

**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 31 March 2017, 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**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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 specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016. This responsibility includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the financial statements.



# SRBC & CO LLP

Chartered Accountants

Hardcastle Restaurants Private Limited  
Audit report for the year ended 31 March 2017  
Page 2 of 8

## Opinion

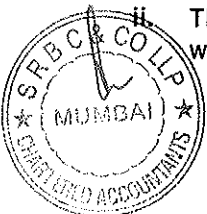
In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2017, its loss and its cash flows for the year ended on that date.

## Emphasis of Matter

We draw attention to Note 31 to the financial statements in respect of pending approval from the Central Government for managerial remuneration paid by Company for the period April 2013 to March 2015 in excess of the limit specified under applicable Companies Act by Rs. 23.59 Million. Pending such approval, no adjustments have been made in the 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, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
  - (a) We have sought and 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 it 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 aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016;
  - (e) On the basis of written representations received from the directors as on 31 March 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017, from being appointed as a director in terms of section 164 (2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 30 to the financial statements;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.



# **S R B C & CO LLP**

Chartered Accountants

Hardcastle Restaurants Private Limited

Audit report for the year ended 31 March 2017

Page 3 of 8

- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. The Company has provided requisite disclosures in Note 38 to these financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts and other records maintained by the Company and as produced to us by the Management.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

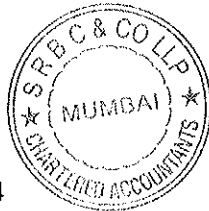


per Jayesh Gandhi  
Partner

Membership Number: 37924

Place of Signature: Mumbai

Date: 11 May 2017



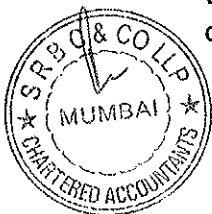
# SRBC & CO LLP

Chartered Accountants

Hardcastle Restaurants Private Limited  
Audit report for the year ended 31 March 2017  
Page 4 of 8

Annexure 1 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) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such 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, Limited Liabilities Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3 (iii) (a), (b) and (c) of the Order 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 are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 of the Companies Act 2013 are applicable and hence not commented upon. The Company has complied with the provisions of section 186 of the Companies Act 2013 in respect of loans and advances given, investments made, guarantees and securities given.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products of the Company.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, value added tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay



# SRBC & CO LLP

Chartered Accountants

Hardcastle Restaurants Private Limited  
Audit report for the year ended 31 March 2017  
Page 5 of 8

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, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other statutory dues were outstanding, at the year-end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, duty of custom, duty of excise and value added tax 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	44.06	2000-01 to 2005-06	Appellate Tribunal, Mumbai
Bombay Sales Tax Act, 1959	Sales Tax demand	2.53	2003-04 to 2004-05	Commissioner of Sales Tax (Appeal), Mumbai
Karnataka Value Added Tax, 2003	Sales Tax demand	516.21	2008-09 to 2013-14	High Court of Karnataka
Tamilnadu Value Added Tax, 2006	Sales Tax demand	252.92	2008-09 to 2012-13	Appellate Deputy Commissioner, Chennai

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowings to a bank. The Company did not have any outstanding loans or borrowings dues in respect of a financial institution, government or dues to debenture holders during the year.
- (ix) In our opinion and according to the information and explanations given by the management, monies raised by the Company by way of term loans were applied for the purposes for which the loans were obtained. The Company has not raised any money by way of initial public offer or further public offer or debt instruments.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.



# **S R B C & C O L L P**

Chartered Accountants

Hardcastle Restaurants Private Limited  
Audit report for the year ended 31 March 2017  
Page 6 of 8

- (xi) According to the information and explanations given by the management, during the year the managerial remuneration has been paid/provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013. Further, the Company has paid managerial remuneration for the period April 2013 to March 2015 in excess of the limit specified under applicable Companies Act by Rs. 23.59 Million. The Company has made an application to the Central Government for approval of such excess remuneration; pending approval, no steps for recovery is considered necessary by the management.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and hence not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S R B C & C O L L P  
Chartered Accountants  
ICAI Firm Registration Number: 324982E/E300003



per Jayesh Gandhi  
Partner  
Membership Number: 37924  
Place: Mumbai  
Date: 11 May 2017



## ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF HARDCASTLE RESTAURANTS PRIVATE LIMITED

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Hardcastle Restaurants Private Limited ("the Company") as of 31 March 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditor's Responsibility

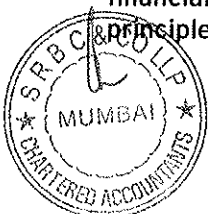
Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies



# **S R B C & CO LLP**

Chartered Accountants

Hardcastle Restaurants Private Limited  
Audit report for the year ended 31 March 2017  
Page 8 of 8

and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S R B C & CO LLP  
Chartered Accountants  
ICAI Firm Registration Number: 324982E/E300003



per Jayesh Gandhi  
Partner  
Membership Number: 37924  
Place: Mumbai  
Date: 11 May 2017





**HARDCASTLE RESTAURANTS  
PRIVATE LIMITED**

**AUDITED FINANCIALS AS ON  
MARCH 31, 2017**

**HARDCASTLE RESTAURANTS PRIVATE LIMITED**  
**Balance Sheet as at March 31, 2017**

	Notes	As at March 31 2017 (Rs in Millions)	As at March 31 2016 (Rs in Millions)
<b>Equity and Liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	2	1,747.63	1,655.00
Reserves and surplus	3	2,966.36	(947.84)
		<b>4,713.99</b>	<b>707.16</b>
<b>Non-current liabilities</b>			
Long-term borrowings	4	-	4,200.00
		<b>-</b>	<b>4,200.00</b>
<b>Current liabilities</b>			
Short-term borrowings	5	1,829.02	1,232.54
Trade payables	6		
• Total outstanding dues of micro enterprises and small enterprises		-	-
• Total outstanding dues of creditors other than micro enterprises and small enterprises		782.49	676.82
Other current liabilities	7	887.97	968.78
Short-term provisions	8	68.46	73.26
		<b>3,567.94</b>	<b>2,951.40</b>
<b>TOTAL</b>		<b>8,281.93</b>	<b>7,858.56</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets	9		
Property, plant and equipment		4,400.26	4,150.03
Intangible assets		441.18	408.59
Capital work-in-progress		171.57	184.31
Non-current investments	10	595.96	250.00
Loans and advances	11	946.22	874.13
Other non-current assets	12	0.77	0.09
		<b>6,555.96</b>	<b>5,867.15</b>
<b>Current assets</b>			
Current investments	10	1,053.28	1,264.51
Inventories	13	302.39	278.23
Trade receivables	14	49.22	42.04
Cash and bank balances	15	68.39	67.22
Loans and advances	11	199.53	328.18
Other current assets	16	53.16	11.23
		<b>1,725.97</b>	<b>1,991.41</b>
<b>TOTAL</b>		<b>8,281.93</b>	<b>7,858.56</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 B C & CO LLP  
Chartered Accountants  
Firm Registration No. 324982E/E300003

per Jayesh Gandhi  
Partner  
Membership No. 37924



Place :- Mumbai  
Date :- May 11, 2017

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

Banwari Lal Jatia  
Director

Ranjit Paliath  
Director

Radha Jain  
Company Secretary

Suresh Lakshminarayanan  
Chief Financial Officer

Place :- Mumbai  
Date :- May 11, 2017

**HARDCASTLE RESTAURANTS PRIVATE LIMITED**  
**Statement of Profit and Loss for the year ended March 31, 2017**

	Notes	For the year ended March 31, 2017 (Rs in Millions)	For the year ended March 31, 2016 (Rs in Millions)
<b>Income</b>			
Revenue from operations (Net)	17	9,305.90	8,331.17
Other income	18	198.82	94.63
<b>Total revenue (I)</b>		<b>9,504.72</b>	<b>8,425.80</b>
<b>Expenses</b>			
Cost of materials consumed	19	3,661.13	3,329.88
Employee benefits expense	20	1,407.34	1,240.23
Other expenses	21	3,763.43	3,330.46
<b>Total (II)</b>		<b>8,831.90</b>	<b>7,900.57</b>
<b>Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) (I) – (II)</b>		<b>672.82</b>	<b>525.23</b>
Depreciation and amortisation expense	9	637.24	576.53
Finance costs	22	153.75	149.91
<b>Profit / (Loss) before tax and exceptional items</b>		<b>(118.17)</b>	<b>(201.21)</b>
Exceptional Items (Refer Note 37)		-	234.01
<b>Profit / (Loss) before tax</b>		<b>(118.17)</b>	<b>32.80</b>
<b>Tax expenses</b>			
Current Tax		-	6.69
Less : MAT credit entitlement		-	(6.69)
<b>Total tax expense</b>		<b>-</b>	<b>-</b>
<b>Profit / (Loss) for the year</b>		<b>(118.17)</b>	<b>32.80</b>
<b>Earning Per Equity Share</b>			
Basic & Diluted Earning per Share (Rs)		(380.26)	105.81
Weighted average number of equity shares for computing EPS		310,761	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 B C & CO LLP  
Chartered Accountants  
Firm Registration No. 324982E/E300003

per Jayesh Gandhi  
Partner  
Membership No. 37924



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

Banwari Lal Jatia  
Director

Ranjit Paliath  
Director

Radha Jain  
Company Secretary

Suresh Lakshminarayanan  
Chief Financial Officer

Place :- Mumbai  
Date :- May 11, 2017

Place :- Mumbai  
Date :- May 11, 2017

**Hardcastle Restaurants Private Limited**  
**Cash flow Statement for the year ended March 31, 2017**

	For the year ended March 31, 2017 (Rs in Millions)	For the year ended March 31, 2016 (Rs in Millions)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before taxation	(118.17)	32.80
Adjustments for :		
Depreciation and amortisation expense	637.24	576.53
Loss on Sale / write off of Property, plant and equipment	29.65	50.28
Finance Cost	153.75	149.91
Interest Income	(5.70)	(4.60)
Gain on sale of current investment	(172.37)	(80.17)
<b>Operating profit before working capital changes</b>	<b>524.40</b>	<b>724.75</b>
<b>Movements in Working Capital</b>		
Decrease/(Increase) in inventories	(24.16)	(37.40)
Decrease/ (Increase) in trade receivables	(7.18)	0.33
Decrease/ (Increase) in loans and advances	102.11	(142.93)
Decrease/ (Increase) in other current assets	(41.85)	4.97
(Decrease)/Increase in trade payables	105.66	109.31
(Decrease)/Increase in other current liabilities	1.40	136.02
(Decrease)/Increase in provisions	(4.80)	8.70
<b>Cash generated from operations</b>	<b>655.58</b>	<b>803.75</b>
Taxes refund received / (Taxes Paid)	(0.50)	(4.14)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>655.08</b>	<b>799.61</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Additions to fixed assets & capital work-in-progress	(917.42)	(770.13)
Proceeds from sale of fixed assets	9.93	1.41
Interest Income	3.78	4.67
Purchase of current investments	(6,149.22)	(3,907.49)
Proceeds from sale of current investments	6,186.86	3,909.27
(Investment in) / Maturity of fixed deposits (With original maturity of three months or more)	0.20	(0.25)
Increase in long term deposits	(45.75)	(38.86)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(911.62)</b>	<b>(801.38)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from short term borrowings	16,814.02	2,160.00
Repayments of short term borrowings	(16,217.54)	(1,485.15)
Proceeds from long term borrowings	-	100.00
Repayments of long term borrowings	(187.50)	(450.42)
Proceeds from inter corporate deposits	-	18.00
Repayments of inter corporate deposits	-	(18.00)
Repayments of inter corporate deposits to holding company	(4,125.00)	-
Repayments of loan from director	-	(171.70)
Proceeds from issuance of equity share capital	4,125.00	-
Interest paid	(150.39)	(157.84)
<b>NET CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES</b>	<b>258.59</b>	<b>(5.11)</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>2.05</b>	<b>(6.88)</b>



**Hardcastle Restaurants Private Limited**  
**Cash flow Statement for the year ended March 31, 2017**

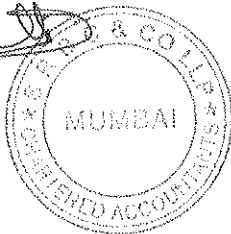
	For the year ended March 31, 2017 (Rs in Millions)	For the year ended March 31, 2016 (Rs in Millions)
Cash and cash equivalents at the beginning of the year	65.17	72.05
Cash and cash equivalents at the end of the year	67.22	65.17
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>2.05</b>	<b>(6.88)</b>
<b>Components of cash and cash equivalents</b>		
Cash and bank balances	68.39	67.22
Less: Not considered as cash and cash equivalents		
Fixed deposit with remaining maturity of more than three months	1.17	2.05
<b>Total cash and cash equivalents (Refer Note - 15.1)</b>	<b>67.22</b>	<b>65.17</b>

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

As per our report of even date

**For S R B C & CO LLP**  
**Chartered Accountants**  
**Firm Registration No. 324982E/E300003**

per Jayesh Gandhi  
**Partner**  
 Membership No. 37924



Place :- Mumbai  
 Date :- May 11, 2017

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

*Banwari Lal Jatia*  
**Banwari Lal Jatia**  
**Director**

*Ranjit Paliath*  
**Ranjit Paliath**  
**Director**

*Radha Jain*  
**Radha Jain**  
**Company Secretary**

*Suresh Lakshminarayanan*  
**Suresh Lakshminarayanan**  
**Chief Financial Officer**

Place :- Mumbai  
 Date :- May 11, 2017

**HARDCASTLE RESTAURANTS PRIVATE LIMITED**  
**Notes to the Financial Statements for the year ended March 31, 2017**

**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 accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014 and Companies (Accounting Standards) Amendment Rules, 2016.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

**b) Use of estimates**

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgement, estimates and assumptions that affect the reported amounts of asset, liabilities and the disclosure of contingent liabilities on the date of balance sheet and reported amounts of revenue and expenses for the 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) Property, plant and equipment and Depreciation**

(i) Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (if any). The 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 on property, plant and equipment is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The Company has used the following rates to provide depreciation on its property, plant and equipment.

<b>Assets</b>	<b>Useful lives estimated by the management (Years)</b>
Buildings	28
Leasehold Improvements(others)	15
Leasehold Improvements(office)	9
Restaurant Equipments	5-10
Furniture and Fixtures	5-10
Office Equipments	5
Computers	3
Vehicles	4



**HARDCASTLE RESTAURANTS PRIVATE LIMITED**  
**Notes to the Financial Statements for the year ended March 31, 2017**

Based on technical estimates, the useful lives of following assets are lower than those indicated in Schedule II to Companies Act, 2013

<b>Assets</b>	<b>Useful lives estimated by the management (Years)</b>
Buildings	28
Restaurant Equipments	5-10
Furniture ( at office premises)	5
Vehicles	4

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

**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 Property, plant and equipment 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 units (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 which 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 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.

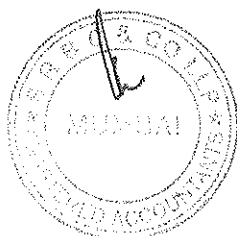
**h) Revenue Recognition**

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

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

Franchisee income, space rental and alliances income 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.



**HARDCASTLE RESTAURANTS PRIVATE LIMITED**  
**Notes to the Financial Statements for the year ended March 31, 2017**

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.

**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 retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

**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**

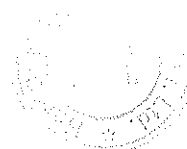
State governed Provident Fund, ESIC and Labour Welfare Fund is considered as defined contribution plan and contributions thereto are charged to the Statement of Profit and Loss for the year as they are incurred. There are no other obligations, other than the contribution payable to the respective funds.

**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.

**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.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises 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 recognises 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 recognises 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 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 recognised 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 property, plant and equipment. 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 costs 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.

**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 Schedule III of the Companies Act, 2013, 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.



As at  
**March 31, 2017**  
(Rs in Millions)

As at  
**March 31, 2016**  
(Rs in Millions)

**Note - 2 - Share Capital**

**Authorised Shares**

410,000 (Previous Year 315,000) Equity Shares of Rs 1,000 each	410.00	315.00
1,355,000 (Previous Year 1,355,000) Cumulative Redeemable Preference Shares of Rs 1,000 each.	1,355.00	1,355.00
	<b>1,765.00</b>	<b>1,670.00</b>

**Issued, subscribed and fully paid-up shares**

402,628 (Previous Year 310,000) equity Shares of Rs. 1,000 each fully paid up	402.63	310.00
1,345,000 (Previous Year 1,345,000) Cumulative Redeemable Preference Shares of Rs 1,000 each fully paid up	1,345.00	1,345.00

<b>Total issued, subscribed and fully paid-up share capital</b>	<b>1,747.63</b>	<b>1,655.00</b>
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**2.1 - Reconciliation of shares outstanding at the beginning and at the end of the reporting period**

**Equity shares**

Particulars	March 31, 2017		March 31, 2016	
	No. of shares	(Rs. in millions)	No. of shares	(Rs. in millions)
At the beginning of the year	310,000	310.00	310,000	310.00
Add - Issued during the year	92,628	92.63	-	-
Outstanding at the end of the year	402,628	402.63	310,000	310.00

**Preference shares**

Particulars	March 31, 2017		March 31, 2016	
	No. of shares	(Rs. in millions)	No. of shares	(Rs. in millions)
At the beginning of the year	1,345,000	1,345.00	1,345,000	1,345.00
Outstanding at the end of the year	1,345,000	1,345.00	1,345,000	1,345.00

**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, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. During the year ended March 31, 2017, the amount of dividend per share recognised as distribution to shareholders was Rs. Nil (Previous Year Rs. 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 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 420,000 Preference shares 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 123 of the Companies Act, 2013. 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 Bank Rate plus 3%, provided that in no case the dividend rate shall exceed 11% p.a. During the year ended March 31, 2017 the amount of dividend per share recognised as distribution to preference share holders was Rs Nil (previous year Rs. Nil). Each holder of 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.

The Company has received consent to waive the dividend payable from its CRPS Investor for the current, preceding and subsequent years on cumulative redeemable preference shares (CRPS).

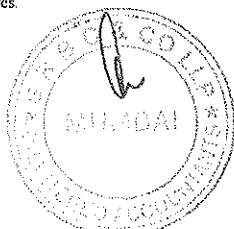
**2.4 - Shares held by the holding company- Westlife Development Limited ( WDL)**

Particulars	March 31, 2017 (Rs. in millions)	March 31, 2016 (Rs. in millions)
402,627 (Previous Year 309,999) Equity Share shares of Rs 1000 each fully paid up	402.63	310.00
1,345,000 (Previous Year 1,345,000) Cumulative Redeemable Preference Shares of Rs 1,000 each fully paid up	1,345.00	1,345.00

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

Particulars	As at March 31, 2017		As at March 31, 2016	
	No of Shares	% holding	No of Shares	% holding
Equity Shares of Rs 1,000 each fully paid up				
Westlife Development Limited ( Holding Company)	402,627	99.99%	309,999	99.99%
Cumulative Redeemable Preference Shares of Rs 1,000 each fully paid up				
Westlife Development Limited ( Holding Company)	1,345,000	100%	1,345,000	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.



**HARDCASTLE RESTAURANTS PRIVATE LIMITED**  
**Notes to the Financial Statements for the year ended March 31, 2017**

	As at March 31, 2017 (Rs in Millions)	As at March 31, 2016 (Rs in Millions)
<b>Note - 3 - Reserve and Surplus</b>		
<b>Surplus/ (deficit) in the Statement of Profit and Loss</b>		
Balance as per last financial statements	(947.84)	(980.64)
Profit / (Loss) for the year	(118.17)	32.80
<b>Net deficit in the Statement of Profit and Loss</b>	<b>(1,066.01)</b>	<b>(947.84)</b>
<b>Securities Premium</b>		
Balance as per last financial Statements	-	-
Add : Premium on issue of Equity Shares during the year	4,032.37	-
	<b>4,032.37</b>	<b>-</b>
<b>Total</b>	<b>2,966.36</b>	<b>(947.84)</b>

**Note - 4 - Long-term borrowings**

	As at March 31, 2017 (Rs in Millions)	As at March 31, 2016 (Rs in Millions)	As at March 31, 2017 (Rs in Millions)	As at March 31, 2016 (Rs in Millions)
	Long term		Current Maturity of Long term Borrowings *	
<b>Secured</b>				
Loan from Bank ( Refer note i below)	-	75.00	75.00	187.50
<b>Unsecured</b>				
<b>Inter Corporate Deposits</b>				
Westlife Development Limited ( Refer Note ii below)	-	4,125.00	-	-
<b>Total</b>	<b>-</b>	<b>4,200.00</b>	<b>75.00</b>	<b>187.50</b>

\* Amount disclosed under the head "Other Current Liabilities" ( Refer Note 7)

i) The Company had availed a loan facility of Rs. 750 million from HDFC Bank Ltd. to finance the capital expenditure. To avail this facility the Company has created a first pari passu charge on moveable fixed assets ( present and future). The Company had drawn Rs. 500 million at an interest rate of 9.45% p.a.-9.75 % p.a (Previous Year 9.75% p.a- 10.45% p.a.) under the said facility. The term loan is repayable in quarterly instalments over a period of 18 to 36 months. As at March 31, 2017 the amount outstanding in respect of the said arrangement is Rs 75 million (Previous Year Rs. 262.50 million).

ii) The Company had taken a long term interest free deposit of Rs. 2375 million from Triple A Foods Private Limited (TAF). During the financial year 2013-14, TAF has been amalgamated with Westlife Development Limited(WDL) and consequently the inter corporate deposit taken from TAF was transferred to WDL. The said deposit has been repaid during the current year.

iii) The Company had entered into a loan agreement of Rs. 1800 million with Westlife Development Limited ( Holding Company) to finance capital expenditure, working capital and general corporate requirements out of which the Company had drawn Rs 1750 million under the said agreement. The loan is interest free. The said loan has been repaid during the current year.



	As at March 31, 2017 (Rs in Millions)	As at March 31, 2016 (Rs in Millions)
<b>Note - 5 - Short-term borrowings</b>		
<b>Secured</b>		
Loan from Bank ( Refer note i and ii below)	1,075.00	1,080.00
Bank overdrafts ( Refer note ii below)	6.79	-
<b>Unsecured</b>		
Loan from Bank ( Refer note iii and iv below)	580.00	-
Bank overdrafts ( Refer note v and vi below)	167.23	152.54
<b>Total</b>	<u>1,829.02</u>	<u>1,232.54</u>

- i) The Company had availed a revolving short term loan facility of Rs. 200 million from HDFC Bank Ltd. This facility is sanctioned for the purpose of financing working capital requirements. To avail this facility, 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 7.85% p.a - 8.90% p.a. (Previous Year 9.45 % p.a - 10.15 % p.a.) and is payable monthly. The repayment period of the said loan is 30 days to 180 days. As at March 31, 2017 the amount outstanding in respect of the said facility is Rs.100 million (Previous Year Rs. 50 million).
- ii) The Company has availed a revolving short term loan facility of Rs. 1776 million (previous year Rs.1265 million) from Australia and New Zealand Banking Group Ltd (ANZ Bank) for the purpose of financing working capital requirements. Interest is charged at 7.90% p.a.- 9.35% p.a ( previous year 9.35% p.a.- 9.85% p.a.). The loan is repayable within 30 days from the date of drawdown. As at March 31, 2017 the amount outstanding in respect of the said facility is Rs.975 million (Previous Year Rs.1030 million). The Company has also availed an overdraft facility from ANZ Bank and the amount outstanding in respect of the said facility is Rs. 6.79 million (Previous year Rs. Nil) and carried an interest rate of 8.50% p.a (Previous Year Nil). To avail those short term loan and overdraft facility, the Company has created a first pari passu charge on the movable assets.
- iii) The Company has availed a revolving short term loan facility of Rs. 300 million (previous year Rs Nil) from Development Bank of Singapore for the purpose of financing working capital requirements. Interest is charged at 7.85% p.a.-7.90% p.a (Previous year Nil). The loan is repayable on demand. As at March 31, 2017 the amount outstanding in respect of the said facility is Rs.280 million (Previous Year Rs Nil).
- iv) During the year, the Company has availed an short term loan facility of Rs. 300 million (previous year Nil) with Kotak Mahindra Bank Ltd. at an interest rate of 7.85% p.a.- 9% p.a. (Previous Year Nil). This short term loan facility is for financing the working capital requirement and is repayable on demand. As at March 31, 2017 the amount outstanding in respect of the said facility is Rs. 300 million (Previous year Rs Nil).
- v) The Company has availed an overdraft facility of Rs. 200 million (previous year Rs. 200 million) with Kotak Mahindra Bank Ltd at an interest rate of 10.30% p.a - 10.50% p.a. (Previous Year 9.50% p.a - 10.75% p.a.). This overdraft facility is for financing the working capital requirement and is repayable on demand. As at March 31, 2017 the Company has utilised Rs.167.23 million (Previous Year Rs. Nil) under this facility.
- vi) The Company has availed an overdraft facility of Rs 200 million (Previous Year Rs 200 million) with Royal Bank of Scotland with an interest rate of 10.15% p.a. (Previous Year 9.35% p.a.-10.35% p.a.) and 18% p.a. if the facility extends beyond Rs.200 million. This overdraft facility is for financing the working capital requirement and is repayable on demand. As at March 31, 2017 the Company has utilised Rs. Nil (Previous Year Rs. 152.54 million) under this facility.

	As at March 31, 2017 (Rs in Millions)	As at March 31, 2016 (Rs in Millions)
<b>Note - 6 - Trade payables</b>		
Trade Payable ( Refer Note - 35)	782.49	676.82
<b>Total</b>	<u>782.49</u>	<u>676.82</u>
<b>Note - 7 - Other current liabilities</b>		
Current Maturity of long term borrowings (Refer Note 4)	75.00	187.50
Security deposits	6.03	5.27
Bank overdrafts	41.44	144.19
Statutory dues	106.54	80.05
Liability for capital expenditure	330.39	316.69
Interest accrued but not due on borrowings	8.55	5.18
Employee related liabilities	273.74	183.76
Other payables	46.28	46.14
<b>Total</b>	<u>887.97</u>	<u>968.78</u>

<b>Note - 8 - Short-term provisions</b>		
<b>Provision for employee benefits</b>		
Provision for gratuity (Refer Note - 27)	59.02	50.30
Provision for leave benefits	6.51	20.03
<b>Other Provisions</b>		
Provision for income tax	2.93	2.93
<b>Total</b>	<u>68.46</u>	<u>73.26</u>



**HARDCASTLE RESTAURANTS PRIVATE LIMITED**

Notes to the Financial Statements for the year ended March 31, 2017

**Note - 9 - Property, plant and equipment and Intangible assets**

	Gross Block (At cost)				Depreciation / Amortisation			Net Block	
	As at 01-04-2016	Additions / Adjustments	Deductions / Adjustments	As at 31-03-2017	As at 01-04-2016	For the year	Deductions / Adjustments	As at 31-03-2017	As at 31-03-2016
<b>Property, plant and equipment</b>									
Leasehold Land	10.50	-	-	10.50	2.36	0.17	-	2.53	7.97
Buildings	10.50	-	-	10.50	2.18	0.18	-	2.36	8.14
	142.33	-	-	142.33	85.66	5.24	-	90.90	8.52
	142.36	-	(0.03)	142.33	80.39	5.27	-	85.66	56.67
Leasehold Improvements	2,899.67	379.44	(62.43)	3,216.68	778.65	210.80	(45.34)	944.11	61.97
	2,493.47	422.55	(78.35)	2,837.67	690.34	189.96	(71.65)	778.65	2,121.02
Restaurant Equipments	2,783.07	396.12	(34.45)	3,144.74	1,167.26	302.74	(28.72)	1,441.28	1,895.73
	2,426.01	432.92	(73.86)	2,783.07	939.98	262.73	(35.45)	1,441.28	1,615.81
Furniture and Fixtures	593.40	90.19	(20.52)	662.07	274.34	56.19	(17.45)	1,167.26	1,486.03
	520.23	79.21	(7.04)	592.40	227.02	53.49	(6.17)	313.08	348.99
Office Equipments	27.99	0.47	-	28.46	16.50	5.10	-	274.34	518.06
	23.05	5.97	(1.03)	27.99	12.58	4.89	(0.97)	21.60	293.21
Computers	48.44	2.73	(1.17)	50.00	46.72	2.71	(1.17)	16.50	11.49
	43.78	4.50	(1.84)	48.44	36.41	12.15	(1.84)	48.26	10.47
Vehicles	61.20	-	(19.31)	41.89	44.08	9.43	(18.86)	46.72	1.72
	61.62	1.24	(1.66)	61.20	33.97	9.77	(1.66)	34.65	7.24
<b>Sub Total</b>	<b>6,565.60</b>	<b>868.95</b>	<b>(137.88)</b>	<b>7,296.67</b>	<b>2,415.57</b>	<b>592.38</b>	<b>(111.54)</b>	<b>2,896.41</b>	<b>4,400.26</b>
	5,723.02	946.39	(705.81)	6,565.60	1,934.87	538.44	(57.74)	2,415.57	3,790.15
<b>Intangible assets</b>									
Initial Location & License Fee	512.53	49.81	-	562.34	134.54	30.55	-	165.09	397.25
	464.65	47.88	-	512.53	107.50	27.04	-	134.54	377.99
Computer Software	97.14	27.64	-	124.78	66.54	14.31	-	80.85	43.95
	84.11	13.03	-	97.14	55.49	11.05	-	66.54	30.60
<b>Sub Total</b>	<b>609.67</b>	<b>77.45</b>	<b>-</b>	<b>687.12</b>	<b>201.08</b>	<b>44.86</b>	<b>-</b>	<b>245.94</b>	<b>408.59</b>
	548.76	60.91	-	609.67	162.99	38.09	-	201.08	383.77
<b>TOTAL</b>	<b>7,175.27</b>	<b>946.40</b>	<b>(137.88)</b>	<b>7,983.79</b>	<b>2,616.65</b>	<b>637.24</b>	<b>(111.54)</b>	<b>3,142.35</b>	<b>4,841.44</b>
Previous Year	6,273.78	1,007.30	(105.81)	7,175.27	2,097.86	576.53	(57.74)	2,616.65	4,558.62

(figures in italics pertain to previous year)



**HARGCASTLE RESTAURANTS PRIVATE LIMITED**

Notes to the Financial Statements for the year ended March 31, 2017

Non-Current		Current	
As at	As at	As at	As at
March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
(Rs in Millions)	(Rs in Millions)	(Rs in Millions)	(Rs in Millions)

**Note - 10 - Investment**
**Non-Trade Investments**
**(a) Investments in Mutual Funds (unquoted) (valued at cost or fair value whichever is lower)**
**Face Value of Rs. 100 each**

90,765.829 (Previous year 48,725.625) units of Birla Sunlife Floating Rate Fund Short Term plan-Growth-Regular Plan	-	-	19.62	9.62
1,14,473.321 (Previous year Nil) units of Birla Sun Life Cash Plus-Growth-Regular Plan	-	-	29.81	-
24,622.558 (Previous year Nil) units of ICICI Prudential - Liquid Plan- Growth	-	-	5.91	-
Nil (Previous year 13,503) units of HDFC liquid fund- Growth	-	-	-	39.57
38,624.457 (Previous year Nil) units of Reliance Liquid Fund- Treasury Plan-Growth Plan- Growth Option	-	-	152.67	-
6,296,341.071 (Previous year Nil) units of BSL Medium Term Plan Growth Regular Plan	-	-	125.00	-

**Face Value Rs.10 each**

50,00,000 (Previous year 50,00,000) units of Reliance Fixed Horizon Fund XXIV Series-22-Growth Plan	-	50.00	66.63	-
50,00,000 units (Previous year Nil) HDFC FMP 1309D September 2016 (1) Series 37 Regular Plan Growth	52.53	-	-	-
Nil (Previous year 81,88,000) units of L & T Mutual Fund FMP VII (April 1124 D A) Growth	-	-	-	97.23
2,00,00,000 (Previous year 2,00,00,000) units of HDFC FMP 1161 Days Feb 2016 (1) Growth	226.01	200.00	-	-
1,26,50,585 (Previous year Nil) units of ICICI Prudential FMP series 79-1218 days Plan A- Cumulative	137.42	-	-	-
1,00,00,000 (Previous year Nil) units of HDFC FMP 1188 D March-2017- Series 38- Regular Plan- Growth	100.00	-	-	-
Nil (Previous year 1,93,85,910.15) units of IFIL Cash Opportunities Fund	-	-	-	199.46
Nil (Previous year 43,38,560.83) units of IDFC Dynamic Bond Fund - Growth Regular Plan.	-	-	-	73.64
Nil (Previous year 3156.67) units of ICICI Prudential Money Market Fund Growth	-	-	-	0.65
Nil (Previous year 45,475.77) units of L & T Cash Fund- Growth	-	-	-	53.85
Nil (Previous year 27,47,678.634) units of Kotak Treasury Advantage Fund Growth (Regular Plan)	-	-	-	65.05
Nil (Previous year 1,31,30,000) units of Kotak Mahindra Mutual Fund FMP Series 131-1061 days Non Direct Growth	-	-	-	164.16
63,21,472.14 (Previous year Nil) units of ICICI Prudential Regular Plan- Income Fund- Growth	-	-	100.00	-
35,69,367.69 (Previous year Nil) units of ICICI Prudential Regular Plan Savings Fund- Growth	-	-	60.00	-
Nil (Previous year 35,51,347.53) units of ICICI Prudential Short term Plan-Regular Plan Growth	-	-	-	107.50
Nil (Previous year 19,04,168.97) units of IDFC - Super Saver Income Fund - Short Term - Growth- (Regular Plan)	-	-	-	57.50
1,00,00,000 (Previous year Nil) units of IFIL Income Opportunities Series-Debt Advantage (Category II)	-	-	100.00	-
Nil (Previous year 37,24,568.32) units of HDFC Gift Fund- Long term Growth	-	-	-	105.38
98,16,906.905 (Previous year 1,35,81,967.15) units of Edelweiss Government Securities(erstwhile J.P. Morgan India Government Securities Fund) - Regular Plan Growth	-	-	108.46	150.00

**(b) Investment in structured products (unquoted) (valued at cost or fair value whichever is lower)**
**Debt**

1,000 (Previous year Nil) units of IFIL Wealth Finance Ltd. SR-EWFEFC1072	-	-	107.64	-
800 (Previous year Nil) units of IFIL Wealth Finance Ltd. SR-IFPD-4A	80.00	-	-	-
335 (Previous year Nil) units of ECL Finance Limited SR-G711502A	-	-	39.35	-
289 (Previous year Nil) units of Edelweiss Finance & Investments Ltd	-	-	33.83	-
1,000 (Previous year Nil) units of ECL Finance Limited SR-K81601B	-	-	104.36	-
Nil (Previous year 1,005) units of Reliance Capital Limited	-	-	-	121.09

**Equity**

Nil (Previous year 200) units of Reliance Capital Ltd	-	-	-	19.81
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**Total**

595.96	250.00	1,053.28	1,264.51
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**Aggregate amount of Unquoted Investments**

595.96	250.00	1,053.28	1,264.51
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Non-Current		Current	
As at	As at	As at	As at
March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
(Rs. in millions)	(Rs. in millions)	(Rs. in millions)	(Rs. in millions)

**Note - 11 - Loans and Advances (Unsecured, considered good unless otherwise stated)**

Security deposits to lessors	612.32	566.57	16.24	5.00
Security deposits to others	38.64	40.14	-	0.40
Capital advances	7.94	10.49	-	-
Balances with Statutory/Government authorities	169.60	121.70	44.31	204.99
Employee advances	-	-	3.89	4.82
Leasehold improvements contributions receivable	-	-	30.76	38.33
Advances to suppliers	-	-	69.51	48.52
Advance income tax (net of provisions)	19.96	17.62	-	-
MAT Credit entitlement	35.25	35.25	-	-
Loans to others	56.48	75.12	18.60	10.69
Pre-paid expenses	6.03	7.24	16.22	15.43
<b>Total</b>	<b>946.22</b>	<b>874.13</b>	<b>199.53</b>	<b>328.18</b>

Security deposits to lessors include Rs. 15.50 million (Previous Year Rs 9.50 million) deposit given to related party.

Security deposits to others include Rs. Nil (Previous Year Rs 0.63 million) deposit given to related party.

Advances to suppliers includes Rs.5.95 million (Previous Year Nil) advance given to related party.



**HARDCASTLE RESTAURANTS PRIVATE LIMITED**

Notes to the Financials Statements for the year ended March 31, 2017

	As at March 31, 2017 (Rs. in millions)	As at March 31, 2016 (Rs. in millions)
<b>Note - 12 - Other non-current assets</b>		
Deposit with Bank with remaining maturity for more than 12 months*	0.77	0.09
<b>Total</b>	<b>0.77</b>	<b>0.09</b>

\* includes fixed deposits with lien in favour of statutory authorities Rs. 0.77 million (Previous year Rs.0.09 million)

	As at March 31, 2017 (Rs in Millions)	As at March 31, 2016 (Rs in Millions)
<b>Note - 13 - Inventories</b>		
(Valued at lower of cost and net realisable value)		
Food items (includes goods in transit Rs. 6.22 million (Previous Year Rs 1.36 million))	150.22	138.81
Paper Products (includes goods in transit Rs. 0.72 million (Previous Year Rs. 0.52 million))	47.63	46.12
Toys & premiums	50.94	34.40
Stores, spares & consumables ( includes goods in transit Rs. Nil (Previous Year Rs 0.03 million))	53.60	58.90
<b>Total</b>	<b>302.39</b>	<b>278.23</b>

**Note - 14 - Trade Receivables**

(Unsecured, considered good unless otherwise stated)

	As at March 31, 2017 (Rs in Millions)	As at March 31, 2016 (Rs in Millions)
Other receivables	49.22	42.04
<b>Total</b>	<b>49.22</b>	<b>42.04</b>

**Note - 15 - Cash and bank balances**
**15.1 Cash and cash equivalents**

Balances with banks:

On current accounts

Cash on hand

	As at March 31, 2017 (Rs in Millions)	As at March 31, 2016 (Rs in Millions)
On current accounts	18.54	9.07
Cash on hand	48.68	56.10
<b>Total</b>	<b>67.22</b>	<b>65.17</b>

**15.2 Other bank balances**

– Deposits with remaining maturity for less than 12 months\*

	As at March 31, 2017 (Rs in Millions)	As at March 31, 2016 (Rs in Millions)
– Deposits with remaining maturity for less than 12 months*	1.17	2.05
<b>Total</b>	<b>1.17</b>	<b>2.05</b>
<b>Total</b>	<b>68.39</b>	<b>67.22</b>

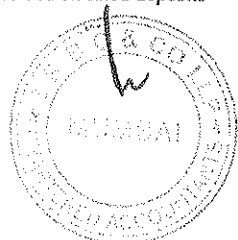
\*includes fixed deposits with lien in favour of statutory authorities Rs. 0.15 million (Previous year Rs.1.63 million)

**Note - 16 - Other current assets**

Other receivables (Unsecured, considered good)

Interest accrued on fixed deposits

	As at March 31, 2017 (Rs in Millions)	As at March 31, 2016 (Rs in Millions)
Other receivables (Unsecured, considered good)	53.01	11.16
Interest accrued on fixed deposits	0.15	0.07
<b>Total</b>	<b>53.16</b>	<b>11.23</b>





**For the year ended  
 March 31, 2017  
 (Rs in Millions)**

**For the year ended  
 March 31, 2016  
 (Rs in Millions)**

**Note - 17 - Revenue From Operations ( Net)**

Sales (Refer Note 17.1 below)	9,186.71	8,234.39
Other Operating Revenue		
Conducting Fees	1.65	1.88
Franchising Income	5.00	5.52
Scrap Sales	9.20	10.07
Space Rental & Alliances Income	88.74	58.33
Miscellaneous Provisions written back	14.60	20.98
<b>Total</b>	<b>9,305.90</b>	<b>8,331.17</b>

**17.1 Details of Sales**

Food	6,539.98	6,570.20
Beverages, Desserts, Others	2,646.73	1,664.19
<b>Total</b>	<b>9,186.71</b>	<b>8,234.39</b>

**Note - 18 - Other Income**

Interest Income on		
- Bank Deposits	0.16	0.21
- Others	5.54	4.39
Gain on sale of current investment	172.37	80.17
Foreign Exchange Gain (Net)	0.15	-
Insurance claim received	18.87	-
Other Non-operating income	1.73	9.86
<b>Total</b>	<b>198.82</b>	<b>94.63</b>

**Note - 19 - Cost of materials consumed**

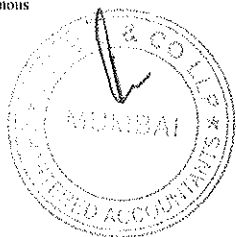
Inventory at the beginning of the year	219.33	184.14
Add: Purchases during the year	3,690.59	3,365.07
	3,909.92	3,549.21
Less: Inventory at end of the year	248.79	219.33
<b>Total</b>	<b>3,661.13</b>	<b>3,329.88</b>

**19.1 - Details of Cost of materials consumed**

Food	3,187.77	2,876.48
Paper	378.11	361.92
Toys & Premiums	95.25	91.48
<b>Total</b>	<b>3,661.13</b>	<b>3,329.88</b>

**19.2 - Value of Imported and indigenous materials consumed:**

	<b>For the year ended March 31, 2017</b>		<b>For the year ended March 31, 2016</b>	
Imported	82.04	2.24%	79.91	2.40%
Indigenous	3,579.09	97.76%	3,249.97	97.60%
<b>Total</b>	<b>3,661.13</b>	<b>100.00%</b>	<b>3,329.88</b>	<b>100.00%</b>



**HARDCASLYE RESTAURANTS PRIVATE LIMITED**

Notes to the Financials Statements for the year ended March 31, 2017

For the year ended March 31, 2017 (Rs in Millions)	For the year ended March 31, 2016 (Rs in Millions)
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**Note - 20 - Employee benefits expenses**

Salaries, wages and bonus	1,161.96	1,030.13
Contribution to provident and other funds	116.52	95.76
Gratuity Expenses (Refer Note - 27)	12.72	10.56
Staff welfare expenses	116.14	103.78
<b>Total</b>	<b>1,407.34</b>	<b>1,240.23</b>

**Note - 21 - Other Expenses**

Electricity Utilities	751.56	722.21
Gas Utilities	100.05	115.47
Other Utilities	50.59	66.61
Conducting Charges	815.31	712.78
Advertising & sales promotion	546.50	466.75
Royalty Fee	365.42	289.50
Repairs & Maintenance - Restaurant Equipments	174.52	159.07
Repairs & Maintenance - Others	115.86	99.80
Operating Supplies at Stores	138.29	128.19
Travelling and conveyance	64.10	51.53
Consultancy and Professional Fees (includes - Refer Note 21.1 below)	76.57	66.03
Rent	43.69	36.43
Loss on sale / write off of property, plant and equipment	29.65	50.28
Training and Development Expenses	27.83	28.59
Communication costs	22.63	21.47
Rates & Taxes	18.96	6.77
Insurance	9.16	9.32
CSR expenditure ( Refer Note 39)	-	0.17
Exchange differences (net)	-	1.60
Miscellaneous Expenses	412.74	297.89
<b>Total</b>	<b>3,763.43</b>	<b>3,330.46</b>

**21.1 - Payments to Auditors ( excluding service tax)**

Legal &amp; Professional fees include auditors fees as follows:

As auditor

Statutory Audit fees	3.95	4.55
In other capacity		
Certification Fees	0.05	0.08
Reimbursement of expenses	0.06	0.15
<b>Total</b>	<b>4.06</b>	<b>4.78</b>

**Note - 22- Finance Cost**

Interest		
- Inter Corporate Deposit	-	0.22
- Director's Loan	-	5.24
- Term Loan	139.18	122.58
- Bank overdraft	12.26	14.10
- Others	0.54	3.71
Bank charges	1.77	4.06
<b>Total</b>	<b>153.75</b>	<b>149.91</b>

