sunlife FTP-Series IW 368 days-Growth Regular	50.00	-
10,00,000 (Previous year Nil) units of Birla Sunlife FTP-SERIES JA 366 days-Growth regular	10.00	-
50,00,000 (Previous year Nil) units of ICICI FMP-Series 70-367 D Plan N-Regular Plan-Cumulative	50.00	-
70,00,000 (Previous year Nil) units of ICICI FMP-Series 70-369 D Plan O-Regular Plan-Cumulative	70.00	-
20,00,000 (Previous year Nil) units of ICICI FMP-Series 71-366 D Plan C-Regular Plan-Cumulative	20.00	-
20,00,000 (Previous year Nil) units of ICICI FMP-Series 71-369 D Plan F- Regular Plan-Cumulative	20.00	-
70,00,000 (Previous year Nil) units of HDFC FMP 372 Days October 2013 (1) Series 28-regular-Growth	70.00	-
30,00,000 (Previous year Nil) units of HDFC FMP 369 Days December 2013 (1) Series 29-regular Growth	30.00	-
20,00,000 (Previous year Nil) units of HDFC FMP 371 Days December 2013 (2) Series 29-regular-Growth	20.00	-
20,00,000 (Previous year Nil) units of Reliance Fixed Horizon Fund XXV Series 2- Growth Plan-9WGP	20.00	-
20,00,000 (Previous year Nil) units of Religare Invesco FMP-Series XXI - Plan E (370 days)-Growth	20.00	-
50,00,000 (Previous year Nil) units of IDFC Fixed Term Plan 44 Regular Plan Growth	50.00	-
50,00,000 (Previous year Nil) units of L & T FMP Series 9-Plan D	50.00	-
10,00,000 (Previous year Nil) units of L & T FMP Series 9-Plan G	10.00	-
30,00,000 (Previous year Nil) units of DWS Fixed Maturity Plan-Series 4a-Regular Plan Growth	30.00	-
<b>Total</b>	<b>1,344.09</b>	<b>5.00</b>
Aggregate amount of Unquoted Investments		
	1,344.09	5.00



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**HARDCASTLE RESTAURANTS PRIVATE LIMITED**  
Notes to the Financial Statements for the year ended March 31, 2014

	As at March 31, 2014 (Rs in Millions)	As at March 31, 2013 (Rs in Millions)
<b>Note - 15 - Inventories</b> (Valued at lower of cost and net realisable value)		
Food Items (Includes goods in transit Rs 2.19 million (Previous Year Rs 4.76 million))	104.23	88.12
Paper Products (Includes goods in transit Rs. 0.42 million (Previous Year Rs.0.64 million))	40.84	33.08
Toys & premiums	12.39	20.95
Stores, spares & consumables (Includes goods in transit Rs 0.11 million (Previous Year Rs 0.09 million))	42.01	35.18
<b>Total</b>	<b>199.47</b>	<b>177.33</b>
<b>Note - 16 - Trade Receivables</b> (Unsecured, considered good unless otherwise stated)		
Outstanding for a period exceeding six months from the date they are due for payment	1.44	-
Other receivables	63.15	82.77
<b>Total</b>	<b>64.59</b>	<b>82.77</b>
<b>Note - 17 - Cash and Bank Balances</b>		
<b>17.1 Cash and cash equivalents</b>		
Balances with banks:		
- On current accounts	13.93	7.35
Cash on Hand	106.08	117.10
	<b>120.01</b>	<b>124.45</b>
<b>17.2 Other Bank Balances</b>		
- Deposits with original maturity for more than 12 months	0.81	0.01
- Deposits with original maturity for more than 3 months but less than 12 months	-	0.70
	<b>0.81</b>	<b>0.71</b>
<b>Total</b>	<b>120.82</b>	<b>125.16</b>
<b>Note - 18 - Short Term Loan and Advances (Unsecured, considered good)</b>		
Security deposits to lessors	7.43	4.50
Employee advances	1.82	2.16
Lease hold improvements contributions receivable	18.11	14.69
Balances with Statutory/Government authorities	27.50	-
Advances to suppliers	16.57	52.19
Sundry deposits	5.66	5.66
Loans to others	4.69	4.69
Prepaid expenses	20.59	14.89
<b>Total</b>	<b>102.37</b>	<b>98.78</b>
Security deposits to lessors include Rs. 5.25 million (previous year Nil) deposited with companies in which a director is interested. Maximum balance outstanding during the year is Rs. 5.25 million (previous year Nil).		
<b>Note - 19 - Other Current Assets</b>		
Other receivables (Unsecured, considered good)	164.74	133.38
Unamortized premium on forward contracts	3.70	4.79
<b>Total</b>	<b>168.44</b>	<b>138.17</b>

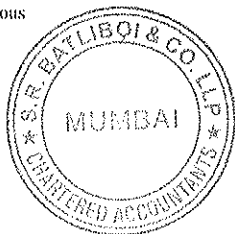


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**HARDCASTLE RESTAURANTS PRIVATE LIMITED**  
**Notes to the Financial Statements for the year ended March 31, 2014**

	For the year ended March 31, 2014 (Rs in Millions)	For the year ended March 31, 2013 (Rs in Millions)		
<b>Note - 20 - Revenue From Operations ( Net)</b>				
Sales	7,319.03	6,747.66		
Other Operating Revenue				
Conducting Fees	3.08	3.92		
Franchising Income	7.43	9.03		
Scrap Sales	9.88	8.34		
Space Rental	44.50	41.39		
<b>Total</b>	<b>7,383.92</b>	<b>6,810.34</b>		
<b>Note - 21 - Other Income</b>				
Interest Income				
- on Bank Deposits	0.13	4.49		
- Others	0.11	0.30		
Gain on sale of current investment	34.73	8.75		
Compensation received for closure of a store	-	29.50		
Other Non-operating income	9.40	5.03		
<b>Total</b>	<b>44.37</b>	<b>48.07</b>		
<b>Note - 22 - Cost of Raw Materials Consumed</b>				
Stock at commencement of the year	142.15	112.30		
Add: Purchases during the year	3,207.86	3,112.97		
	3,350.01	3,225.27		
Less: Stock at end of the year	157.46	142.15		
<b>Total</b>	<b>3,192.55</b>	<b>3,083.12</b>		
<b>22.1 - Details of Raw Materials Consumed</b>				
Food	2,724.29	2,612.48		
Paper	367.31	357.62		
Toys & Premiums	100.95	113.02		
<b>Total</b>	<b>3,192.55</b>	<b>3,083.12</b>		
<b>22.2 - Value of Imported and indigenous Raw Materials Consumed:</b>				
Imported	93.11	2.92%	102.89	3.34%
Indigenous	3,099.44	97.08%	2,980.23	96.66%
	<b>3,192.55</b>	<b>100.00%</b>	<b>3,083.12</b>	<b>100.00%</b>



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**HARDCASTLE RESTAURANTS PRIVATE LIMITED**  
**Notes to the Financials Statements for the year ended March 31, 2014**

**For the year ended**  
**March 31, 2014**  
**(Rs in Millions)**

**For the year ended**  
**March 31, 2013**  
**(Rs in Millions)**

**Note - 23 - Employee Benefits Expense**

Salaries, wages and bonus	808.14	673.12
Contribution to provident fund and other funds	64.99	52.93
Gratuity Expenses (Refer Note - 30)	8.47	9.69
Staff Welfare expenses	25.33	25.12
<b>Total</b>	<b>906.93</b>	<b>760.86</b>

**Note - 24 - Other Expenses**

Electricity, Gas and Other Utilities	813.76	629.82
Conducting Charges	598.22	497.53
Advertising & Promotional Expenses	406.15	404.46
Royalty Fee	231.88	213.14
Maintenance & Repairs - Restaurant Equipments	106.08	90.39
Maintenance & Repairs - Others	86.60	67.30
Operating Supplies at Stores	108.24	84.34
Travelling Expenses	46.39	42.11
Consultancy & Professional Fees (Refer Note 24.1 below)	75.35	57.86
Rent Expenses	32.28	33.08
Loss on sale / write off of fixed assets	46.07	7.50
Training and Development Expenses	20.00	14.19
Telephone Expenses	15.75	18.75
Rates & Taxes	10.45	11.70
Insurance	7.64	7.93
Foreign Exchange differences (net)	4.52	5.54
Miscellaneous Expenses	229.31	201.73
<b>Total</b>	<b>2,838.69</b>	<b>2,387.37</b>

**24.1 - Payments to Auditors ( exclusive of service tax)**

Consultancy & Professional fees include auditors fees as follows:

**As Auditor**

Statutory Audit fees 3.28 2.30

**In other capacity**

Other services (certification fees) - 0.11

Reimbursement of expenses 0.08 0.04

**3.36 2.45**

**Note - 25 - Finance Cost**

Interest		
- Buyer's credit	5.40	1.04
- Inter Corporate Deposit	11.44	0.20
- Term Loan	9.10	-
- Bank overdraft	4.80	0.07
Premium on forward exchange contracts amortised	11.19	1.96
Bank charges	5.75	2.82
<b>Total</b>	<b>47.68</b>	<b>6.09</b>



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