

**HARDCASTLE RESTAURANTS
PRIVATE LIMITED**

**AUDITED FINANCIALS AS ON
MARCH 31, 2016**

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 2016, 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.

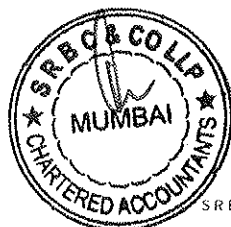
Management's Responsibility for the Financial Statements

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 judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.



Hardcastle Restaurants Private Limited

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Opinion

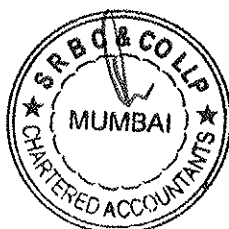
In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016, its profit and its cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to Note 31 to the financial statements regarding approval awaited from the Central Government for managerial remuneration paid for the period April 2012 to March 2015 in excess of the limit specified under applicable Companies Act by Rs. 33.01 Million. Pending such approval, no adjustments have been made in the financial statements. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) On the basis of written representations received from the directors as on 31 March 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016, from being appointed as a director in terms of section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;



SRBC & CO LLP

Chartered Accountants

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

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 3D 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/E300003



per Jayesh Gandhi
Partner
Membership Number: 37924
Place of Signature: Mumbai
Date: 6 May 2016



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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in fixed assets are held in the name of the Company.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liabilities Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3 (iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 of the Companies Act 2013 are applicable and hence not commented upon. The Company has complied with the provisions of section 186 of the Companies Act 2013 in respect of loans and advances given, investments made, guarantees and securities given.
- (v) The Company has not accepted any deposits 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 Section 148(1) of the Companies Act, 2013, for the products of the Company.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, value added tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay 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, service tax, sales-tax, duty of custom, duty of excise, 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	0.12	January 2012 to June 2012	July 2015	29 April 2016 to 02 May 2016
	Unpaid bonus	0.11	April 2011 to March 2012	July 2015	02 May 2016

- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, duty of custom, duty of excise, 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

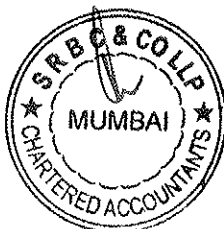
- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to a bank. The Company did not have any outstanding dues in respect of a financial institution or to government during the year.

- (ix) In our opinion and according to the information and explanations given by the management, monies raised by the Company by way of term loans were applied for the purposes for which the loans were obtained. The Company has not raised any money by way of initial public offer or further public offer or debt instruments.



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- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, during the year the managerial remuneration has been paid/provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013. Further, the Company has paid managerial remuneration for the period April 2012 to March 2015 in excess of the limit specified under applicable Companies Act by Rs. 33.01 Million. The Company has made an application to the Central Government for approval of such excess remuneration; pending approval, no steps for recovery is considered necessary by the management.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and hence not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.




SRBC & CO LLP

Chartered Accountants

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(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For SRBC & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003


per Jayesh Gandhi
Partner
Membership Number: 37924
Place: Mumbai
Date: 6 May 2016



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

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

We have audited the internal financial controls over financial reporting of Hardcastle Restaurants Private Limited ("the Company") as of 31 March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

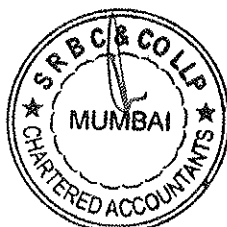
The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial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

Auditor's Responsibility

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

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

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



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Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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



per Jayesh Gandhi
Partner
Membership Number: 37924
Place: Mumbai
Date: 6 May 2016



HARDCASTLE RESTAURANTS PRIVATE LIMITED
Balance Sheet as at March 31, 2016

	Notes	As at March 31, 2016 (Rs in Millions)	As at March 31, 2015 (Rs in Millions)
Equity and Liabilities			
Shareholders' Funds			
Share capital	2	1,655.00	1,655.00
Reserves and surplus	3	(947.84)	(980.64)
		707.16	674.36
Non-current liabilities			
Long-term borrowings	4	4,200.00	4,125.00
		4,200.00	4,125.00
Current liabilities			
Short-term borrowings	5	1,232.54	729.39
Trade payables	6	676.82	567.52
Other current liabilities	7	968.78	1,056.74
Short-term provisions	8	73.26	61.62
		2,951.40	2,415.27
TOTAL		7,858.56	7,214.63
Assets			
Non-current assets			
Fixed assets	9		
Tangible assets		4,150.03	3,790.15
Intangible assets		408.59	385.77
Capital work-in-progress		184.31	209.05
Non current investments	10	250.00	97.23
Loans and advances	11	874.13	829.38
Other non-current assets	12	0.09	1.88
		5,867.15	5,313.46
Current assets			
Current investments	10	1,264.51	1,338.89
Inventories	13	278.23	240.83
Trade receivables	14	42.04	42.37
Cash and bank balances	15	67.22	72.06
Loans and advances	11	328.18	190.76
Other current assets	16	11.23	16.26
		1,991.41	1,901.17
TOTAL		7,858.56	7,214.63

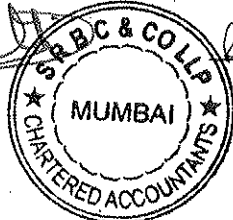
Summary of significant accounting policies 1.2

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

As per our report of even date

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

per Jayesh Gandhi
Partner
Membership No. 37924



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

Banwari Lal Jatia
Director

Banjit Paliath
Director

Radha Jain
Company Secretary

Suresh Lakshminarayanan
Chief Financial Officer



Place :- Mumbai
Date :- May 06, 2016

Place :- Mumbai
Date :- May 06, 2016

HARDCASTLE RESTAURANTS PRIVATE LIMITED
Statement of Profit and Loss for the year ended March 31, 2016

	Notes	For the year ended March 31, 2016 (Rs in Millions)	For the year ended March 31, 2015 (Rs in Millions)
Income			
Revenue from operations (Net)	17	8,331.17	7,640.33
Other income	18	94.63	162.09
Total revenue (I)		8,425.80	7,802.42
Expenses			
Cost of materials consumed	19	3,329.88	3,176.97
Employee benefits expense	20	1,240.23	1,136.61
Other expenses	21	3,330.46	3,172.10
Total (II)		7,900.57	7,485.68
Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) (I) - (II)		525.23	316.74
Depreciation and amortisation expense	9	576.53	504.37
Finance costs	22	149.91	102.17
Profit / (Loss) before tax and exceptional items		(201.21)	(289.80)
Exceptional items (Refer Note 38)		234.01	-
Profit / (Loss) before tax		32.80	(289.80)
Tax Expenses			
Current Tax		6.69	-
Less : MAT credit entitlement		(6.69)	-
Total tax expense		-	-
Profit / (Loss) for the year		32.80	(289.80)
Earning Per Equity Share			
Basic & Diluted Earning per share (Rs)		105.81	(934.84)
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

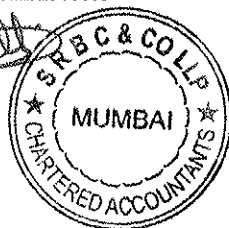
1.2

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/E300003

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

Suresh Lakshminarayanan
Chief Financial Officer

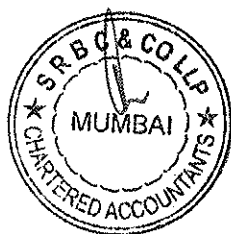
Place :- Mumbai
Date :- May 06, 2016



Place :- Mumbai
Date :- May 06, 2016

Hardcastle Restaurants Private Limited
Cash Flow Statement for the year ended March 31, 2016

	For the year ended March 31, 2016 (Rs in Millions)	For the year ended March 31, 2015 (Rs in Millions)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	32.80	(289.80)
Adjustments for:		
Depreciation and amortisation expense	576.53	504.37
Loss on Sale / write off of Fixed assets	50.28	39.80
Interest expense	145.85	93.69
Premium on forward contract amortised	-	3.72
Interest Income	(4.60)	(2.53)
Gain on sale of current investment	(80.17)	(151.77)
Unrealised loss on foreign exchange	-	0.01
Operating profit before working capital changes	720.69	197.49
Movements in Working Capital		
Decrease/(Increase) in inventories	(37.40)	(41.37)
Decrease/ (Increase) in trade receivables	0.33	20.55
Decrease/ (Increase) in loans and advances	(142.93)	(10.71)
Decrease/ (Increase) in other current assets	4.97	2.36
(Decrease)/Increase in trade payables	109.31	(23.05)
(Decrease)/Increase in other long term liabilities	-	(2.20)
(Decrease)/Increase in other current liabilities	136.02	30.23
(Decrease)/Increase in provisions	8.70	13.63
Cash generated from operations	799.69	186.93
Taxes refund received / (Taxes paid)	(4.14)	1.12
NET CASH FLOW FROM OPERATING ACTIVITIES	795.55	188.05
B CASH FLOW FROM INVESTING ACTIVITIES		
Additions to fixed assets & capital work-in-progress	(770.13)	(1,051.12)
Proceeds from sale of fixed assets	1.41	1.46
Interest Income	4.67	2.53
Investments in mutual funds	(3,907.49)	(4,075.62)
Proceeds from mutual funds	3,909.27	4,335.36
Investment in fixed deposits (With original maturity of three months or more)	(0.25)	(0.12)
Increase in long term deposits	(38.86)	(54.26)
NET CASH USED IN INVESTING ACTIVITIES	(801.38)	(841.77)
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from short term borrowings	2,160.00	1,590.94
Repayments of short term borrowings	(1,485.15)	(1,276.92)
Proceeds from long term borrowings	100.00	500.00
Repayments of long term borrowings	(450.42)	(58.33)
Proceeds from inter corporate deposits	18.00	342.80
Repayment of inter corporate deposits	(18.00)	-
Repayments of loan from director	(171.70)	(392.98)
Interest paid	(153.78)	(90.51)
Premium on forward Contract paid	-	(9.24)
NET CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES	(1.05)	605.76
NET DECREASE IN CASH AND CASH EQUIVALENTS	(6.88)	(47.96)



Hardcastle Restaurants Private Limited
Cash Flow Statement for the year ended March 31, 2016

	For the year ended March 31, 2016 (Rs in Millions)	For the year ended March 31, 2015 (Rs in Millions)
Cash and cash equivalents at the beginning of the year	72.05	120.01
Cash and cash equivalents at the end of the year	65.17	72.05
NET DECREASE IN CASH AND CASH EQUIVALENTS	(6.88)	(47.96)
Components of cash and cash equivalents		
Cash and bank balances	67.22	72.06
Less: Not considered as cash and cash equivalents		
Fixed deposit with remaining maturity of more than three months	2.05	0.01
Total cash and cash equivalents (Refer Note - 15.1)	65.17	72.05

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

As per our report of even date

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

per Jayesh Gandhi
Partner
Membership No. 37924



Place :- Mumbai
Date :- May 06, 2016

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

Suresh Lakshminarayanan
Chief Financial Officer

Place :- Mumbai
Date :- May 06, 2016



HARDCASTLE RESTAURANTS PRIVATE LIMITED
Notes to the Financial Statements for the year ended March 31, 2016

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.

b) Use of estimates

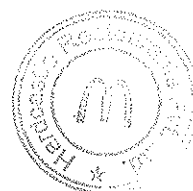
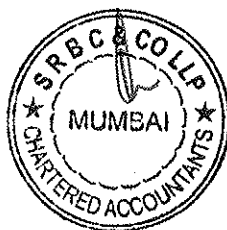
The preparation of financial statements in conformity with Indian GAAP requires the management to make judgement, estimates and assumptions that affect the reported amounts of asset, liabilities and the disclosure of contingent liabilities on the date of balance sheet and reported amounts of revenue and expenses for the period. Although these estimates are based on the management's best knowledge of current events and actions, actual results could differ from the estimates.

c) Tangible Fixed Assets and Depreciation

(i) Fixed Assets are stated at cost less accumulated depreciation and impairment losses (if any). The cost comprises purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Further contribution received from landlords in respect of leasehold improvements carried out to leasehold premises is deducted from leasehold improvements cost.

(ii) Depreciation on 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(others)	15
Leasehold Improvements(office)	9
Restaurant Equipments	5-10
Furniture and Fixtures	5-10
Office Equipments	5
Computers	3
Vehicles	4



HARDCASTLE RESTAURANTS PRIVATE LIMITED
Notes to the Financial Statements for the year ended March 31, 2016

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.

d) Intangible Assets and amortisation

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

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

Software is depreciated over a period of 5 years.

e) Impairment of tangible and intangible assets

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

f) Investments

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

g) Inventories

Inventories are valued at lower of cost (determined on First in First Out basis) or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

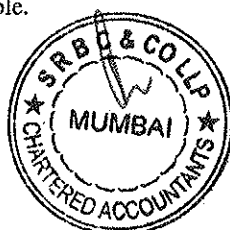
h) Revenue Recognition

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

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

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

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



HARDCASTLE RESTAURANTS PRIVATE LIMITED
Notes to the Financial Statements for the year ended March 31, 2016

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

i) Borrowing Costs

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

j) Foreign Currency Transactions

Initial Recognition:-

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

Conversion:-

Foreign currency monetary items are reported using the closing rate.

Exchange Differences:-

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

Forward Exchange Contracts:-

Premium or discount arising at the inception of forward exchange contracts is amortised and recognised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the Statement of Profit and Loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contracts is recognised as income or as expense for the period.

k) Employee Benefits

Defined contribution plan

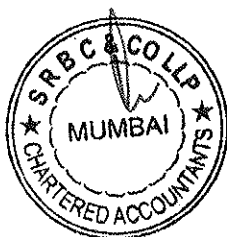
State governed Provident Fund, ESIC and Labour Welfare Fund is considered as defined contribution plan and contributions thereto are charged to the Statement of Profit and Loss for the year as they are incurred. There are no other obligations, other than the contribution payable to the respective funds.

Defined benefit plan

Gratuity liability is a defined benefit scheme and is provided on the basis of an actuarial valuation done by an independent actuary on the projected unit credit method at the end of each financial year. Actuarial gains/losses are recognised in the Statement of Profit and Loss immediately in the year in which they arise and are not deferred.

Other benefits

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



HARDCASTLE RESTAURANTS PRIVATE LIMITED

Notes to the Financial Statements for the year ended March 31, 2016

l) Income Tax

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

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

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

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

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

m) Earnings per Share

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

n) Operating Leases

Where Company is lessee:

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

Where Company is lessor:

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Assets subject to operating leases are included in 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 costs such as legal costs, brokerage costs, etc. are recognised immediately in the Statement of Profit and Loss.



HARDCASTLE RESTAURANTS PRIVATE LIMITED

Notes to the Financial Statements for the year ended March 31, 2016

o) Provisions

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

q) Contingent Liability

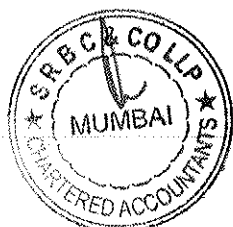
A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an 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.

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, 2016

As at
March 31, 2016
(Rs in Millions)

As at
March 31, 2015
(Rs in Millions)

Note - 2 - Share Capital

Authorised Shares

315,000 (Previous Year 315,000) Equity Shares of Rs 1,000/- each	315.00	315.00
1,355,000 (Previous Year 1,355,000) Cumulative Redeemable Preference Shares of Rs 1,000 each	1,355.00	1,355.00
	1,670.00	1,670.00

Issued, subscribed and fully paid-up shares

310,000 (Previous Year 310,000) Equity Shares of Rs 1,000 each fully 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

Total issued, subscribed and fully paid-up share capital

1,655.00	1,655.00
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2.1 - Reconciliation of shares outstanding at the beginning and at the end of the reporting period

Equity shares

Particulars	March 31, 2016		March 31, 2015	
	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, 2016		March 31, 2015	
	No. of shares	(Rs. in millions)	No. of shares	(Rs. in millions)
At the beginning of the year	1,345,000	1,345.00	1,345,000	1,345.00
Outstanding at the end of the year	1,345,000	1,345.00	1,345,000	1,345.00

2.2 - Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of Rs 1,000 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. During the year ended March 31, 2016, the amount of dividend per share recognised as distribution to shareholders was Rs. Nil (Previous Year Rs. Nil). In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

2.3 - Terms of redemption of Cumulative Redeemable Preference Shares (CRPS)

The Company has issued 1,345,000 Cumulative Redeemable Preference Shares of Rs. 1,000 each. Of these 824,546 Preference Shares are redeemable at par on or before August 22, 2023, 100,454 Preference Shares are redeemable at par on or before September 27, 2025 and 420,000 Preference Shares are redeemable at par on or before April 30, 2033. As per the terms of the agreement, the Company shall declare and pay the dividends and all unpaid dividends, if any, subject to the Company having distributable profits in accordance with the provisions of Section 123 of the Companies Act, 2013. The dividend rate shall be subject to revision every year on the basis of the Bank Rate prevailing as on the 31st day of the month of March immediately preceding the date of meeting of the board at which the Balance Sheet and Statement of Profit and Loss pertaining to the relevant financial year are approved by the Board. The rate of dividend will be Bank Rate plus 3%, provided that in no case the dividend rate shall exceed 11% p.a. During the year ended March 31, 2016 the amount of dividend per share recognised as distribution to preference share holders was Rs Nil (Previous Year Rs. Nil). Each holder of CRPS is entitled to one vote per share only on resolutions placed before the Company which directly affect the rights attached to CRPS. In the event of liquidation of the Company, the holders of CRPS will have priority over equity shares in the payment of dividend and repayment of capital.

The Company has received consent to waive the dividend payable for the current and preceeding years on cumulative redeemable preference shares (CRPS).

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

Particulars	As at March 31, 2016 (Rs. in millions)	As at March 31, 2015 (Rs. in millions)
309,999 (Previous Year 309,999) Equity 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	As at March 31, 2016		As at March 31, 2015	
	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.



HARDCASTLE RESTAURANTS PRIVATE LIMITED
Notes to the Financial Statements for the year ended March 31, 2016

As at March 31, 2016 (Rs in Millions)	As at March 31, 2015 (Rs in Millions)
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Note - 3 - Reserve and Surplus

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

Balance as per last financial statements	(980.64)	(689.89)
Less : Adjustment to written down value of assets fully depreciated pursuant to Schedule II of the Companies Act, 2013 (Refer Note 36)		(0.93)
Profit / (Loss) for the year	32.80	(289.80)
Net deficit in the Statement of Profit and Loss	(947.84)	(980.64)

Note - 4 - Long-term borrowings

As at March 31, 2016 (Rs in Millions)	As at March 31, 2015 (Rs in Millions)	As at March 31, 2016 (Rs in Millions)	As at March 31, 2015 (Rs in Millions)
Long term		Current Maturity of Long term Borrowings *	
Secured			
Loan from Banks (Refer note i and ii below)	75.00	187.50	612.92
Unsecured			
Inter Corporate Deposits			
Westlife Development Limited (Refer Note iii below)	4,125.00	4,125.00	-
Total	4,200.00	4,125.00	187.50
			612.92

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

- The Company had availed a loan facility of Rs. 750 million from HDFC Bank Ltd. to finance the capital expenditure. To avail this facility the Company has created a first pari passu charge on moveable fixed assets (present and future). The Company had drawn Rs 500 million at an interest rate of 9.75% p.a.-10.45 % p.a (Previous Year 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, 2016 the amount outstanding in respect of the said arrangement is Rs.262.50 million (Previous Year Rs.500 million). As at March 31, 2015, the Company had 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 was shown as current.
- 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 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 11.53% p.a. and the second tranche of Rs. 130 million was drawn at an interest rate of 11.20% p.a. The term loan was repayable in quarterly instalments over a period of 36 months. The entire outstanding loan of Rs 112.92 million was repaid during the current year. As at March 31, 2015, the Company had 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 was shown as current.
- The Company had taken a long term interest free deposit of Rs. 2375 million from Triple A Foods Private Limited (TAF). During the financial year 2013-14, TAF has been amalgamated with Westlife Development Limited(WDL) and consequently the inter corporate deposit taken from TAF was transferred to WDL. The said deposit shall not be called back before December 29, 2018. 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 out of which the Company had drawn Rs 1750 million under the said agreement. The loan is interest free and shall not be called before expiry of four years from the date of last drawdown i.e. October 18, 2013.



HARDCASTLE RESTAURANTS PRIVATE LIMITED

Notes to the Financials Statements for the year ended March 31, 2016

As at
March 31, 2016
(Rs in Millions)

As at
March 31, 2015
(Rs in Millions)

Note - 5 - Short-term borrowings

Secured

Loan from Banks (Refer note i and ii below)	1,080.00	200.00
Bank overdrafts (Refer note iii below)	-	0.08

Unsecured

Bank overdrafts (Refer note iii and iv below)	152.54	357.61
Loan from Director (Refer note v below)	-	171.70

Total	1,232.54	729.39
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- i) The Company had availed a revolving short term loan facility of Rs. 200 million from HDFC Bank Ltd. This facility is sanctioned for the purpose of financing working capital requirements. To avail this facility, the Company has hypothecated i.e. created a first charge on all stock and book debts and also an exclusive charge on the credit / debit card receivables to the extent of Rs 400 million by way of hypothecation. Interest is charged at 9.45% p.a.- 10.15% p.a. (Previous Year 10.12 % p.a.- 10.15 % p.a.) and is payable monthly. The repayment period of the said loan is 30 days to 180 days. As at March 31, 2016 the amount outstanding in respect of the said facility is Rs.50 million (Previous Year Rs. 200 million).
- ii) During the year the Company has availed a revolving short term loan facility of Rs. 1265 million from Australia and New Zealand Banking Group Ltd. for the purpose of financing working capital requirements. To avail this, the Company has created a first pari passu charge on the movable assets. Interest is charged at 9.35% p.a.- 9.85% p.a. The loan is repayable within 30 days from the date of drawdown. As at March 31, 2016 the amount outstanding in respect of the said facility is Rs.1030 million (Previous Year Rs.Nil).
- iii) The Company has availed an overdraft facility of Rs. 200 million (previous year Rs. 200 million) with Kotak Mahindra Bank Ltd. (erstwhile ING Vysya Bank Ltd.) at an interest rate of 9.50% p.a.- 10.75% p.a. (Previous Year 13.30% p.a.). This overdraft facility is for financing the working capital requirement and is repayable on demand. The Company had created an exclusive charge in favour of Kotak Mahindra Bank Ltd. (erstwhile ING Vysya Bank Ltd.) on immovable fixed assets having an area of 1291.76 sq. mtrs. located at Kalamboli, Navi Mumbai. As at March 31, 2016 the Company has availed borrowing of Rs. Nil (Previous Year Rs. 199.88 million) under this facility.
- iv) The Company has availed an overdraft facility of Rs 200 million (Previous Year Rs 200 million) with Royal Bank of Scotland with an interest rate of 9.35% p.a.-10.35% p.a. (Previous Year 10.35% p.a.) and 18% p.a. if the facility extends beyond Rs.200 million. This overdraft facility is for financing the working capital requirement and is repayable on demand. As at March 31, 2016 the Company has utilised Rs. 152.54 million (Previous Year Rs. 157.81 million) under this facility.
- v) During the previous year, the Company had taken a loan from director at an interest rate of 10.50% p.a. This loan was used for financing the working capital requirement and it was repayable on demand. The said loan is repaid during the year.

Note - 6 - Trade payables

Trade Payable (Refer Note - 35)	676.82	567.52
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Note - 7 - Other current liabilities

Current Maturity of long term borrowings (Refer Note 4)	187.50	612.92
Security deposits	5.27	4.91
Bank overdrafts	144.19	105.85
Statutory dues	80.05	68.20
Liability for capital expenditure	316.69	107.69
Interest accrued but not due on borrowings	5.18	13.11
Employee related liabilities	183.76	110.81
Other payables	46.14	33.25

Total	968.78	1,056.74
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Note - 8 - Short-term provisions

Provision for employee benefits

Provision for gratuity (Refer Note - 27)	50.30	46.74
Provision for leave benefits	20.03	14.88

Other Provisions

Provision for income tax	2.93	-
Total	73.26	61.62



HARDCASTLE RESTAURANTS PRIVATE LIMITED

Notes to the Financial Statements for the year ended March 31, 2016

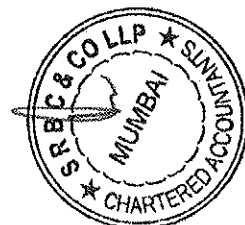
Note - 9 - Fixed Assets and Depreciation

	Gross Block (At cost)			Depreciation / Amortisation			Net Block	
	As at 01-04-2015	Additions / Adjustments	Deductions / Adjustments	As at 31-03-2016	As at 01-04-2015	For the year* Deductions / Adjustments	As at 31-03-2016	As at 31-03-2015
TANGIBLE ASSETS								
Leasehold Land	10.50	-	-	10.50	2.18	0.18	8.32	8.32
Buildings	142.36	-	-	142.36	2.01	0.17	140.35	140.35
Leasehold Improvements	145.55	-	(0.03)	145.52	80.39	5.27	65.23	65.23
Restaurant Equipments	2,495.47	422.55	(18.35)	2,899.67	75.98	5.26	2,823.69	2,823.69
Furniture and Fixtures	2,169.06	411.59	(85.18)	2,495.47	600.34	189.96	1,895.13	1,895.13
Office Equipments	2,426.01	432.92	(75.86)	2,783.07	486.79	161.33	2,296.28	2,296.28
Computers	2,116.84	358.41	(49.24)	2,426.01	939.98	262.73	1,463.28	1,463.28
Vehicles	520.23	79.21	(7.04)	592.40	227.02	53.49	368.91	368.91
Sub Total	440.94	100.84	(21.55)	520.23	191.81	52.24	328.42	328.42
	23.05	5.97	(1.03)	27.99	12.58	4.89	15.40	15.40
	25.71	2.85	(5.51)	23.05	13.78	3.75	9.30	9.30
	45.78	4.50	(1.84)	48.44	36.41	12.15	12.29	12.29
	40.25	6.45	(0.92)	45.78	22.22	14.94	30.84	30.84
	61.62	1.24	(1.66)	61.20	35.97	9.77	25.43	25.43
	48.66	16.85	(3.89)	61.62	31.72	8.04	29.88	29.88
	5,725.02	946.39	(105.81)	6,565.60	1,934.87	538.44	4,626.73	4,626.73
	4,997.51	896.99	(169.48)	5,725.02	1,573.01	472.98	4,151.01	4,151.01
INTANGIBLE ASSETS								
Initial Location & License Fee	464.65	47.88	-	512.53	187.50	27.04	325.03	325.03
Computer Software	405.23	59.42	-	464.65	84.59	22.91	380.06	380.06
Sub Total	84.11	13.03	-	97.14	55.49	11.05	41.65	41.65
	73.02	11.09	-	84.11	46.06	9.43	38.05	38.05
	548.76	60.91	-	609.67	162.99	38.09	446.68	446.68
	478.25	70.51	-	548.76	130.65	22.34	418.11	418.11
TOTAL	6,273.78	1,007.30	(105.81)	7,175.27	2,097.86	576.53	5,077.41	5,077.41
Previous Year	5,475.76	967.50	(169.48)	6,273.78	1,703.66	505.32	4,568.12	4,568.12

(figures in italics pertain to previous year)

Notes :

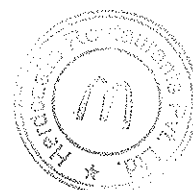
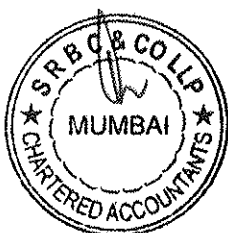
* During the previous year, the Company had revised depreciation on certain fixed assets in accordance with the requirement of the Schedule II of the Companies Act, 2013. Consequently Rs. 0.95 million (out of total depreciation of Rs. 505.32 million) had been adjusted to opening balance of retained earnings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



HARDCASTLE RESTAURANTS PRIVATE LIMITED

Notes to the Financial Statements for the year ended March 31, 2016

	Non-Current		Current	
	As at March 31, 2016 (Rs in Millions)	As at March 31, 2015 (Rs in Millions)	As at March 31, 2016 (Rs in Millions)	As at March 31, 2015 (Rs in Millions)
Note - 10 - Investment				
Non-Trade Investments				
a) Investments in Mutual Funds (unquoted) (valued at cost or fair value whichever is lower)				
Face Value of Rs. 100 each				
48,725.625 (Previous Year Nil) units of Birla Sunlife Floating Rate Fund Short Term plan-Growth-Regular Plan	-	-	9.62	-
Nil (Previous Year 4,47,546.60) units of Birla Sun Life Cash Plus-Growth-Regular Plan	-	-	-	100.21
Nil (Previous Year 1,715.62) units of ICICI Prudential Liquid- Regular Plan- Growth	-	-	-	0.33
13,503 (Previous Year Nil) units of HDFC liquid fund- Growth	-	-	39.57	-
Nil (Previous Year 1,723.31) units of HDFC Cash Management Fund-Savings Plan- Growth	-	-	-	0.05
Face Value Rs.10 each				
Nil (Previous Year 1,00,00,000) units of Birla Sunlife Fixed Term Plan-Series IU (527 days)-Growth Regular	-	-	-	100.00
Nil (Previous Year 50,00,000) units of HDFC FMP 554 Days November 2013-(1) Series 28- Regular Growth	-	-	-	50.00
50,00,000 (Previous Year 50,00,000) units of Reliance Mutual Fund Fixed Horizon Fund XXIV Series-22-Growth Plan	50.00	-	-	50.00
81,88,000 (previous Year 81,88,000) units of L & T Mutual Fund FMP VII(April 1124) A) Growth	-	97.23	97.23	-
2,00,00,000 (Previous Year Nil) units of HDFC FMP 1161 Days Feb 2016 (1) Regular Series 35 Growth.	200.00	-	-	-
1,93,85,910.15 Units (Previous Year Nil) units of IIFL Cash Opportunities Fund	-	-	199.46	-
43,38,569.83 (Previous Year Nil) units of - HDFC Dynamic Bond Fund - Growth Regular Plan.	-	-	73.64	-
3156.67 (Previous Year Nil) units of ICICI Prudential Money Market Fund Growth	-	-	0.65	-
45,475.77 (Previous Year Nil) units of L & T Cash Fund-Growth	-	-	53.85	-
27,47,678.634 (Previous Year Nil) units of Kotak Treasury Advantage Fund Growth (Regular Plan)	-	-	65.05	-
13,130,000 (Previous Year Nil) units of - Kotak Mahindra Mutual Fund FMP Series 131-1061 days Non Direct Growth	-	-	164.16	-
Nil (Previous Year 20,00,000) units of Religare Invesco - FMP Series XX-Plan B (601 days) -Growth	-	-	-	23.13
Nil (Previous Year 40,15,526) units of IIFL Fixed Maturity Plan Series 6-Regular Growth	-	-	-	47.91
Nil (Previous Year 38,07,021.26) units of L & T Short term Opportunities Fund Growth	-	-	-	50.90
Nil (Previous Year 88,10,000) units of Kotak FMP Series 127- Growth	-	-	-	100.45
Nil (Previous Year 40,00,000) units of Reliance Fixed Horizon Fund - XXVI - Series 28 Growth Plan	-	-	-	42.79
Nil (Previous Year 50,00,000) units of Sundaram Fixed Term Plan GG 366 DAYS Regular Growth	-	-	-	53.42
Nil (Previous Year 13,90,579.16) units of Birla Sunlife Short term Fund - Growth	-	-	-	72.58
Nil (Previous Year 33,36,630.66) units of HDFC Short term Opportunities Fund - Growth	-	-	-	50.74
Nil (Previous Year 17,750.72) units of Franklin India Short Term Income Plan - Retail Plan Growth	-	-	-	50.89
35,51,347.53 (Previous year 35,70,985.55) units of ICICI Prudential Short term Plan- Regular Plan -Growth	-	-	107.50	101.99
19,04,168.97 (Previous Year 17,89,920.82) units of - HDFC - Super Saver Income Fund - Short Term - Growth-(Regular Plan)	-	-	57.50	50.92
1,35,81,967.15 (Previous Year 1,35,81,967.15) units of JP Morgan India Government Securities Fund - Regular Plan Growth Option	-	-	150.00	150.00
Nil (Previous Year 43,80,665.72) units of - HDFC Dynamic Bond Fund - Plan B- Growth- (Regular Plan)	-	-	-	73.96
Nil (Previous Year 13,29,298.40) units of - Kotak Gilt- Investment Regular - Growth	-	-	-	63.22
37,24,568.32 (Previous Year 37,24,568.32) units of HDFC Gilt Fund- Long term Growth	-	-	105.38	105.38
b) Investment in structured products (unquoted) (valued at cost or fair value whichever is lower)				
Debt				
1005 (Previous Year Nil) units of Reliance Capital Limited SR-B/216 BR NCD	-	-	121.09	-
Equity				
200 (Previous Year Nil) units of Reliance Capital Ltd SR. B/298 BR NCD 19AP16 FVRS1 LAC	-	-	19.81	-
Total	250.00	97.23	1,264.51	1,338.89
Aggregate amount of Unquoted Investments	250.00	97.23	1,264.51	1,338.89



HARDCASTLE RESTAURANTS PRIVATE LIMITED

Notes to the Financial Statements for the year ended March 31, 2016

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

	Non-Current		Current	
	As at March 31, 2016 (Rs in Millions)	As at March 31, 2015 (Rs in Millions)	As at March 31, 2016 (Rs in Millions)	As at March 31, 2015 (Rs in Millions)
Security deposits to lessors	566.57	527.71	5.00	6.70
Security deposits to others	40.14	33.97	0.40	0.40
Capital advances	10.49	14.71	-	3.14
Balances with Statutory/Government authorities	121.70	121.70	204.99	68.15
Employee advances	-	-	4.82	-
Lease hold improvements contributions receivable	-	-	38.33	22.72
Advances to suppliers	-	3.70	48.52	60.22
Advance income tax (net of provisions)	17.62	17.23	-	-
MAT Credit entitlement	35.25	28.57	-	-
Loans to others	75.12	77.59	10.69	13.08
Pre-paid expenses	7.24	4.20	15.43	16.35
Total	874.13	829.38	328.18	190.76

Security deposits to lessors include Rs. 9.50 million (Previous Year Rs 6.00 million) deposit given to related party.

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

Note - 12 - Other non-current assets

Deposits with Bank with remaining maturity for more than 12 months*

	As at March 31, 2016 (Rs in Millions)	As at March 31, 2015 (Rs in Millions)
Deposits with Bank with remaining maturity for more than 12 months*	0.09	1.88
Total	0.09	1.88

* includes fixed deposits with lien in favour of statutory authorities Rs. 0.09 million (Previous Year Rs.1.59 million)

Note - 13 - Inventories

(Valued at lower of cost and net realisable value)

Food items (includes goods in transit Rs. 1.36 million (Previous Year Rs. 7.75 million)	138.81	118.00
Paper Products (includes goods in transit Rs. 0.52 million (Previous Year Rs. Nil)	46.12	43.51
Toys & premiums	34.40	22.63
Stores, spares & consumables (includes goods in transit Rs.0.03 million (Previous Year Rs. Nil)	58.90	56.69

Total	278.23	240.83
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Note - 14 - Trade receivables

 (Unsecured, considered good unless otherwise stated)
 Other receivables

	42.04	42.37
Total	42.04	42.37

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

 Balances with banks:
 - On current accounts

Cash on hand

	9.07	11.13
	56.10	60.92
Total	65.17	72.05

15.2 Other bank balances

- Deposits with remaining maturity for less than 12 months*

	2.05	0.01
Total	2.05	0.01

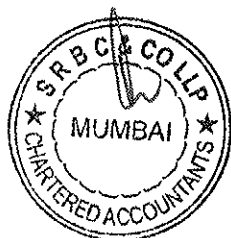
Total	67.22	72.06
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* includes fixed deposits with lien in favour of statutory authorities Rs. 1.63 million (Previous Year Rs.Nil)

Note - 16 - Other current assets

 Other receivables (Unsecured, considered good)
 Interest accrued on fixed deposits

	11.16	16.13
	0.07	0.13
Total	11.23	16.26



HARDCASTLE RESTAURANTS PRIVATE LIMITED
Notes to the Financials Statements for the year ended March 31, 2016

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

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

Note - 17 - Revenue From Operations (Net)

Sales (Refer Note 17.1 below)	8,234.39	7,597.89
Other Operating Revenue		
Conducting Fees	1.88	2.22
Franchising Income	5.52	5.57
Scrap Sales	10.07	11.01
Space Rental and alliances income	58.33	23.64
Miscellaneous Provisions written back	20.98	
Total	8,331.17	7,640.33

17.1 Details of Sales

Food	6,570.20	6,545.05
Beverages, Desserts, Others	1,664.19	1,052.84
Total	8,234.39	7,597.89

Note - 18 - Other Income

Interest Income on		
Bank Deposits	0.21	0.16
Others	4.39	2.37
Gain on sale of current investment	80.17	151.77
Compensation received for closure of a store		3.10
Other non-operating income	9.86	4.69
Total	94.63	162.09

Note - 19 - Cost of materials consumed

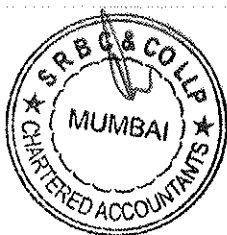
Inventory at the beginning of the year	184.14	157.46
Add: Purchases during the year	3,365.07	3,203.65
	3,549.21	3,361.11
Less: Inventory at end of the year	219.33	184.14
Total	3,329.88	3,176.97

19.1 - Details of Cost of materials consumed

Food	2,876.48	2,731.60
Paper	361.92	364.03
Toys & Premiums	91.48	81.34
Total	3,329.88	3,176.97

19.2 - Value of Imported and indigenous materials consumed:

Imported	79.91	2.40%	70.24	2.21%
Indigenous	3,249.97	97.60%	3,106.73	97.79%
Total	3,329.88	100.00%	3,176.97	100.00%



HARDCASTLE RESTAURANTS PRIVATE LIMITED
Notes to the Financial Statements for the year ended March 31, 2016

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

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

Note - 20 - Employee benefits expenses

Salaries, wages and bonus	1,030.13	910.76
Contribution to provident fund and other funds	95.76	100.52
Gratuity Expenses (Refer Note - 27)	10.56	19.82
Staff welfare expenses	103.78	105.31
Total	1,240.23	1,136.61

Note - 21 - Other Expenses

Electricity Utilities	722.21	671.30
Gas Utilities	115.47	166.94
Other Utilities	66.61	59.92
Conducting Charges	712.78	680.05
Advertising and sales promotion	466.75	427.49
Royalty Fee	289.50	268.18
Repairs and Maintenance - Restaurant Equipments	159.07	129.83
Repairs and Maintenance - Others	99.80	98.16
Operating Supplies at Stores	128.19	124.52
Travelling and conveyance	51.53	51.18
Consultancy and Professional Fees (includes - Refer Note 21.1 below)	66.03	82.25
Rent Expenses	36.43	33.19
Loss on sale / write off of fixed assets	50.28	39.80
Training and Development Expenses	28.59	29.32
Communication costs	21.47	20.96
Rates and Taxes	6.77	14.83
Insurance	9.32	8.79
CSR expenditure (Refer Note 39)	0.17	4.48
Exchange differences (net)	1.60	3.04
Miscellaneous Expenses	297.89	257.87
Total	3,330.46	3,172.10

21.1 - Payments to Auditors (excluding service tax)

Legal and Professional fees include auditors fees as follows:

As auditor	4.55	3.48
Statutory Audit fees	0.08	0.04
In other capacity	0.15	0.14
Certification Fees	4.78	3.66
Reimbursement of expenses		
Total	4.78	3.66

Note - 22- Finance Cost

Interest	-	1.92
- Buyer's credit	0.22	6.17
- Inter Corporate Deposit	5.24	8.07
- Director's Loan	122.58	63.23
- Term Loan	14.10	12.73
- Bank overdraft	3.71	1.57
- Others	-	3.72
Premium on forward exchange contracts amortised	4.06	4.76
Bank charges	149.91	102.17
Total	149.91	102.17



Hardcastle Restaurants Private Limited

Notes to the financial statements for the year ended March 31, 2016

Note - 23 - Related Party disclosure

(A) Related party where control exists
Holding Company

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

a) Key Management Personnel

Westlife Development Limited

Mr. B.L.Jatia, Director
Mr. Ranjit Paliati, Director (w.e.f. September 30, 2014)
Mrs. Seema Arora Nambiar, Director (w.e.f. April 01, 2015)
Mr. Suresh Lakshminarayanan, Chief Financial Officer
Mrs. Radha Jain, Company Secretary

b) Relatives of key management personnel

Mr. Amit Jatia, son of Mr. B.L.Jatia (Director upto March 31, 2015)
Mrs. Smita Jatia, daughter-in-law of Mr. B.L.Jatia (Director upto March 31, 2015)
Mr. Akshay Jatia, grandson of Mr. B.L.Jatia
Mr. Ayush Jatia, grandson of Mr. B.L.Jatia

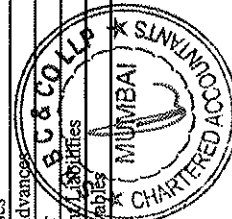
c) Enterprises over which Key Management Personnel or their relatives is/are able to exercise control

Vishwas Investment & Trading Company Private Limited
West Pioneer Properties (India) Private Limited (upto February 08, 2016)
Hardcastle Petrofer Private Limited
West Leisure Resorts Limited

Related party transactions

(a) Transactions with enterprises over which key management personnel or their relatives is/are able to exercise significant influence

Particulars	Westlife Development Limited		West Pioneer Properties (India) Private Limited		Hardcastle Petrofer Private Limited		Vishwas Investment & Trading Company Private Limited		West Leisure Resorts Limited	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Rent expense	-	-	-	-	-	-	2.05	0.20	-	-
Conducting Charges	-	-	7.11	6.24	-	-	-	-	-	-
Electricity Charges	-	-	7.65	8.88	-	-	-	-	-	-
Water Charges	-	-	0.02	0.07	-	-	-	-	-	-
Maintenance Charges	-	-	2.01	1.93	-	-	-	-	-	-
Gas Charges	-	-	0.52	0.89	-	-	-	-	-	-
Security deposit given	-	-	-	4.13	-	-	3.50	-	-	-
Security deposit refund received	-	-	-	-	-	-	-	5.25	-	-
Consultancy charges	-	-	1.68	-	-	-	-	-	-	-
Interest on Inter Corporate Deposit	-	-	-	-	-	-	-	-	-	0.03
Reimbursement of expenses recovered	-	-	0.62	0.60	-	-	-	-	-	-
Inter Corporate Deposits repaid	-	-	1.84	2.00	0.12	0.12	-	-	-	54.95
Rent Income	-	-	-	-	-	-	-	-	-	-
Employee Stock Option Compensation expenses	15.95	20.52	-	-	-	-	-	-	-	-
Outstanding Balance included in Loans and Advances	-	-	-	-	-	-	3.50	-	-	-
Inter Corporate Deposits at the end of the year	4,125.00	4,125.00	-	6.63	-	-	-	-	-	-
Outstanding Balance included in Other Current Liabilities	29.66	18.76	-	-	-	-	-	-	-	-
Outstanding Balance included in Other Receivables	-	-	-	0.48	0.01	-	-	-	-	-



Hardcastle Restaurants Private Limited

Notes to the financial statements for the year ended March 31, 2016

Note - 23 - Related Party disclosure.....contd...

Remuneration to key management personnel (Refer Note - 31)

Particulars	(Rs in millions)					
	Amit Jafia		Smita Jafia		Ranjit Paliath	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Remuneration Paid*	-	19.71	-	10.60	8.02	3.13
Recovery of excess managerial remuneration paid in earlier years.**	-	2.34	-	1.11	-	-
					7.29	6.71
					-	5.30
					-	-

Other transactions with key management personnel

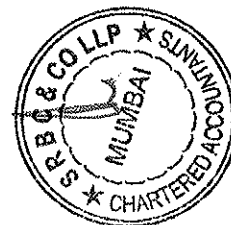
	(Rs in millions)	
	B.L. Jafia	
	2015-16	2014-15
Loan taken	-	373.20
Loan repaid	171.70	201.50
Interest Expense	5.24	8.07
Outstanding balance included in Short term Borrowings	-	171.70
Outstanding balance included in Other current liabilities	-	7.26

b) Transactions with relatives of key management personnel

Particulars	(Rs. in millions)			
	Amit Jafia		Smita Jafia	
	2015-16	2014-15	2015-16	2014-15
Remuneration Paid*	27.46	-	16.68	-
				1.83
				-

* Remuneration paid to key managerial personnel / relatives of key management personnel does not include the provision made for gratuity and ESOP as they are determined for the Company as a whole.

** During the previous year 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.



HARDCASTLE RESTAURANTS PRIVATE LIMITED

Notes to the Financial Statements for the year ended March 31, 2016

Note - 24 - CIF Value of Imports

(Rs in millions)

Particulars	2015-16	2014-15
Materials (Food, Beverages & Toys)	88.05	77.79
Capital Goods	38.11	97.06
Total	126.16	174.85

Note - 25 - Expenditure in Foreign Currency (Accrual Basis)

(Rs in millions)

Particulars	2015-16	2014-15
Travel	1.21	-
Training	8.94	10.95
Software License & Maintenance	24.91	17.94
Professional Services	13.07	-
Packaging Fees	9.37	11.59
Interest on buyers' credit	-	1.92
Others	1.95	0.86
Total	59.45	43.26

Note - 26 - Derivative instruments and un-hedged foreign currency exposure**Un-hedged foreign currency exposure as at Balance Sheet date**

(Rs in millions)

Particulars	As at March 31, 2016	As at March 31, 2015
Import Creditors	-	1.04 (USD 0.02 million @ Rs. 62.59 per USD)
Advances Receivable in cash/kind	0.48 (USD 0.01 million @ Rs. 66.33 USD)	-

Note - 27 - Employee Benefits**Defined Contribution Plan**

Amount recognised and included in Note 20 "Contribution to provident fund and other funds" - Rs. 95.76 million (Previous Year Rs.100.52 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.

I) Expenses recognised in Statement of Profit and Loss**Gratuity expense**

(Rs in millions)

Particulars	2015-16	2014-15
Current service cost	13.28	10.23
Interest cost	4.06	3.43
Expected return on plan assets	(0.33)	(0.30)
Net Actuarial (gain) or loss	(6.45)	6.45
Expense recognised in Statement of Profit & Loss	10.56	19.82
Actual return on plan assets	0.43	0.27



HARDCASTLE RESTAURANTS PRIVATE LIMITED

Notes to the Financial Statements for the year ended March 31, 2016

II) Amount recognised in Balance sheet

(Rs in millions)

Particulars	2015-16	2014-15
Present value of defined benefit obligation	55.35	50.88
Fair value of plan assets	5.05	4.14
Amount recognised in Balance Sheet	50.30	46.74

III) Changes in present value of defined benefit obligation

(Rs in millions)

Particulars	2015-16	2014-15
Opening defined benefit obligation	50.88	37.50
Interest cost	4.06	3.43
Current service cost	13.28	10.23
Benefits paid	(6.52)	(6.71)
Actuarial (gains)/losses	(6.35)	6.43
Closing defined benefit obligation	55.35	50.88

IV) Changes in fair value of plan assets

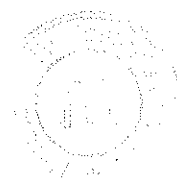
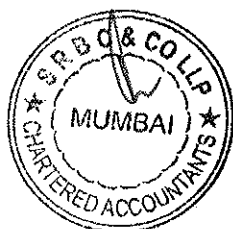
(Rs in millions)

Particulars	2015-16	2014-15
Opening fair value of plan assets	4.14	3.39
Expected return on plan assets	0.33	0.30
Contributions by employer	7.00	4.12
Benefits paid	(6.52)	(3.65)
Actuarial gains/(losses)	0.10	(0.02)
Closing fair value of plan assets	5.05	4.14

The Company expects to contribute Rs 5.00 million (Previous Year Rs 2.50 million) to gratuity fund in the next year.

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

Particulars	2015-16	2014-15
Insurer managed funds	43%	49%
Bank Balance with gratuity trust	57%	51%



HARDCASTLE RESTAURANTS PRIVATE LIMITED
Notes to the Financial Statements for the year ended March 31, 2016

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

Particulars	2015-16	2014-15
Discount rate	7.84%	7.99%
Expected rate of return on assets	7.84%	7.99%
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.

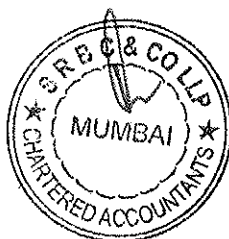
Amounts for current period and previous four years are as follows

(Rs in millions)					
Particulars	2015-16	2014-15	2013-14	2012-13	2011-12
Gratuity					
Defined benefit obligation	55.35	50.88	37.50	31.68	23.72
Plan assets	5.05	4.14	3.39	4.04	3.66
Surplus / (deficit)	(50.30)	(46.74)	(34.11)	(27.64)	(20.06)
Experience adjustments on plan liabilities (gain) / loss	(6.90)	2.19	2.24	(3.11)	(5.41)
Experience adjustments on plan assets gain / (loss)	0.10	(0.02)	(0.55)	(0.15)	(0.01)

Note - 28 - 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, 2016

Note - 29 - Deferred Taxes:

Break-up of Deferred Tax Assets and Liabilities:-

(Rs in millions)

Particulars		2015-16	2014-15
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)	46.55	50.61
Deferred tax assets recognised due to:			
a. Expenses allowable in Income Tax on payment basis		39.27	28.52
b. Unabsorbed depreciation		7.28	22.09
Total	(B)	46.55	50.61
Net deferred tax	(A) – (B)	-	-

The Company has accumulated unabsorbed depreciation up to March 31, 2016. 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. 187.04 million (previous year Rs. 165.99 million) as at March 31, 2016 has not been recognised and the same will be available to offset tax on future taxable income.

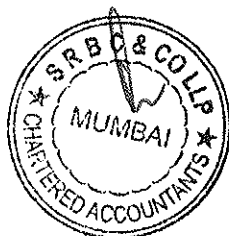
Note - 30 - Contingent Liabilities not provided for in the accounts:

(Rs. in millions)

Particulars	2015-16	2014-15
Claims against the Company not acknowledged as debts*		
Excise related matters	45.07	45.07
Sales tax/ VAT related matters	938.01	938.01
	983.08	983.08

*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, 2016

- 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 financial year 2013-14, the Company had received demand notices of Rs.95.86 million for the years 2008-09 to 2012-13 issued by the Assistant Commissioner of Commercial Taxes, Tamil Nadu towards Tamil Nadu Value Added Tax. The Company had filed an appeal before the Appellate Deputy Commissioner against the aforesaid demand and had paid Rs.49.49 million (previous year Rs.49.49 million) under protest. Subsequent to balance sheet date, vide order dated April 07, 2016, The Appellate Authority has dismissed the appeal against the Company. The Company is in the process of filing second appeal before Tribunal against the order of Appellate Deputy Commissioner. 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 previous year, the Company had received demand notice of Rs. 284.38 million including penalty of Rs. 170.71 million for the years 2008-09 to 2012-13 issued by the Assistant Commissioner of Commercial Taxes, Tamil Nadu alleging that the Company has not maintained and produced books of accounts for the years under assessment. The Company had preferred an appeal before the Appellate Deputy Commissioner against the aforesaid demand and paid Rs. 31.46 million under protest. Subsequent to balance sheet date, vide order dated April 07, 2016, The Appellate Authority has allowed the appeal and remanded back the case to assessing officer for fresh consideration and the appeal against penalty levied by the Assessing Officer is allowed. The Company believes that it has maintained proper books of accounts and produced the same before the Assessing Officer for the years 2008-09 to 2012-13, therefore it has good grounds for a successful appeal and hence no provision is considered necessary in this matter.

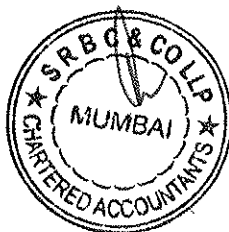
- vi. During the year 2013-14, the Company had received a demand notice of Rs. 553.71 million for the period December, 2008 to October 2013 from the Deputy Commissioner of Commercial Taxes, Karnataka alleging that the Company has obtained capital goods from other states, and therefore is ineligible to continue under the 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. Pending writ petition before the Karnataka High Court and 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 -31 –Managerial Remuneration

The Company has, for the period April 12 to March 15, paid managerial remuneration to its two whole-time directors in excess of limits specified under the applicable Companies Act by Rs. 33.01 million. The Company's application to the Central Government for approval of such excess remuneration was not allowed on technical grounds. The Company has made a revised application to the Central Government seeking approval of excess remuneration paid. Pending disposal of the application and on the basis of advice of external legal counsel received by the Company, no adjustments have been made in the financial statements.

Note - 32 –Capital and other Commitments

Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for is Rs. 25.83 million (Previous Year Rs 47.43 million).



HARDCASTLE RESTAURANTS PRIVATE LIMITED
Notes to the Financial Statements for the year ended March 31, 2016

Note - 33 - 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:

- 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 - 34 -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:

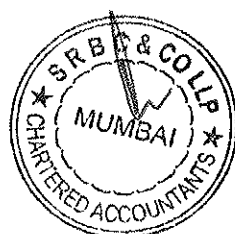
(Rs in millions)		
Particulars	2015-16	2014-15
Fixed Lease payments for the year	441.25	434.95
Lease payments based on percentage of revenue	307.96	278.29
Total	749.21	713.24

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:

(Rs in millions)		
Particulars	2015-16	2014-15
Sub-lease payments based on percentage of revenue	1.88	2.22



HARDCASTLE RESTAURANTS PRIVATE LIMITED
Notes to the Financial Statements for the year ended March 31, 2016

Note - 35 - Details of dues to Micro and Small Enterprises as defined under MSMED Act, 2006:

(Rs in millions)		
Particulars	2015-16	2014-15
Principal amount and interest due thereon remaining unpaid to any supplier as at the 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.

Note - 36

During the previous year, the Company had revised depreciation rate on certain fixed assets in accordance with the requirements of Schedule II of the Companies Act, 2013. Consequently, depreciation charged for Rs. 0.95 million had been adjusted to opening balance of retained earnings on account of assets whose useful life was already exhausted as on April 01, 2014.

Note - 37 - 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. 15.95 million (inclusive of service tax) (previous year Rs. 20.52 million) from the Company towards compensation cost pertaining to the share based payment and included in Note 20 "Employee Benefits Expense".

Note -38- Exceptional Items

During the current year, on the basis of legal advice, the Company has started recognising additional credit in respect of indirect taxes paid on input and input services. Such credit pertaining to the period April 2013 to March 2015 has been accounted and disclosed as Exceptional Items.

Note - 39- Corporate Social Responsibility

- Gross amount required to be spent during the year Rs. 0.17 million (previous year Rs. 4.93 million).
- Amount spent during the year

(Rs. in million)		
Particulars	2015-16 In Cash	2014-15 In Kind
Amount paid to Ronald McDonald House Charities (RMHC India)	0.02	-
Amount paid towards social project of providing clean water for rural India	0.05	-
Promoting education by distribution of books to non-privileged children	0.10	4.48
Total	0.17	4.48

