

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, 2015, 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.

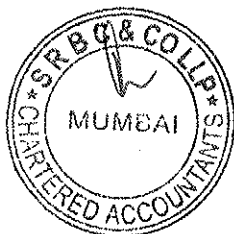
Management's Responsibility for the Financial Statements

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. 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 judgements 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 judgement, 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 but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the effectiveness of such controls. 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.



S R B C & CO LLP

Chartered Accountants

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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.

Opinion

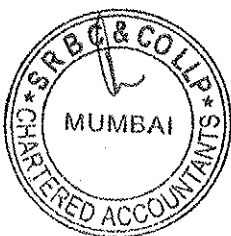
In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2015, its loss and its cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to Note 33 to the financial statements regarding representations made by the Company to the Central Government for approval of managerial remuneration paid by the Company, in excess of the limit specified under applicable Companies Act amounting to Rs.45.24 Million for the period April 2012 to March 2015 which are pending consideration by the Central Government. 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, 2015 ('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 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;
 - (e) on the basis of written representations received from the directors as on 31 March, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2015, from being appointed as a director in terms of section 164 (2) of the Act;



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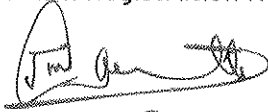
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(f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 32 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.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For SRBC & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E



per Jayesh Gandhi
Partner
Membership Number: 37924
Place: Mumbai
Date: 8 May 2015



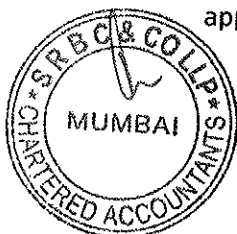
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Chartered Accountants

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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.
- (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 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3 (iii) (a) and (b) 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 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.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Companies Act, 2013, for the products/services of the Company.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, 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 in a few cases. The provisions relating to excise duty are not applicable to the Company.



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- (b) According to the information and explanations given to us, undisputed dues in respect of provident fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, value added tax, 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, are as follows:

(Rs. Million)

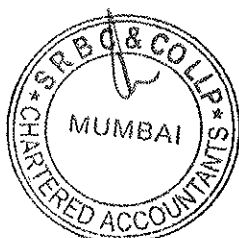
Name of the Statute	Nature of the Dues	Amount	Period to which the amount relates	Due Date	Paid
Various Labour Welfare Fund Acts	Unpaid wages	1.11	January 2011 to June 2011	July 2014	May 4, 2015
		0.27	January 2011 to June 2011	July 2014	Remain unpaid
	Unpaid bonus	3.21	April 2010 to March 2011	July 2014	Remain unpaid

- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax 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	44.06	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	299.29	2008-09 to 2012-13	Appellate Deputy Commissioner, Chennai

- (d) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.



SRBC & CO LLP

Chartered Accountants

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- (viii) The Company's accumulated losses at the end of the financial year are more than fifty per cent of its net worth. The Company has not incurred cash losses in the current and immediately preceding financial year.
- (ix) Based on our audit procedures and as per the information and explanations given by the management, there was a minor delay of four days in repayment of an instalment of Rs.99.66 Million to a bank. The Company did not have any outstanding dues in respect of a financial institution or debentures during the year.
- (x) 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.
- (xi) 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.
- (xii) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For SRBC & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E



per Jayesh Gandhi
Partner

Membership Number: 37924

Place: Mumbai

Date: 8 May 2015



**HARDCASTLE RESTAURANTS
PRIVATE LIMITED**

**AUDITED FINANCIALS AS ON
MARCH 31, 2015**

HARDCASTLE RESTAURANTS PRIVATE LIMITED
Balance Sheet as at March 31, 2015

	Note No.	As at March 31, 2015 (Rs in Millions)	As at March 31, 2014 (Rs in Millions)
<u>EQUITY AND LIABILITIES</u>			
Shareholders' funds			
Share capital	2	1,655.00	1,655.00
Reserves and surplus	3	(980.64)	(689.89)
		674.36	965.11
Non-current liabilities			
Long-term borrowings	4	4,125.00	4,237.92
Other long-term liabilities	5	"	2.20
		4,125.00	4,240.12
Current liabilities			
Short-term borrowings	6	729.39	465.54
Trade payables	7	593.32	590.57
Other current liabilities	8	1,056.74	543.43
Short-term provisions	9	61.62	47.99
		2,441.07	1,647.53
TOTAL		7,240.43	6,852.76
<u>ASSETS</u>			
Non-current assets			
Fixed assets	10		
Tangible assets		3,790.15	3,424.50
Intangible assets		385.77	347.60
Capital work-in-progress		209.05	176.77
Non current investments	11	97.23	200.00
Long-term loans and advances	12	829.38	715.94
Other non-current assets	13	1.88	0.96
		5,313.46	4,865.77
Current assets			
Current investments	11	1,338.89	1,344.09
Inventories	14	240.83	199.47
Trade receivables	15	42.37	62.92
Cash and bank balances	16	72.06	120.82
Short-term loans and advances	17	216.56	237.37
Other current assets	18	16.26	22.32
		1,926.97	1,986.99
TOTAL		7,240.43	6,852.76

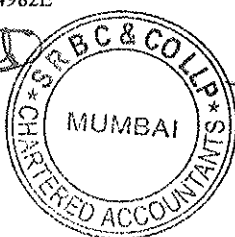
Summary of significant accounting policies 1.2

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

per Jayesh Gandhi
Partner
Membership No. 37924



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

S.Lakshminarayanan
Chief Financial Officer

Place :- Mumbai
Date :- May 08, 2015



Place :- Mumbai
Date :- May 08, 2015

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HARDCASTLE RESTAURANTS PRIVATE LIMITED
Statement of Profit & Loss for the year ended March 31, 2015

	Note No.	For the year ended March 31, 2015 (Rs in Millions)	For the year ended March 31, 2014 (Rs in Millions)
Income			
Revenue from operations (Net)	19	7,640.33	7,383.92
Other income	20	162.09	44.37
Total Revenue (I)		7,802.42	7,428.29
Expenses			
Cost of material consumed	21	3,176.97	3,137.83
Employee benefits expense	22	1,136.61	961.65
Other expenses	23	3,172.10	2,838.69
Total (II)		7,485.68	6,938.17
Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) (I) – (II)		316.74	490.12
Depreciation and amortisation expense	10	504.37	435.02
Finance costs	24	102.17	47.68
Profit / (Loss) before tax		(289.80)	7.42
Tax Expenses			
Current Tax		-	1.55
Less : MAT credit entitlement		-	(1.55)
Total tax expense		-	-
Profit / (Loss) for the year		(289.80)	7.42
Earning Per Equity Share			
Basic & Diluted Earning per share (Rs)		(934.84)	23.94
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 B C & CO LLP
Chartered Accountants
Firm Registration No. 324982E

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

per Jayesh Gandhi
Partner
Membership No. 37924



Banwari Lal Jatia
Banwari Lal Jatia
Director

Ranjit Paliath
Ranjit Paliath
Director

Radha Jain
Radha Jain
Company Secretary

S. Lakshminarayanan
S. Lakshminarayanan
Chief Financial Officer

Place :- Mumbai
Date :- May 08, 2015

Place :- Mumbai
Date :- May 08, 2015



Hardcastle Restaurants Private Limited
Cash flow Statement for the year ended March 31, 2015

	For the year ended March 31, 2015 (Rs in Millions)	For the year ended March 31, 2014 (Rs in Millions)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	(289.80)	7.42
Adjustments for :		
Depreciation and amortisation expense	504.37	435.02
Loss on sale /write off of Fixed assets	39.80	46.07
Interest expense	93.69	30.74
Premium on forward contract amortised	3.72	11.19
Interest Income	(2.53)	(0.24)
Gain on sale of current investment	(151.77)	(34.73)
Unrealised (gain)/loss on foreign exchange	0.01	0.62
Operating profit before working capital changes	197.49	496.09
Movements in Working Capital		
Decrease/(Increase) in inventories	(41.37)	(32.15)
Decrease/ (Increase) in trade receivables	20.55	19.86
Decrease/ (Increase) in long-term loans and advances	(57.31)	(72.12)
Decrease/ (Increase) in short-term loans and advances	20.81	(35.73)
Decrease/ (Increase) in other current assets	2.36	12.33
(Decrease)/Increase in trade payables	2.74	21.08
(Decrease)/Increase in other long-term liabilities	(2.20)	(0.97)
(Decrease)/Increase in other current liabilities	30.23	(41.05)
(Decrease)/Increase in provisions	13.63	7.08
Cash generated from operations	186.93	384.42
Tax refund received / (Taxes paid)	1.12	(11.45)
NET CASH FLOW FROM OPERATING ACTIVITIES	188.05	372.97
B CASH FLOW FROM INVESTING ACTIVITIES		
Additions to fixed assets & capital work-in-progress	(1,051.12)	(1,026.75)
Proceeds from sale of fixed assets	1.46	5.33
Interest Income	2.53	0.20
Investments in mutual funds	(4,075.62)	(3,246.08)
Proceeds from mutual funds	4,335.36	1,741.73
Investment in / Proceeds from liquidation of fixed deposits (With original maturity of three months or more)	(0.12)	(0.98)
(Increase)/Decrease in long term deposits	(54.26)	(50.00)
NET CASH USED IN INVESTING ACTIVITIES	(841.77)	(2,576.55)
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	1,590.94	414.41
Repayments of short-term borrowings	(1,276.92)	(106.53)
Proceeds from long-term borrowings	500.00	175.00
Repayments of long-term borrowings	(58.33)	(3.75)
Proceeds from Inter Corporate Deposits	342.80	1,860.00
Repayments of Inter Corporate Deposits	(392.98)	(530.50)
Proceeds from issue of Preference Share Capital	-	420.00
Interest paid	(90.51)	(21.87)
Premium on forward Contract paid	(9.24)	(7.62)
NET CASH FLOW FROM FINANCING ACTIVITIES	605.76	2,199.14
NET DECREASE IN CASH AND CASH EQUIVALENTS	(47.96)	(4.44)
Cash and cash equivalents at the beginning of the year	120.01	124.45
Cash and cash equivalents at the end of the year	72.05	120.01
NET DECREASE IN CASH AND CASH EQUIVALENTS	(47.96)	(4.44)



Hardcastle Restaurants Private Limited
Cash flow Statement for the year ended March 31, 2015

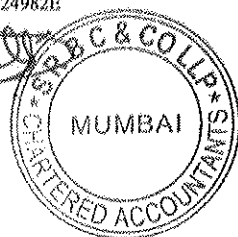
	For the year ended March 31, 2015 (Rs in Millions)	For the year ended March 31, 2014 (Rs in Millions)
Components of cash and cash equivalents		
Cash and bank balances	72.06	120.82
Less: Not considered as cash and cash equivalents		
Fixed deposit with original maturity of more than three months	0.01	0.81
Total cash and cash equivalents (refer note - 16.1)	72.05	120.01

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

per Jayesh Gandhi
Partner
Membership No. 37924



Place :- Mumbai
Date :- May 08, 2015

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

Banwari Lal Jatia
Director

Ranjit Pallath
Director

Radha Jain
Company Secretary

S. Lakshminarayanan
Chief Financial Officer

Place :- Mumbai
Date :- May 08, 2015



HARDCASTLE RESTAURANTS PRIVATE LIMITED
Notes to the Financial Statements for the year ended March 31, 2015

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.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

b) Change in accounting policy

Depreciation on fixed assets

Till the year ended 31 March 2014, Schedule XIV to the Companies Act, 1956, prescribed requirements concerning depreciation of fixed assets. From the current year, Schedule XIV has been replaced by Schedule II to the Companies Act, 2013. The applicability of Schedule II has resulted in the following changes related to depreciation of fixed assets. Unless stated otherwise, the impact mentioned for the current year is likely to hold good for future years also.

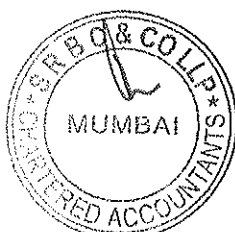
(a) Useful lives/ depreciation rates

Till the year ended 31 March 2014, depreciation rates prescribed under Schedule XIV were treated as minimum rates and the Company was not allowed to charge depreciation at lower rates even if such lower rates were justified by the estimated useful life of the asset. Schedule II to the Companies Act 2013 prescribes useful lives for fixed assets which, in many cases, are different from lives prescribed under the erstwhile Schedule XIV. However, Schedule II allows companies to use higher/ lower useful lives and residual values if such useful lives and residual values can be technically supported and justification for difference is disclosed in the financial statements.

Considering the applicability of Schedule II, the management has re-estimated useful lives of fixed assets. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets, though these rates in certain cases are different from lives prescribed under Schedule II. Consequently, the depreciation charge for the current year is higher by Rs 4.48 million. Had the Company continued to use the earlier depreciation rate, the loss for the year would have been lower by Rs. 4.48 million.

(b) Depreciation on assets costing less than Rs.5,000.

Till year ended 31 March 2014, to comply with the requirements of Schedule XIV to the Companies Act, 1956, the Company was charging 100% p.a. depreciation on assets costing less than Rs.5,000. However, Schedule II to the Companies Act 2013, applicable from the current year, does not recognize such practice. Hence, to comply with the requirement of Schedule II to the Companies Act, 2013, the Company has changed its accounting policy for depreciations of assets costing less than Rs.5,000. As per the revised policy, the Company is depreciating such assets over their useful life as assessed by the management. The management has decided to apply the revised accounting policy prospectively from accounting periods commencing on or after 1 April 2014.



HARDCASTLE RESTAURANTS PRIVATE LIMITED
Notes to the Financial Statements for the year ended March 31, 2015

The change in accounting for depreciation of assets costing less than Rs.5,000 did not have any material impact on financial statements of the Company for the current year.

c) Use of estimates

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.

d) 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 on fixed assets 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 fixed assets.

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

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

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

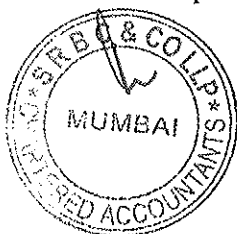
Leasehold Land is amortised over the period of the lease i.e. 60 years.

e) 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.



HARDCASTLE RESTAURANTS PRIVATE LIMITED
Notes to the Financial Statements for the year ended March 31, 2015

f) 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.

g) 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.

h) 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.

i) 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.

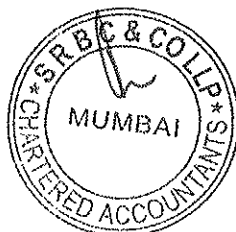
Royalty income, space rental and conducting fees are recognised on an accrual basis in accordance with terms of relevant agreement.

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.

j) 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.



HARDCASTLE RESTAURANTS PRIVATE LIMITED
Notes to the Financial Statements for the year ended March 31, 2015

k) 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.

l) 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.

Other benefits

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

m) 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.



HARDCASTLE RESTAURANTS PRIVATE LIMITED
Notes to the Financial Statements for the year ended March 31, 2015

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.

n) 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.

o) 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.

p) 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.

q) 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.



HARDCASTLE RESTAURANTS PRIVATE LIMITED

Notes to the Financial Statements for the year ended March 31, 2015

r) 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.

s) 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.



HARDCASTLE RESTAURANTS PRIVATE LIMITED
Notes to the Financial Statements for the year ended March 31, 2015

Note - 2 - Share capital

Authorised share capital

315,000 (Previous Year 315,000) Equity Shares of Rs 1,000 each
1,355,000 (Previous Year 1,355,000) Cumulative Redeemable Preference Shares of Rs 1,000 each.

As at
March 31, 2015
(Rs in Millions)

As at
March 31, 2014
(Rs in Millions)

315.00	315.00
1,355.00	1,355.00
1,670.00	1,670.00

Issued, subscribed and fully paid-up capital

310,000 (Previous Year 310,000) Equity Shares of Rs. 1,000 each fully paid up
1,345,000 (Previous Year 1,345,000) Cumulative Redeemable Preference Shares of Rs 1,000 each fully paid up

310.00	310.00
1,345.00	1,345.00

Total issued, subscribed and fully paid-up share capital

1,655.00	1,655.00
-----------------	-----------------

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

Equity shares

Particulars	March 31, 2015		March 31, 2014	
	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
Outstanding at the end of the year	310,000	310.00	310,000	310.00

Preference shares

Particulars	March 31, 2015		March 31, 2014	
	No. of shares	(Rs. in millions)	No. of shares	(Rs. in millions)
At the beginning of the year	1,345,000	1,345.00	925,000	925.00
Add : Issued during the year	-	-	420,000	420.00
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, 2015, 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 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 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, 2015 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.

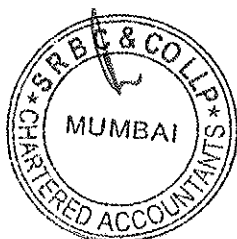
2.4 - Shares held by the holding company- Westlife Development Limited (WDL)

Particulars	As at March 31, 2015 (Rs. in millions)	As at March 31, 2014 (Rs. in millions)
309,999 (Previous Year 309,999) Equity Share shares of Rs 1000 each full paid up	310.00	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	No of Shares	% holding	No of Shares	% holding
Equity Shares of Rs 1,000 each fully paid up				
Westlife Development Limited (Holding Company)	309,999	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.



o/c

Note - 3 - Reserve and Surplus

Surplus/ (deficit) in the Statement of Profit and Loss

Balance as per last financial statements
Loss : Adjustment to written down value of assets fully depreciated pursuant to
Schedule II of the Companies Act, 2013 (Refer Note 3B)
Profit / (Loss) for the year

As at March 31, 2015 (Rs in Millions)	As at March 31, 2014 (Rs in Millions)
(689.89)	(697.31)
(0.95)	-
(289.80)	7.42
<u>(980.64)</u>	<u>(689.89)</u>

Net deficit in the Statement of Profit and Loss

Note - 4 - Long-term borrowings

Secured

Loan from Bank (Refer note i and ii below)

Unsecured

Inter Corporate Deposits

Westlife Development Limited (Refer Note iii below)

As at March 31, 2015 (Rs in Millions)	As at March 31, 2014 (Rs in Millions)	As at March 31, 2015 (Rs in Millions)	As at March 31, 2014 (Rs in Millions)
Long term		Current Maturity of Long term Borrowings *	
-	112.92	612.92	58.33
4,125.00	4,125.00	-	-
<u>4,125.00</u>	<u>4,237.92</u>	<u>612.92</u>	<u>58.33</u>

Total

* Amount disclosed under the head "Other Current Liabilities" (Refer Note 8)

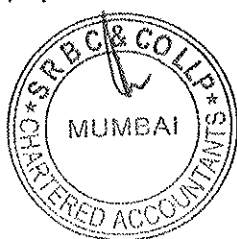
- i) During the previous year, the Company had taken a term loan of Rs 175 million from Citi Bank N. A. to finance the capital expenditure. To avail this facility the Company had created i.e first pari-passu charge on present and future moveable plant, machinery and kitchen equipments that are brought 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 installments over a period of 36 months.
As at March 31, 2015, the Company has not met the requirement of certain financial covenants specified under loan agreement, thereby the entire amount payable under the said arrangements of Rs. 112.92 million is shown as current. As at March 31, 2014, current maturity of the loan amounting to Rs. 58.33 million is reported in Note 8 "Other Current Liabilities".
- ii) During the year, the Company has 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 has drawn Rs 500 million at an interest rate of 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, 2015, the Company has not met the requirement of certain financial covenants specified under loan agreement, thereby the entire amount payable under the said arrangement of Rs 500 million is shown as current.
- iii) The Company had 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 previous year, TAF has been amalgamated with Westlife Development Limited(WDL) and consequently the inter corporate deposit taken from TAF was transferred to WDL. The terms and conditions of the inter corporate deposit remained the same.
The Company had entered into a loan agreement of Rs. 1800 million with Westlife Development Limited (Holding Company) towards capital expenditure, working capital and general corporate requirements. During the previous year, the Company had drawn Rs 1750 million under the said agreement. The loan is interest free and repayable after four years from the date of last drawdown i.e October 18, 2013.

Note - 5 - Other long-term liabilities

Security Deposits

Total

-	2.20
<u>-</u>	<u>2.20</u>



HARDCASTLE RESTAURANTS PRIVATE LIMITED
Notes to the Financial Statements for the year ended March 31, 2018

	As at March 31, 2015 (Rs in Millions)	As at March 31, 2014 (Rs in Millions)
Note - 6 - Short-term borrowings		
Secured		
Loan from Bank - Buyers' Credit (Refer note i below)	-	125.22
Loan from Bank (Refer note ii below)	200.00	200.00
Bank overdrafts (Refer note iii below)	0.08	-
Unsecured		
Bank overdrafts (Refer note iv below)	357.61	90.14
Loan from Director (Refer note v below)	171.70	-
Inter Corporate Deposit	-	-
West Leisure Resorts Limited (Refer note vi below)	-	50.18
Total	729.39	465.54

- i) The Company had availed of import financing facility under the buyer's credit scheme of RBI from Citibank. This facility was 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 pari passu 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 was one year from the date of drawdown. The entire facility was repayable on demand if the bank gives 7 days notice in advance. Interest was charged @ LIBOR + 2.5% p.a. (3.06% p.a. to 3.39% p.a.) payable monthly. The entire drawdown was repaid during the year.
- ii) 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 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 10.12% - 10.15% p.a. (previous year 11.10% p.a.) and is payable monthly. The said loan is repayable on maturity.
- iii) The Company has availed an overdraft facility of Rs. 200 million (previous year Rs. 200 million) with ING Vysya Bank Ltd. at an interest rate of 13.30% p.a. This overdraft facility is for financing the working capital requirement and is repayable on demand. The Company has created an exclusive charge in favour of ING Vysya Bank Ltd. on immovable fixed assets having an area of 1291.76 sq. mtrs. located at Kalambohi, Navi Mumbai. As at March 31, 2015 the Company has utilised Rs. 0.08 million (previous year Rs. Nil) under this facility.
- iv) a) The Company has availed an overdraft facility of Rs 200 million (previous year Rs 100 million) with Royal Bank of Scotland with an interest rate of 10.35% p.a. (previous year 10.95% 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, 2015 the Company has utilised Rs. 157.81 million (previous year Rs. 90.14 million) under this facility.
b) The Company has availed an overdraft facility of Rs 200 million (previous year Rs. Nil) with Kotak Mahindra Bank Ltd. at an interest rate of 11% p.a. This overdraft facility is for financing the working capital requirement and is repayable on demand. As at March 31, 2015 the Company has utilised Rs. 199.80 million (previous year Rs. Nil) under this facility.
- v) During the year, the Company has taken a loan from director at an interest rate of 10.50% p.a.. This loan is used for financing the working capital requirement and it is repayable on demand.
- vi) 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 previous year WDL has transferred its leading business to West Leisure Resorts Limited, consequently the said inter-corporate deposit has been transferred to West Leisure Resorts Limited. During the year, the said loan was repaid by the Company.

Note - 7 - Trade payables		
Trade payable (Refer Note - 37)	593.32	590.57

Note - 8 - Other current liabilities		
Security deposits	4.91	2.11
Book overdrafts	105.85	104.76
Statutory dues	68.20	59.32
Liability for capital expenditure	107.69	135.30
Advance received from supplier	-	5.00
Current Maturity of long term borrowings (Refer Note 4)	612.92	58.33
Interest accrued but not due on borrowings	13.11	9.92
Employee related liabilities	110.81	95.18
Other payables	33.25	73.51
Total	1,056.74	543.43

Note - 9 - Short-term provisions

Provision for employee benefits		
Provision for gratuity (Refer Note - 29)	46.74	34.11
Provision for leave benefits	14.88	13.88
Total	61.62	47.99



HARDCASTLE RESTAURANTS PRIVATE LIMITED

Notes to the Financial Statements for the year ended March 31, 2015

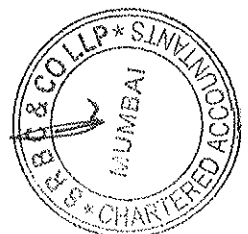
Note - 10 - Fixed Assets and Depreciation

	Gross Block (At cost)			Depreciation / Amortisation			(Rs. in millions)	
	As at 01-04-2014	Additions / Adjustments	Deductions / Adjustments	As at 31-03-2015	As at 01-04-2014	For the year *	Deductions / Adjustments	As at 31-03-2015
TANGIBLE ASSETS								
Lease hold Land	10.50	-	-	10.50	2.01	0.17	-	2.18
Buildings	145.55	-	-	145.55	75.98	5.26	-	2.01
Leasehold Improvements	146.16	-	(3.19)	142.97	70.64	5.50	(0.85)	80.39
Restaurant Equipments	2,169.06	411.59	(85.18)	2,495.47	486.79	161.33	(0.16)	61.97
Furniture & Fixtures	1,669.82	527.15	(27.91)	2,169.06	374.51	131.87	(19.59)	75.98
Office Equipments	2,116.84	358.41	(49.24)	2,426.01	748.70	227.25	(35.97)	600.34
Computers	1,673.25	473.13	(29.54)	2,116.84	568.21	203.07	(22.58)	1,682.27
Vehicles	440.94	100.84	(21.55)	520.23	191.81	52.24	(17.03)	1,295.31
Sub Total	343.93	702.00	(4.99)	1,040.94	145.16	49.96	(3.31)	1,486.03
	25.71	2.85	(5.51)	23.05	13.78	3.75	(4.95)	293.21
	20.12	5.61	(0.02)	25.71	10.55	3.25	(0.02)	249.13
	40.25	6.45	(0.92)	45.78	22.22	14.94	(0.75)	18.47
	35.30	6.57	(1.62)	40.25	17.31	6.53	(1.62)	11.93
	48.66	16.85	(3.89)	61.62	31.72	8.04	(3.79)	9.37
	52.54	2.87	(6.75)	48.66	29.96	8.50	(6.74)	36.41
	4,997.51	896.99	(169.48)	5,725.02	1,573.01	472.98	(111.12)	18.03
	3,951.62	1,117.33	(71.44)	4,997.51	1,218.18	408.85	(54.02)	17.99
INTANGIBLE ASSETS								
Initial Location & License Fee	405.23	59.42	-	464.65	84.59	22.91	-	25.85
Computer Software	344.31	60.92	-	405.23	64.88	19.71	-	16.94
	73.02	11.09	-	84.11	46.06	9.43	-	22.53
	49.35	23.67	-	73.02	39.60	6.46	-	3,790.15
	478.25	70.51	-	548.76	130.65	32.34	-	3,424.50
	393.66	84.59	-	478.25	104.65	26.17	-	1,573.01
TOTAL	5,475.76	967.50	(169.48)	6,273.78	1,703.66	505.32	(111.12)	1,934.87
Previous Year	4,345.28	1,201.92	(71.44)	5,475.76	1,322.66	435.02	(54.02)	1,573.01
<i>(figures in italics pertain to previous year)</i>								

Notes :

The Company had created an exclusive 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).

* During the year, the Company has revised depreciation on certain fixed assets in accordance with the requirement of Schedule II of the Companies Act, 2013. Consequently Rs.0.95 million (out of the total depreciation of Rs 505.32 million) has been adjusted to opening balance of retained earnings on account of assets whose useful life is already exhausted as on April 01, 2014.



BARDCASTLE RESTAURANTS PRIVATE LIMITED

Notes to the Financials Statements for the year ended March 31, 2015

Note - H - Investments
Unquoted Investments
Investments in Mutual Funds
Face Value of Rs. 100 each

	Non-Current	Current	
As at	As at	As at	As at
March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
(Rs in Millions)	(Rs in Millions)	(Rs in Millions)	(Rs in Millions)
Nil (Previous year 10,62,646.791) units of Birla Sunlife Floating Rate Fund Short Term plan-Growth-Regular Plan	-	-	181.08
4,47,546.60 (previous year Nil) units of Birla Sun Life Cash Plus-Growth-Regular Plan	-	100.21	-
Nil (Previous year 9,67,373.663) units of ICICI Prudential Money Market Fund-Regular Plan- Growth	-	-	171.32
1,715.62 (Previous year Nil) units of ICICI Prudential Liquid- Regular Plan- Growth	-	0.35	-
Nil (Previous year 75,85,439.377) units of HDFC Liquid fund- Growth	-	-	191.69
1,723.31 (Previous year Nil) units of HDFC Cash Management Fund-Savings Plan- Growth	-	0.05	-

Face Value Rs.10 each

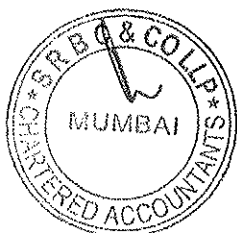
1,00,00,000 (Previous year 1,00,00,000) units of Birla Sunlife Fixed Term Plan-Series IU (527 days)-Growth Regular	-	100.00	100.00	-
50,00,000 (Previous year 50,00,000) units of HDFC FMP 554 Days November 2013-(1) Series 28- Regular Growth	-	50.00	50.00	-
50,00,000 (Previous year 50,00,000) units of Reliance Fixed Horizon Fund XXIV Series-22-Growth Plan	-	50.00	50.00	-
81,88,000 (previous year Nil) units of L & T Mutual Fund FMP VII(April 1124D A) Growth	97.23	-	-	-
Nil (Previous year - 66,34,071) units of ICICI Interval Fund Annual Return - Plan IV Regular Plan - Growth	-	-	-	100.00
Nil (Previous year 150,00,000) units of Birla Sunlife FTP-Series IL 368 days-Growth Regular	-	-	-	150.00
Nil (Previous Year 30,00,000) units of Birla Sunlife FTP-Series IT 367 days-Growth Regular	-	-	-	30.00
Nil (Previous year 50,00,000) units of Birla Sunlife FTP-Series IW 368 days-Growth Regular	-	-	-	50.00
Nil (Previous year 10,00,000) units of Birla Sunlife FTP-SERIES JA 366 days-Growth Regular	-	-	-	10.00
Nil (Previous year 50,00,000) units of ICICI FMP-Series 70-367 D Plan N-Regular Plan-Cumulative	-	-	-	50.00
Nil (Previous year 70,00,000) units of ICICI FMP-Series 70-369 D Plan O-Regular Plan-Cumulative	-	-	-	70.00
Nil (Previous year 20,00,000) units of ICICI FMP-Series 71-366 D Plan C-Regular Plan-Cumulative	-	-	-	20.00
Nil (Previous year 20,00,000) units of ICICI FMP-Series 71-369 D Plan F- Regular Plan-Cumulative	-	-	-	20.00
Nil (Previous year 70,00,000) units of HDFC FMP 372 Days October 2013 (1) Series 28-regular-Growth	-	-	-	70.00
Nil (Previous year 30,00,000) units of HDFC FMP 369 Days December 2013 (1) Series 29-regular-Growth	-	-	-	30.00
Nil (Previous year 20,00,000) units of HDFC FMP 371 Days December 2013 (2) Series 29-regular-Growth	-	-	-	20.00
Nil (Previous year 20,00,000) units of Reliance Fixed Horizon Fund XXV Series 2-Growth Plan-9WGP	-	-	-	20.00
Nil (Previous year 20,00,000) units of Religare Invesco FMP-Series XXI - Plan E (370 days)-Growth	-	-	-	20.00
Nil (Previous year 50,00,000) units of IDFC Fixed Term Plan 44 Regular Plan Growth	-	-	-	50.00
Nil (Previous year 50,00,000) units of L & T FMP Series 9-Plan D	-	-	-	50.00
Nil (Previous year 10,00,000) units of L & T FMP Series 9-Plan G	-	-	-	10.00
Nil (Previous year 30,00,000) units of DWS Fixed Maturity Plan Series 43-Regular Plan Growth	-	-	-	30.00
20,00,000 (previous year Nil) units of Religare Invesco FMP Series XX-Plan B (601 days) -Growth	-	-	23.13	-
40,15,526 (previous year Nil) units of IIFL Fixed Maturity Plan Series 6-Regular Growth	-	-	47.91	-
38,07,021.26 (Previous year Nil) units of L & T Short term Opportunities Fund Growth	-	-	50.90	-
88,10,000 (Previous year Nil) units of Kotak FMP Series 127- Growth	-	-	100.45	-
40,00,000 (Previous year Nil) units of Reliance Fixed Horizon Fund - XXVI - Series 28 Growth Plan	-	-	42.79	-
50,00,000 (Previous year Nil) units of Sundaram Fixed Term Plan GG 366 DAYS Regular Growth	-	-	53.42	-
13,90,579.16 (Previous year Nil) units of Birla Sunlife Short term Fund - Growth Regular Plan	-	-	72.58	-
33,36,630.66 (Previous year Nil) units of HDFC Short term Opportunities Fund - Growth	-	-	50.74	-
17,750.72 (Previous year Nil) units of Franklin India Short Term Income Plan - Retail Plan Growth	-	-	50.89	-
35,70,985.55 (Previous year Nil) units of ICICI Prudential Short term Plan- Growth Option	-	-	101.99	-
17,89,920.82 (Previous year Nil) units of IDFC - Super Saver Income Fund - Short Term - Growth- (Regular Plan)	-	-	50.92	-
1,35,81,967.15 (Previous year Nil) units of JP Morgan India Government Securities Fund - Regular Plan Growth Option	-	-	150.00	-
43,80,665.72 (Previous year Nil) units of IDFC Dynamic Bond Fund - Growth-(Regular Plan)	-	-	73.96	-
13,29,298.40 (Previous year Nil) units of Kotak Gilt- Investment Regular - Growth	-	-	63.22	-
37,24,568.31 (Previous year Nil) units of HDFC Gilt Fund- Growth	-	-	105.38	-

Total

97.23	200.00	1,338.89	1,344.09
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Aggregate amount of unquoted investments

97.23	200.00	1,338.89	1,344.09
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HARDCASTLE RESTAURANTS PRIVATE LIMITED

Notes to the Financial Statements for the year ended March 31, 2015

As at
March 31, 2015
(Rs in Millions)

As at
March 31, 2014
(Rs in Millions)

Note - 12 - Long-term loans and advances (Unsecured, considered good unless otherwise stated)

Security deposits to lessors	527.71	473.45
Security deposits to others	33.97	28.58
Capital advances	14.71	11.73
Balances with Statutory/Government authorities	121.70	77.66
Advances to suppliers	3.70	3.70
Advance income tax (net of provisions)	17.23	18.35
MAT Credit entitlement	28.57	28.57
Loans to others	77.59	68.67
Pre-paid expenses	4.20	5.23
Total	829.38	715.94

Security deposits to lessors include Rs. 6.00 million (Previous Year Rs 2.00 million) deposit given to related party.
Security deposits to others include Rs. 0.63 million (Previous Year Rs 0.50 million) deposit given to related party.

Note - 13 - Other non-current assets

Deposit with Bank for original maturity more than 12 months*	1.88	0.96
Total	1.88	0.96

* includes fixed deposits with lien in favour of statutory authorities Rs.1.59 million (previous year Rs.0.70 million)

Note - 14 - Inventories

(Valued at lower of cost and net realisable value)

Food Items (Includes goods in transit Rs. 7.75 million (Previous Year Rs 2.19 million))	118.00	104.23
Paper Products (Includes goods in transit Rs. Nil (Previous Year Rs.0.42 million))	43.51	40.84
Toys & premiums	22.63	12.39
Stores, spares & consumables (Includes goods in transit Rs.Nil (Previous Year Rs 0.11 million))	56.69	42.01
Total	240.83	199.47

Note - 15 - Trade Receivables

(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	42.37	61.48
Total	42.37	62.92

Note - 16 - Cash and bank balances

16.1 Cash and cash equivalents

Balances with banks:		
- On current accounts	11.13	13.93
Cash on hand	60.92	106.08
	72.05	120.01

16.2 Other bank balances

- Deposits with original maturity for more than 12 months*	0.01	0.81
	0.01	0.81
Total	72.06	120.82

* includes fixed deposits with lien in favour of statutory authorities Rs. Nil (previous year Rs.0.81 million)

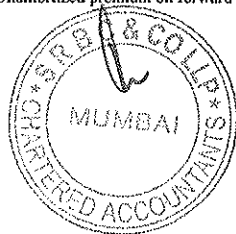
Note - 17 - Short-term loan and advances (Unsecured, considered good)

Security deposits to lessors	6.70	7.43
Employee advances	3.14	1.82
Lease hold improvements contributions receivable	22.72	18.11
Balances with Statutory/Government authorities	68.15	19.98
Advances to suppliers	86.02	159.09
Sundry deposits to others	0.40	5.66
Loans to others	13.08	4.69
Prepaid expenses	16.35	20.59
Total	216.56	237.37

Security deposit to lessors include Nil (previous year Rs. 5.25 million) deposit given to related party.

Note - 18 - Other current assets

Other receivables (Unsecured, considered good)	16.26	18.62
Unamortized premium on forward contracts	-	3.70
Total	16.26	22.32



HARDCASTLE RESTAURANTS PRIVATE LIMITED
Notes to the Financial Statements for the year ended March 31, 2015

For the year ended
March 31, 2015
(Rs in Millions)

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

Note - 19 - Revenue from operations (Net)

Sales (Refer 19.1 below)	7,597.89	7,319.03
Other Operating Revenue		
Conducting Fees	2.22	3.08
Franchising Income	5.57	7.43
Scrap Sales	11.01	9.88
Space Rental	23.64	44.50
Total	7,640.33	7,383.92

19.1 Details of Sales

Food	6,590.52	6,568.42
Beverages, Desserts, Others	1,007.37	750.61
Total	7,597.89	7,319.03

Note - 20 - Other income

Interest Income		
- on Bank Deposits	0.16	0.13
- Others	2.37	0.11
Gain on sale of current Investment	151.77	34.73
Compensation received for closure of a store	3.10	-
Other non-operating income	4.69	9.40
Total	162.09	44.37

Note - 21 - Cost of materials consumed

Stock at commencement of the year	157.46	142.15
Add: Purchases during the year	3,203.65	3,153.14
	3,361.11	3,295.29
Less: Stock at end of the year	184.14	157.46
Total	3,176.97	3,137.83

21.1 - Details of materials consumed

Food	2,731.60	2,673.79
Paper	364.03	363.09
Toys & Premiums	81.34	100.95
Total	3,176.97	3,137.83

21.2 - Value of Imported and Indigenous materials consumed:

Imported	70.24	2.21%	93.11	2.97%
Indigenous	3,106.73	97.79%	3,044.72	97.03%
	3,176.97	100.00%	3,137.83	100.00%



HARDCASTLE RESTAURANTS PRIVATE LIMITED
Notes to the Financial Statements for the year ended March 31, 2015

	For the year ended March 31, 2015 (Rs in Millions)	For the year ended March 31, 2014 (Rs in Millions)
Note - 22 - Employee benefits expense		
Salaries, wages and bonus	910.76	794.64
Contribution to provident fund and other funds	100.52	64.99
Gratuity Expenses (Refer Note - 29)	19.82	8.47
Staff welfare expenses	105.51	93.55

Total	1,136.61	961.65
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Note - 23 - Other expenses

Electricity Utilities	671.30	583.86
Gas Utilities	166.94	181.48
Other Utilities	59.92	48.42
Conducting Charges	680.05	598.22
Advertising and Promotional Expenses	427.49	406.15
Royalty Fee	268.18	231.88
Repairs and Maintenance - Restaurant Equipments	129.83	106.08
Repairs and Maintenance - Others	98.16	86.60
Operating Supplies at Stores	124.52	108.24
Travelling Expenses	51.18	46.39
Consultancy and Professional Fees (Refer Note 23.1 below)	82.25	75.35
Rent Expenses	33.19	32.28
Loss on sale / write off of fixed assets	39.80	46.07
Training and Development Expenses	29.32	20.00
Telephone Expenses	20.96	15.75
Rates and Taxes	14.83	10.45
Insurance	8.79	7.64
CSR expenditure (Refer Note 41)	4.48	-
Foreign Exchange differences (net)	3.04	4.52
Miscellaneous Expenses	257.87	229.31

Total	3,172.10	2,838.69
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23.1 - Payments to Auditors (excluding service tax)

Consultancy and Professional fees include auditors fees as follows:

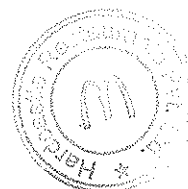
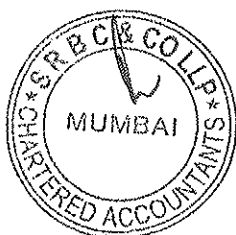
As Auditor		
Statutory Audit fees	3.48	3.28
In other capacity		
Certification Fees	0.04	-
Reimbursement of expenses	0.14	0.08

Total	3.66	3.36
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Note - 24 - Finance costs

Interest		
- Buyer's credit	1.92	5.40
- Inter Corporate Deposit	6.17	11.44
- Director's Loan	8.07	
- Term Loan	63.23	9.10
- Bank overdraft	12.73	4.80
- Others	1.57	-
Premium on forward exchange contracts amortised	3.72	11.19
Bank charges	4.76	5.75

Total	102.17	47.68
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Hardcastle Restaurants Private Limited

Notes to the financial statements for the year ended March 31, 2015

Note - 25 - Related Party disclosure

(A) Where control exists

a) Names of the Related Parties
Westlife Development Limited

Nature of Relationship
Holding Company

(B) Others - With whom transactions have been taken place during the year

a) Key Management Personnel

Mr. B.L.Jatia

Mr. Amit Jatia

Mrs. Smita Jatia

Nature of Relationship
Director
Director
Director

b) Enterprises over which Key Management Personnel or their relatives is / are able to exercise control

Vishwas Investment & Trading Company Private Limited

West Pioneer Properties (India) Private Limited

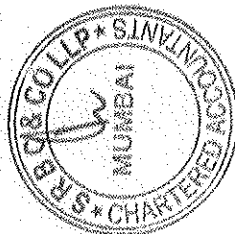
Hardcastle Petrofer Private Limited

West Leisure Resorts Limited

Related party transactions

Particulars	Vishwas Investment & Trading Company Private Limited		West Pioneer Properties (India) Private Limited		Hardcastle Petrofer Private Limited		Westlife Development Limited		West Leisure Resorts Limited	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Rent expense	0.20	-	-	-	-	-	-	-	-	-
Conducting Charges	-	-	6.24	5.49	-	-	-	-	-	-
Electricity Charges	-	-	8.88	6.61	-	-	-	-	-	-
Water Charges	-	-	0.07	0.16	-	-	-	-	-	-
Maintenance Charges	-	-	1.93	1.91	-	-	-	-	-	-
Gas Charges	-	-	0.89	0.99	-	-	-	-	-	-
Security deposit given	-	-	4.13	-	-	-	-	-	-	-
Security deposit refund received	5.25	-	-	-	-	-	-	-	-	-
Inter Corporate Deposit taken	-	-	-	-	-	-	-	-	-	-
Inter Corporate Deposits Repayment	-	-	-	-	-	-	1,860.00	-	-	-
Allotment of Preference shares	-	-	-	-	-	-	530.50	-	-	-
Interest on Inter Corporate Deposit	-	-	-	-	-	-	420.00	-	-	-
Other Expenses Recovered	-	-	0.60	-	-	-	1.35	0.03	5.27	-
Loan taken	-	-	-	-	-	0.01	-	-	-	-
Loan repaid	-	-	-	-	-	-	-	-	-	-
Inter Corporate Deposits repaid	-	-	-	-	-	-	-	-	-	-
Rent Income	-	-	2.00	2.00	0.12	-	-	-	54.95	-
Employee Stock Option Compensation expenses	-	-	-	-	-	-	-	-	-	-
Outstanding Balance included in Loans and Advances	-	-	-	-	-	-	20.52	4.00	-	-
Inter Corporate Deposits at the end of the year	-	5.25	6.63	2.50	-	-	4,125.00	4,125.00	-	54.97 *
Outstanding Balance included in Other Current Liabilities	-	-	-	-	-	-	18.76	4.00	-	-
Outstanding Balance included in Short term Borrowings	-	-	-	-	-	-	-	-	-	-
Outstanding Balance included in Trade Payables	-	-	-	-	-	-	-	-	-	-
Outstanding Balance included in Other Receivables	-	-	0.48	0.24	-	-	-	-	-	-

* Inclusive of interest payable



Hardcastle Restaurants Private Limited

Notes to the financial statements for the year ended March 31, 2015

Note - 25 - Related Party disclosure....contd...

Remuneration to key management personnel* (Refer Note - 33)

Particulars	(Rs in millions)			
	Mr. Amit Jatia		Mrs. Smita Jatia	
	2014-15	2013-14	2014-15	2013-14
Salary & Bonus	17.88	17.88	9.60	9.60
Contribution to Provident Fund	1.83	1.83	1.00	1.00
Other Allowances	-	-	-	0.06
Total	19.71	19.71	10.60	10.66
Recovery of excess managerial remuneration paid in earlier years**	2.34	-	1.11	-

* Remuneration paid to key managerial personnel does not include the provision made for gratuity as they are determined on an actuarial basis for the Company as a whole.

** The Company made an application to the Central Government seeking approval for payment of Managerial Remuneration to its two whole time directors in excess of the limit specified under the Companies Act, 1956 for financial year 2011-12. The Central Government has partially approved the said application and consequently the Company has recovered the excess remuneration from its two whole time directors.

Other transactions with key management personnel (Rs in millions)

Particulars	Mr. B.L. Jatia	
	2014-15	2013-14
Loan taken	373.20	-
Loan repaid	201.50	-
Interest Expense	8.07	-
Outstanding Balance included in Short term borrowings	171.70	-
Outstanding Balance included in Other current liabilities	7.26	-



HARDCASTLE RESTAURANTS PRIVATE LIMITED
Notes to the Financial Statements for the year ended March 31, 2015

Note - 26 - CIF Value of Imports

(Rs in millions)

Particulars	2014-15	2013-14
Materials (Food, Beverages & Toys)	77.79	67.17
Capital Goods	97.06	101.26
Total	174.85	168.43

Note - 27 - Expenditure in Foreign Currency (Accrual Basis)

(Rs in millions)

Particulars	2014-15	2013-14
Travel	-	1.57
Training	10.95	7.02
Software License & Maintenance	17.94	21.33
Professional Services	-	13.92
Promotional Expenses	0.31	0.86
Packaging Fees	11.59	9.41
Interest on buyers' credit	1.92	5.40
Others	0.55	1.09
Total	43.26	60.60

Note - 28 - Derivative instruments and un-hedged foreign currency exposure

a) Derivatives outstanding at the balance sheet date

(Rs in millions)

Particulars	Purpose	As at March 31, 2015	As at March 31, 2014
Forward contract to buy Nil (previous year US \$ 2.15 million)	Hedge of foreign currency - buyers' credit	-	138.44

b) Particulars of un-hedged foreign currency exposure as at Balance Sheet date

(Rs in millions)

Particulars	As at March 31, 2015	As at March 31, 2014
Import Creditors	1.04 (USD 0.02 million @ Rs. 62.59 per USD)	1.10 (USD 0.02million @ Rs. 60.10per USD) & 0.22 (GBP 0.0022million @ Rs. 99.85per GBP)
Advances Receivable in cash/kind	-	0.69(USD 0.01million @ Rs. 60.10per USD)

Note - 29 - Employee Benefits

Defined Contribution Plan

Amount recognised and included in Note 22 "Contribution to provident fund and other funds" - Rs.100.52 million (Previous Year Rs.64.99 million).

Defined Benefit Plan

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary for each completed year of service subject to a maximum of Rs 1 million. The Scheme is funded with Life Insurance Corporation in the form of a qualifying insurance policy.

The following tables summarise the components of net benefit expense recognised in the Statement of Profit and Loss and the funded status and amounts recognised in the Balance Sheet.



HARDCASTLE RESTAURANTS PRIVATE LIMITED
Notes to the Financial Statements for the year ended March 31, 2015

I) Expenses recognised in Statement of Profit and Loss

Gratuity expense

(Rs in millions)		
Particulars	2014-15	2013-14
Current service cost	10.23	7.62
Interest cost	3.43	2.53
Expected return on plan assets	(0.30)	(0.35)
Net Actuarial (gain) or loss	6.45	(1.33)
Expense recognised in Statement of Profit & Loss	19.82	8.47
Actual return on plan assets	0.27	(0.20)

II) Amount recognised in Balance sheet

(Rs in millions)		
Particulars	2014-15	2013-14
Present value of defined benefit obligation	50.88	37.50
Fair value of plan assets	4.14	3.39
Amount recognised in Balance Sheet	46.74	34.11

III) Changes in present value of defined benefit obligation

(Rs in millions)		
Particulars	2014-15	2013-14
Opening defined benefit obligation	37.50	31.68
Interest cost	3.43	2.53
Current service cost	10.23	7.62
Benefits paid	(6.71)	(2.45)
Actuarial (gains)/losses	6.43	(1.88)
Closing defined benefit obligation	50.88	37.50

IV) Changes in fair value of plan assets

(Rs in millions)		
Particulars	2014-15	2013-14
Opening fair value of plan assets	3.39	4.04
Expected return on plan assets	0.30	0.35
Contributions by employer	4.12	2.00
Benefits paid	(3.65)	(2.45)
Actuarial gains/(losses)	(0.02)	(0.55)
Closing fair value of plan assets	4.14	3.39

The Company expects to contribute Rs 2.50 millions (Previous Year Rs 2.80 millions) to gratuity fund in the next year.

V) Major categories of plan assets as a percentage of fair value of total plan assets

Particulars	2014-15	2013-14
Insurer managed funds	49%	100%
Bank Balance with gratuity trust	51%	-



HARDCASTLE RESTAURANTS PRIVATE LIMITED
Notes to the Financial Statements for the year ended March 31, 2015

VI) Actuarial assumptions used in determining gratuity benefit obligations for the Company's plans

Particulars	2014-15	2013-14
Discount rate	7.99%	9.14%
Expected rate of return on assets	7.99%	8.70%
Salary escalation	7.00%	7.00%
Attrition Rate		
Crew Part time	15.00%	15.00%
Others	10.00%	10.00%
Retirement Age	58 Years	58 Years
Mortality Rate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate

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

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Amounts for current period and previous four years are as follows

(Rs in millions)					
Particulars	2014-15	2013-14	2012-13	2011-12	2010-11
Gratuity					
Defined benefit obligation	50.88	37.50	31.68	23.72	19.26
Plan assets	4.14	3.39	4.04	3.66	4.25
Surplus / (deficit)	(46.74)	(34.11)	(27.64)	(20.06)	(15.01)
Experience adjustments on plan liabilities (gain) / loss	2.19	2.24	(3.11)	(5.41)	(2.53)
Experience adjustments on plan assets gain / (loss)	(0.02)	(0.55)	(0.15)	(0.01)	(0.14)

Note - 30 - Segment Reporting:

The Company operates McDonald's chain of restaurants in Western and Southern India and the management considers that these restaurants constitute a single business segment and hence disclosure of segment wise information is not required under AS-17 "Segment Reporting".

The Company has only one geographical segment as it caters to the needs of the domestic market only.



HARDCASTLE RESTAURANTS PRIVATE LIMITED
Notes to the Financial Statements for the year ended March 31, 2015

Note - 31 - Deferred Taxes:

Break-up of Deferred Tax Assets and Liabilities:-

(Rs in millions)

Particulars		2014-15	2013-14
Deferred Tax liability recognised for timing differences due to:			
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortisation charged for the financial reporting	(A)	50.61	56.35
Deferred tax assets recognised due to:			
a. Expenses allowable in Income Tax on payment basis		28.52	23.44
b. Unabsorbed depreciation		22.09	32.91
Total	(B)	50.61	56.35
Net deferred tax	(A) – (B)	-	-

The Company has accumulated unabsorbed depreciation up to March 31, 2015. However, the deferred tax asset on unabsorbed depreciation has been recognised only to the extent of net deferred tax liability. The deferred tax assets amounting to Rs.165.99 million (previous year Rs. 74.45 million) as at March 31, 2015 has not been recognised and the same will be available to offset tax on future taxable income.

Note - 32 - Contingent Liabilities not provided for in the accounts:

(Rs. in millions)

Particulars	2014-15	2013-14
Claimed against the Company not acknowledged as debts*		
Excise related matters	45.07	45.07
Sales tax/ VAT related matters	938.01	653.63
	983.08	698.70

*Claims against the Company not acknowledged as debt:

- The Company had preferred an appeal before the Central Excise and Service Tax Appellate Tribunal against a demand of Rs 44.26 million (Previous Year: Rs 44.26 million) for earlier years by the Central Excise Department on account of excise duty and penalty. Pending appeal before the Tribunal, the Company has deposited a sum of Rs 1 million as pre-deposit in compliance with the order passed by the Tribunal, which has stayed the recovery of the remaining amount till the matter is finally decided.
- The Company had preferred an appeal before the Central Excise and Service Tax Appellate Tribunal against a demand of Rs 0.49 million (Previous Year: Rs 0.49 million) for earlier years by the Central Excise Department on account of excise duty and penalty. Pending appeal before the Tribunal, the Company has deposited a sum of Rs 0.01 million as pre-deposit in compliance with the order passed by the Tribunal, which has stayed the recovery of the remaining amount till the matter is finally decided.
- The Company had preferred an appeal before the Commissioner (Appeals), Central Excise, Mumbai against demand of Rs 0.32 million (Previous Year Rs 0.32 million) made by the Central Excise Department on account of excise duty and penalty. The Commissioner (Appeals), Central Excise passed an order rejecting the appeal of the Company. Being aggrieved by the order of the Commissioner (Appeals), Central Excise, the Company had preferred an appeal before the Central Excise and Service Tax Appellate Tribunal. The Appellate Tribunal has granted a stay in the said appeal.



HARDCASTLE RESTAURANTS PRIVATE LIMITED

Notes to the Financial Statements for the year ended March 31, 2015

- iv. The Company had preferred an appeal before the Joint Commissioner of Sales Tax (Appeal II) against a demand of Rs 4.06 million (Previous Year: 4.06 million) as per assessment order passed by the assessing officer on account of disallowance of resale sale for the years 2003-04 and 2004-05. Pending appeal before the Commissioner of Sales tax, the Company has deposited a sum of Rs 1.53 million as part payment as directed by the said authority.
- v. During the previous year, the Company had received demand notices of Rs.95.86 million for the years 2008-09 to 2012-13 issued by Assistant Commissioner of Commercial Taxes, Tamil Nadu towards Tamil Nadu Value Added Tax. The Company has preferred an appeal before the Appellate Deputy Commissioner against the aforesaid demand and has paid Rs.49.49 million (previous year Rs.35.07 million) under protest. Based on the advice of external counsel, the Company believes it has good grounds for a successful appeal. Accordingly, no provision is considered necessary in this matter.

Further during the year, the Company has received demand notice of Rs. 284.38 million including penalty of Rs. 170.71 million for the year 2008-09 to 2012-13 issued by Assistant Commissioner of Commercial Taxes, Tamil Nadu alleging that the Company has not maintained and produced books of account for the year under assessment. The Company has preferred an appeal before the Appellate Deputy Commissioner against the aforesaid demand and paid Rs. 31.46 million under protest. The Company believes that it has maintained proper books of account and produced the same before assessing officer for the years 2008-09 to 2012-13, therefore it has good grounds for a successful appeal and no provision is considered necessary in this matter.

- vi. During the previous year, the Company has received a demand notice of Rs. 553.71 million for the period December, 2008 to October 2013 from the Deputy Commissioner of Commercial Taxes, Karnataka alleging that the Company has obtained capital goods from other states, and therefore is ineligible to continue under composition scheme as contemplated under the Karnataka Value Added Tax, 2003 and liable to pay Value Added Tax under regular rate of tax on the sales turnover. In this regard, the Company has filed two writ petitions before the High Court of Karnataka. The said petitions were admitted and the Company was granted an interim stay in both the petitions. In the process, the Company has made payment of Rs. 37.50 million under protest. Based on the advice of external counsel, the Company believes that in both the writ petitions it has good grounds for quashing the impugned notices. Accordingly, no provision is considered necessary in this matter.

Note -33 -Managerial Remuneration

The Company has paid managerial remuneration to its two whole-time directors, in excess of limits specified under the applicable Companies Act by Rs. 45.24 million for the period April, 2012 to March, 2015. The Company's applications for the approval of such excess remuneration to the Central Government were not allowed on technical grounds. The Company has made representations to the Central Government to reconsider its applications. Pending disposal of the representations and on the basis of advice of external legal counsel received by the Company, no adjustments have been made in the financial statements.

Note - 34 -Capital and other Commitments

Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for is Rs. 47.43 million (Previous Year Rs 71.70 million).

Note - 35 - Service Tax on Conducting Charges

The Company had, in accordance with the advice of its lawyers, filed a petition in the Bombay High Court challenging the amendment in law pertaining to levy of service tax on renting of immovable property retrospectively from June 1, 2007. The Hon'ble High Court dismissed the petition and upheld the constitutional validity of the amendment.

Against the Judgement, the Retailers Association of India (RAI) (of which the Company is a member) had, on behalf of its members, preferred an appeal in the Hon'ble Supreme Court of India (SCI). The said appeal is pending for disposal by the SCI. However, by an order ("the Order"), the SCI issued, inter alia, the following directions:



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- 1) All members of RAI to deposit 50% of the arrears due for the period 1st June, 2007 through 30th September, 2011 with the concerned department in three equated instalments on or before 1st November, 2011, 1st January, 2012 and 1st March, 2012;
- 2) For the balance 50% of the arrears, all the members of RAI are:
 - (a) To file solvent surety to the satisfaction of the jurisdictional Commissioners;
 - (b) To file affidavits in the SCI, within four weeks from the date of the Order, undertaking to pay the balance arrears of service tax, stayed in terms of the Order, as may be directed by the SCI at the time of final disposal of the appeal;
- 3) The successful party in the appeal to be entitled to interest on the amount stayed by the SCI at such rate as may be directed by the SCI at the time of final disposal of the appeal.

For the service tax due from 1st October, 2011, no relief in terms of injunction was granted by the SCI. In respect of above SCI directions, the Company had deposited 50% of the disputed amount and for the balance 50% provided solvent surety. The amount under dispute has been fully provided in books.

The Company has commenced payment of service tax with effect from 1st October, 2011 to those parties to whom the Company has contractually agreed to pay service tax.

Note - 36 -Operating Leases Disclosure:

Stores and Office premises are obtained on operating leases. The rentals for some of the stores are fixed while for the others they are based on a percentage of the revenue generated by the respective store. There are no restrictions imposed by such lease arrangements. The leases are generally renewable at the option of the lessee. The lease agreements have an escalation clause and are cancellable in nature.

Operating lease payments recognised in the Statement of Profit and Loss are as follows:

Particulars	(Rs in millions)	
	2014-15	2013-14
Fixed Lease payments for the year	438.50	364.47
Lease payments based on percentage of revenue	274.74	266.03
Total	713.24	630.50

Sub Leases

The Company has sub leased premises to others on operating lease. There is no escalation clause in the lease agreement and are cancellable in nature. There are no restrictions imposed by the lease arrangement.

Sub-lease payments recognised in the Statement of Profit and Loss are as follows:

Particulars	(Rs in millions)	
	2014-15	2013-14
Sub-lease payments based on percentage of revenue	2.22	3.08

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

Particulars	(Rs in millions)	
	2014-15	2013-14
Principal amount and interest due thereon remaining unpaid to any supplier as at end of accounting year	- *	- *
Amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with amounts of payment made to supplier beyond the appointed day during accounting year	-	-
Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006.	-	-

*Based on confirmation / information available with the Company.



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Notes to the Financial Statements for the year ended March 31, 2015

Note – 38 - Impact of Change in accounting policies

During the year, the Company has revised depreciation rate on certain fixed assets in accordance with the requirements of Schedule II of the Companies Act, 2013. Consequently, depreciation expense for current year March 31, 2015 is higher by Rs.4.48 million respectively and Rs. 0.95 million has been adjusted to opening balance of retained earnings on account of assets whose useful life is already exhausted as on April 01, 2014. Had the Company continued to use the earlier depreciation rate the loss before tax for the current year would have been lower by Rs.4.48 million.

Note – 39

Westlife Development Limited (the holding company) has instituted employee stock option scheme ('the Scheme') for key employees and directors of the Company. Under the Scheme WDL has granted options to the employees of the Company and has recovered Rs. 20.52 million (inclusive of service tax) (previous year Rs.4.00 million) from the Company towards compensation cost pertaining to the share based payment and included in Note 22 "Employee Benefits Expense".

Note –40 – Scheme of Arrangement

During the previous year, a Composite Scheme of Arrangement for amalgamation of Triple A Foods Private Limited (TAF) (erstwhile holding company) with Westlife Development Limited (WDL) was sanctioned by the Hon'ble High Court of Bombay vide order dated July 19, 2013 with appointed date of October 1, 2012. As a result, the Company has become a direct subsidiary of WDL.

Note - 41- Corporate Social Responsibility

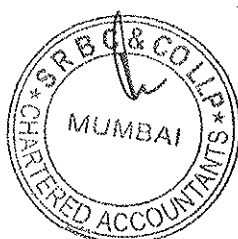
- a) Gross amount required to be spent during the year Rs. 4.93 million.
b) Amount spent during the year

Particulars	(Rs. in million)	
	In Cash	In Kind
Promoting education by distribution of books to non-privileged children.	-	4.48
Total	-	4.48

Note – 42 - Disclosure required under the Companies Act 2013

Included in loans and advances are certain loans the particulars of which is disclosed below as required under the Companies Act 2013

Name of the loanee	Rate of Interest	Due date	Secured/ unsecured	March 31,2015	March 31, 2014
				Rs. millions	Rs. millions
Sristi Hospitality Private Ltd	12%	31/03/2018	Unsecured	20.00	-
M.K.K. Durani	18%	31/12/2015	Unsecured	5.00	-
Sangdatta Lodge	Interest Free	20/08/2021	Unsecured	68.28	73.36
				93.28	73.36



HARDCASTLE RESTAURANTS PRIVATE LIMITED
Notes to the Financial Statements for the year ended March 31, 2015

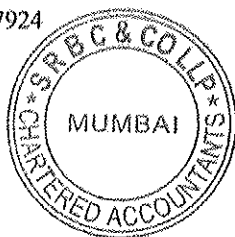
Note – 43 - Previous year figures

Previous year's figures have been regrouped /reclassified wherever necessary to make them comparable with current year's figures.

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
Firm Registration No – 324982E


per Jayesh Gandhi
Partner
Membership No 37924



Place: - Mumbai
Date: - May 08, 2015

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


S. Lakshminarayanan
Chief Financial Officer

Place: - Mumbai
Date: - May 08, 2015

