

Hardcastle Restaurants Private Limited
CIN: U55101MH1995PTC091422

Financial statements

for the year ended 31 March 2023

Hardcastle Restaurants Private Limited

Balance Sheet

as at March 31, 2023

(Rs. in millions)

	Notes	As at March 31, 2023	As at March 31, 2022
I ASSETS			
1 Non-current assets			
(a) Property, plant and equipment	4	6,591.36	5,022.10
(b) Capital work-in-progress	4(c)	566.81	355.32
(c) Right to use assets	41(i)	8,757.62	7,717.89
(d) Intangible assets	4	414.46	416.71
(e) Financial assets			
(i) Investments	5	533.80	474.16
(ii) Loans	6	4.78	15.58
(iii) Other financial assets	7	448.43	430.10
(f) Income tax assets (net)	12	141.55	141.55
(g) Deferred tax assets (net)	16	603.68	520.02
(h) Other assets	8	321.97	276.25
Total non-current assets		18,384.46	15,369.68
2 Current assets			
(a) Inventories	9	714.27	559.45
(b) Financial assets			
(i) Investments	5	645.03	916.58
(ii) Trade receivables	10	106.94	133.07
(iii) Cash and cash equivalents	11	76.39	214.10
(iv) Bank balances other than (iii) above	11	201.57	1.16
(v) Loans	6	297.50	188.32
(vi) Other financial assets	7	61.38	48.96
(c) Other assets	8	130.81	84.02
Total current assets		2,233.89	2,145.66
TOTAL ASSETS		20,618.35	17,515.34
II EQUITY AND LIABILITIES			
1 EQUITY			
(a) Equity share capital	13	873.81	873.81
(b) Other equity		4,423.13	3,290.43
Total equity		5,296.94	4,164.24
2 LIABILITIES			
1 Non-current liabilities			
(a) Financial liabilities			
(i) Lease liabilities	41(ii)	8,864.58	7,584.30
(ii) Other financial liabilities	14	2.01	2.25
(b) Provisions	15	7.76	50.30
Total non-current liabilities		8,874.35	7,636.85
2 Current liabilities			
(a) Financial liabilities			
(i) Borrowings	17	2,070.00	2,010.00
(ii) Lease liabilities	41(iii)	1,095.45	951.30
(ii) Trade payables	18		
Total outstanding dues of micro enterprises and small enterprises		52.34	42.60
Total outstanding dues of creditors other than to micro enterprises and small enterprises		1,816.04	1,671.65
(iii) Other financial liabilities	14	962.10	758.15
(b) Other liabilities	19	328.53	197.24
(c) Provisions	15	122.60	83.31
Total current liabilities		6,447.06	5,714.25
TOTAL EQUITY AND LIABILITIES		20,618.35	17,515.34

Significant accounting policies

3

The accompanying notes 1 - 48 are an integral part of the financial statements

As per our report of even date attached

For SRBC & Co LLP

Chartered Accountants

ICAI Firm's Registration No: 324982E/E300003

per Ravi Bansal

Partner

Membership No: 049365

Place: Mumbai

Date: May 09, 2023

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

Saurabh Kalra
Managing Director
DIN: 10057845

Saurabh Bhudolia
Chief Financial Officer

Sanjay Kumar Soni
Whole Time Director
DIN: 01048644

Radha Jain
Company Secretary
Membership No: A28006

Place: Mumbai
Date: May 09, 2023



Hardcastle Restaurants Private Limited

Statement of profit and loss

for the year ended March 31, 2023

(Rs. in millions)

	Notes	For the year ended March 31, 2023	For the year ended March 31, 2022
Revenue from operations	20	22,775.49	15,760.41
Other income	21	205.03	277.39
Total income		22,980.52	16,037.80
Expenses			
Cost of materials consumed	22	6,859.99	5,129.43
Employee benefits expense	23	3,105.78	2,095.33
Finance costs	24	927.47	826.29
Depreciation and amortisation expenses	25	1,521.86	1,363.97
Other expenses	26	9,063.51	6,639.20
Total expenses		21,478.61	16,054.22
Profit / (Loss) before exceptional items and tax		1,501.91	(16.42)
Exceptional items		-	-
Profit / (Loss) before tax		1,501.91	(16.42)
Tax expense			
- Current tax	27	465.60	-
- Deferred tax credit	27	(86.87)	(4.00)
Total tax expense		378.73	(4.00)
Profit / (Loss) for the year		1,123.18	(12.42)
Other comprehensive income:			
Items that will not be reclassified to profit and loss :			
Re-measurements of defined benefit plan		12.74	(22.98)
Income tax on items that will not be reclassified to profit and loss	27	(3.22)	5.78
Total other comprehensive income/(losses) for the year		9.52	(17.20)
Total comprehensive income/(losses) for the year		1,132.70	(29.62)
Earnings per equity share :			
- Basic and Diluted (in Rs.)	39	1,285.38	(7.40)
Significant accounting policies	3		

The accompanying notes 1 - 48 are an integral part of the financial statements

As per our report of even date attached

For S R B C & Co LLP

Chartered Accountants

ICAI Firm's Registration No: 324982E/E300003

[Signature]

per Ravi Bansal

Partner

Membership No: 049365

Place: Mumbai

Date: May 09, 2023



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

[Signature]

Saurabh Kalra

Managing Director

DIN: 10057845

[Signature]

Sanjay Kumar Soni

Whole Time Director

DIN: 01048644

[Signature]

Saurabh Bhudolia

Chief Financial Officer

[Signature]

Radha Jain

Company Secretary

Membership No: A28006



Place: Mumbai

Date: May 09, 2023

Hardcastle Restaurants Private Limited

Statement of changes in equity

for the year ended March 31, 2023

(Rs. in millions)

(a) Equity share capital

Particulars	Note	Amount
Balance as at April 01, 2021	13	1,747.63
Changes in equity share capital during 2021-22		-
Adjustment pursuant to capital reduction order	13 (vi)	(873.82)
Balance as at March 31, 2022		873.81
Changes in equity share capital during 2022-23		-
Balance as at March 31, 2023		873.81

(b) Other equity

for the year ended March 31, 2022

Particulars	Notes	Equity contribution	Reserves and Surplus		Total
			Securities premium	Retained earnings	
Balance at the April 1, 2021		2,791.33	4,032.37	(4,377.48)	2,446.23
(Loss) for the year ended March 31, 2022		-	-	(12.42)	(12.42)
Other comprehensive income/(loss)		-	-	(17.20)	(17.20)
Adjustment pursuant to capital reduction order	13	-	(3,864.21)	4,738.03	873.82
Balance as at March 31, 2022		2,791.33	168.16	330.93	3,290.43

for the year ended March 31, 2023

Particulars	Notes	Equity contribution	Reserves and Surplus		Total
			Securities premium	Retained earnings	
Balance at the April 1, 2022		2,791.33	168.16	330.93	3,290.43
Profit for the year ended March 31, 2023		-	-	1,123.18	1,123.18
Other comprehensive income/(loss)		-	-	9.52	9.52
Balance as at March 31, 2023		2,791.33	168.16	1,463.63	4,423.13

Gain of Rs. 9.52 million and loss of Rs. 17.20 million on remeasurment of defined benefit plan (net of tax) is recognised as part of retained earning for the year ended on March 31, 2023 and March 31, 2022 respectively.



Hardcastle Restaurants Private Limited

Statement of changes in equity

for the year ended March 31, 2023

(Rs. in millions)

(b) Other equity (Continued)

Nature and purpose of reserves:

Equity contribution :

Equity contribution consists of fair valuation of long term borrowings and cumulative redeemable preference shares received from parent company.

Securities premium reserve:

Securities premium reserve is used to record the premium received on issue of shares by the Company. The reserve can be utilised in accordance with the provision of Section 52(2) of Companies Act, 2013.

Retained earnings:

The cumulative gain or loss arising from operations which is retained by the Company is recognised and accumulated under the heading of retained earnings. At the end of the year, the profit / (loss) after tax is transferred from the statement of profit and loss to the retained earnings account. Retained earnings includes re-measurement (loss)/gain on defined benefit plans, net of taxes that will not be reclassified to statement of profit and loss.

Significant accounting policies

Refer Note 3

The accompanying notes 1 - 48 are an integral part of the financial statements

As per our report of even date attached

For S R B C & Co LLP

Chartered Accountants

ICAI Firm's Registration No: 324982E/E300003



per Ravi Bansal

Partner

Membership No: 049365

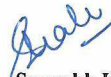
Place: Mumbai

Date: May 09, 2023



For and on behalf of the Board of Directors of

Hardcastle Restaurants Private Limited



Saurabh Kalra

Managing Director

DIN: 10057845



Saurabh Bhudolia

Chief Financial Officer

Place: Mumbai

Date: May 09, 2023



Sanjay Kumar Soni

Whole Time Director

DIN: 01048644



Radha Jain

Company Secretary

Membership No: A28006

Hardcastle Restaurants Private Limited

Statement of cash flows

for the year ended March 31, 2023

(Rs. in millions)

	March 31, 2023	March 31, 2022
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	1,501.91	(16.42)
Adjustments for :		
Depreciation and amortisation expense	1,521.86	1,363.97
Inventories written off	-	4.43
Impairment loss allowance on trade receivables	-	0.54
Property, plant and equipment written off	80.58	82.42
Finance cost	927.47	826.29
Employee share based payment expenses	71.17	4.08
Interest income	(71.46)	(54.78)
Loss on investments carried at fair value through statement of profit and loss	56.41	90.50
Profit on sale of investments	(78.61)	(170.98)
Gain on lease modification, concession and termination (net)	(39.65)	(46.14)
Miscellaneous provision written back	(103.92)	(158.77)
Operating profit before working capital changes	3,865.76	1,925.14
B Movements in working capital		
(Increase) in inventories	(154.82)	(98.59)
Decrease / (Increase) in trade receivables	26.13	(45.72)
(Increase) in other financial assets	(94.65)	(95.89)
(Increase) / Decrease in other assets	(77.11)	22.30
Increase in trade payables	258.05	30.18
Increase in other financial liabilities	78.57	40.66
(Decrease) / Increase in provisions	(17.26)	6.65
Increase / (Decrease) in other liabilities	60.12	(14.25)
Cash generated from operations	3,944.79	1,770.48
Income tax (paid) / refund (net)	(438.85)	(66.07)
C NET CASH GENERATED FROM OPERATING ACTIVITIES	3,505.94	1,704.41
D CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment, intangible assets and capital work-in-progress (including capital advances)	(2,696.30)	(1,000.91)
Proceeds from sale of property, plant and equipment	5.69	1.56
(Purchase) / Proceeds from deposits placed with banks	(200.66)	0.20
Interest income	71.47	54.78
Loans to other parties (net)	(98.40)	(178.54)
Purchase of investments	(458.23)	(857.03)
Proceeds from sale of investments	692.34	1,437.20
NET CASH USED IN INVESTING ACTIVITIES	(2,684.09)	(542.74)
E CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds /(Repayment) of short-term borrowings (net)	60.00	(141.83)
Repayment of lease liabilities	(876.82)	(767.93)
Interest paid	(142.74)	(132.90)
NET CASH USED IN FINANCING ACTIVITIES	(959.56)	(1,042.66)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(137.71)	119.01
Cash and cash equivalents at the beginning of the year	214.10	95.09
Cash and cash equivalents at the end of the year	76.39	214.10
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(137.71)	119.01



Hardcastle Restaurants Private Limited

Statement of cash flows (Continued)

for the year ended March 31, 2023

(Rs. in millions)

	For the year ended March 31, 2023	For the year ended March 31, 2022
Notes to Statement of cash flows		
1. Components of cash and cash equivalents		
Cash and bank balances (refer note 11)	277.96	215.26
Less: Bank deposits due to mature before twelve months from the reporting date and having original maturity of more than 3 months (refer note 11)	201.57	1.16
Total cash and cash equivalents	<u>76.39</u>	<u>214.10</u>
2 Reconciliation of movement in borrowings to cash flows from financing activities:		
Opening balance		
Borrowings (other than debt securities)	2,010.00	2,151.83
Cash flow movements		
Proceeds from borrowings	60.00	-
Repayment of borrowings	-	(141.83)
Closing balance	<u>2,070.00</u>	<u>2,010.00</u>
3 There are no non-cash charges on account of effect of changes in foreign-exchange rates and fair values.		
4 The above Statement of Cash Flows has been prepared under the "indirect method" as set out in 'Indian Accounting Standard (Ind AS) 7 – Statement of Cash Flows.		
5 The accompanying notes 1 - 48 are an integral part of the financial statements		

As per our report of even date attached

For **SRBC & Co LLP**
Chartered Accountants
ICAI Firm's Registration No: 324982E/E300003



per **Ravi Bansal**
Partner
Membership No: 049365

Place: Mumbai
Date: May 09, 2023



For and on behalf of the Board of Directors of
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Saurabh Kalra
Managing Director
DIN: 10057845



Saurabh Bhudolia
Chief Financial Officer

Place: Mumbai
Date: May 09, 2023



Sanjay Kumar Soni
Whole Time Director
DIN: 01048644



Radha Jain
Company Secretary
Membership No: A28006

Hardcastle Restaurants Private Limited

Notes to the financial statements

for the year ended March 31, 2023

1 Company background

Hardcastle Restaurants Private Limited ('the Company') is a company incorporated on August 7, 1995 under Companies Act, 1956. The Company is a private Company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The registered office of the Company is located at 1001, Tower-3, 10th Floor, One International Center, Senapati Bapat Marg, Prabhadevi, Mumbai - 400 013, Maharashtra, India.

The Company is principally engaged in putting up and operating Quick Service Restaurants (QSR) in India i.e. McDonalds' chain of restaurants in the West and South regions of India.

The financial statements were approved for issue in accordance with a resolution of the directors on 9 May 2023.

2 Basis of preparation

A Statement of compliance

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) as per Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act 2013, (the 'Act') read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and other provisions of the Act, (the 'Act') to the extent notified and applicable as well as applicable guidance notes and pronouncements of the Institute of Chartered Accountants of India (ICAI).

Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

B Functional and presentation currency

These financial statements are presented in Indian Rupees (Rs.), which is the Company's functional currency. All financial information presented in Indian rupee has been rounded to the nearest million unless otherwise indicated.

C Basis of measurement

The financial statements have been prepared on a historical cost basis, except for the following items :

Items	Measurement
Certain financial assets and liabilities	Fair value
Liabilities for share-based arrangements	Fair value
Net defined benefit (asset)/ liability less defined value of present obligation	Fair value of plan assets less present value of defined benefit obligations
Mutual Funds and Bonds	Fair value

D Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when it is:

- Expected to be settled in normal operating cycle,
- Held primarily for the purpose of trading,
- Due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.



Hardcastle Restaurants Private Limited

Notes to the financial statements

for the year ended March 31, 2023

2 Basis of preparation (Continued)

E Use of estimates and judgements

The preparation of the financial statements in conformity with Ind ASs, requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and 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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Assumptions and estimation uncertainties

Useful lives of property, plant and equipment

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in future periods.

Provision for income tax and deferred tax assets

The Company uses estimates and judgement based on the relevant rulings in the areas of allowances and disallowances which is exercised while determining the provision for income tax. A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. Accordingly, the Company exercises its judgement to reassess the carrying amount of deferred tax assets at the end of each reporting period.

Provisions and contingent liabilities

The reliable measure of the estimates and judgments pertaining to litigations and the regulatory proceedings in the ordinary course of the Company's business are disclosed as contingent liabilities.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

Impairment of non-financial assets

Assessment for impairment is done at each Balance Sheet date as to whether there is any indication that a non-financial asset may be impaired.

Defined benefit

The Company's gratuity plan is a defined benefit plan. The present value of the defined benefit obligation is based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Share based payment

The Company measures share-based payments and transactions at fair value and recognises over the vesting period using Black Scholes valuation model. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. This requires a reassessment of the estimates used at the end of each reporting period. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 38.

F Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company has an established control framework with respect to the measurement of fair values. The Company engages with external valuers for measurement of fair values in the absence of quoted prices in active markets. Significant valuation issues are reported to the Company's audit committee.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.



Hardcastle Restaurants Private Limited

Notes to the financial statements

for the year ended March 31, 2023

2 Basis of preparation (Continued)

F Measurement of fair values (Continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Financial instruments (including those carried at amortised cost) (refer note 28)
- Disclosures for valuation methods, significant estimates and assumptions (refer note 28)
- Quantitative disclosures of fair value measurement hierarchy (refer note 28)

3 Significant account policies

a Revenue recognition

Revenues from contracts with customers are recognised when the performance obligations towards customer ie when control has been transferred at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the transaction price (net of variable consideration) received or receivable, taking into account contractually defined terms of payment and net of taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

No element of financing is deemed present as majority of sales are on cash basis and credit sales are made with normal credit period consistent with market practice.

Goods and Services Tax (GST) is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognised.

Sale of products

The Company recognises revenue from the sale of food and other goods through company's own stores and are recognised when the items are delivered to or carried out by customers. Revenue is measured at the fair value of the consideration received or receivable. Amount disclosed as revenue are net of customer returns, trade allowance, rebate, goods and services tax. Gift vouchers sale are recognised when the vouchers are redeemed and the goods are sold to the customers.

Sale of products – customer loyalty programme (deferred revenue)

For customer loyalty programmes, the fair value of the consideration received or receivable in respect of the initial sale is allocated between the award credits and the other components of the sale. The amount allocated to award credits is deferred and is recognised as revenue when the award credits are redeemed and the Company has fulfilled its obligations to supply the discounted products under the terms of the programme or when it is no longer probable that the award credits will be redeemed.

The deferred income related to loyalty credits granted has been estimated with reference to the fair value of products for which they could be redeemed. This is because the fair value of loyalty credits is not directly observable. The fair value of the customers' right to buy products at a discount for which the loyalty credits can be redeemed takes into account the amount of discount available to customers who have earned the loyalty credits remaining unutilised and the expected forfeiture rate.

Sale of scrap

Sale of scrap is recognised upon transfer of control of products to the customers which coincides with their delivery to customer.

Other operating income

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

Other income

Interest income from debt instruments is recognized using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.



Hardcastle Restaurants Private Limited

Notes to the financial statements

for the year ended March 31, 2023

3 Significant account policies (Continued)

a Revenue recognition (Continued)

Contract balances

Trade receivables

A receivable is recognised if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (D) Financial instruments – initial recognition and subsequent measurement.

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

b Property, plant and equipment

- 1 Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any. Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located. Further contribution received from landlords in respect of leasehold improvements carried out to leasehold premises is deducted from leasehold improvement cost. Capital work in progress is stated at cost, net of accumulated impairment loss, if any.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labor, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

- 2 Subsequent Expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

- 3 Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method, and is generally recognised in the statement of profit and loss.

Freehold land is not depreciated.

The estimated useful lives of items of property, plant and equipment are as follows:

Asset	Management estimate of useful lives	Useful life as per Schedule II
Building	28 years	30 years
Leasehold improvements (others)	15 years	-
Leasehold improvements (office)	9 years	-
Restaurant Equipments	5 -10 years	15 years
Office equipment	5 years	5 years
Furniture and fixtures	5 -10 years	10 years
Computers	3 years	3 years
Vehicles	4 years	8 years

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives as given above best represent the period over which management expects to use these assets.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (up to) the date on which asset is ready for use (disposed off).



Hardcastle Restaurants Private Limited

Notes to the financial statements

for the year ended March 31, 2023

3 Significant account policies (Continued)

b Property, plant and equipment (Continued)

4 Intangible assets

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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.

The Company also has software as an intangible asset having a useful life of 5 years.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

5 Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal 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. When 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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

c Inventories

Inventories are valued at the lower of cost and net realizable value. Cost of materials has been determined on first-in-first out basis (FIFO). Cost of inventories comprises of all cost of purchase and other cost incurred in bringing the inventories to its present location and condition. The comparison of cost and net realizable value is made on an item by item basis. The Company periodically assesses the inventory for obsolescence and slow moving stocks.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Raw materials, components and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.



Hardcastle Restaurants Private Limited

Notes to the financial statements

for the year ended March 31, 2023

3 Significant account policies (Continued)

d 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.

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions towards Government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in Other Comprehensive Income (OCI). The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the statement of profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in statement of profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Short-term employee benefit

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

e Foreign currency transactions

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions or an average rate if the average rate approximates the actual rate on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate on the date of the transaction. Exchange differences are recognised in the statement of profit or loss.

f Income taxes

Income tax comprises current and deferred tax. It is recognised in the statement of profit and loss except to the extent that it relates to an item recognised directly in equity or in other comprehensive income.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Current tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in Other Comprehensive Income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.



Hardcastle Restaurants Private Limited

Notes to the financial statements

for the year ended March 31, 2023

3 Significant account policies (Continued)

f Income taxes (Continued)

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises deferred tax assets only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which the deferred tax assets can be realised. Deferred tax assets - unrecognised or recognised, are reviewed at each reporting date and are recognised / reduced to the extent that it is probable / no longer probable respectively that the related tax benefit will be realised.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date.

g Provisions and contingent liabilities

The Company estimates the provisions that have present obligations as a result of past events and it is probable that outflow of resources will be required to settle the obligations. These provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimates.

The Company uses significant judgements to disclose contingent liabilities. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are not recognised but disclosed in the financial statements when an inflow of economic benefit is probable.

h Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprises of cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

i Cash flow statement

Cash flows are reported using the indirect method, whereby net profit / (loss) before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments.

The cash flows from operating, investing and financing activities of the Company are segregated. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdraft and book overdraft as they are considered an integral part of the Company's cash management.

j Earnings per share

The basic earnings per share is computed by dividing the net profit attributable to owner's of the Company for the year by the weighted average number of equity shares outstanding during reporting period.

Diluted earnings per share amounts are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

Dilutive potential equity shares are deemed converted as of the beginning of the reporting date, unless they have been issued at a later date. In computing diluted earnings per share, only potential equity shares that are dilutive and which either reduces earnings per share or increase loss per share are included.

k Employee stock option cost

Stock Options are granted to eligible employees of the Company and its subsidiary under the Employee Stock Option Schemes, as may be decided by the Nomination & Remuneration Committee. The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. The cost is recognised, together with a corresponding increase in stock option outstanding reserve in equity, over the period in which the performance and/ or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense. The Company has created an Employee Benefit Trust for providing share-based payment to its employees.



Hardcastle Restaurants Private Limited

Notes to the financial statements

for the year ended March 31, 2023

3 Significant accounting policies (Continued)

I Financial instruments

i Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

ii Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- Fair value through other comprehensive income (FVOCI) – debt investment;
- FVOCI – equity investment; or
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

The Company does not have financial assets measured at FVOCI.



Hardcastle Restaurants Private Limited

Notes to the financial statements

for the year ended March 31, 2023

3 Significant accounting policies (Continued)

i Financial instruments (Continued)

ii Classification and subsequent measurement (Continued)

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held- for- trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in statement of profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in statement of profit or loss.

iii Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in statement of profit or loss.

iv Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

v Impairment

Financial assets (other than at fair value): The Company assesses at each balance sheet date whether a financial asset or a group of financial assets is impaired. Ind AS 109 Financial Instrument requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for trade receivables. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in profit or loss.

m Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.



Hardcastle Restaurants Private Limited

Notes to the financial statements

for the year ended March 31, 2023

3 Significant accounting policies (Continued)

n Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

i Right of Use assets

The Company's leased asset class consists of leases for office spaces and restaurants and includes leasehold land. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- a) the contract involves the use of an identified asset
- b) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and the Company has the right to direct the use of the asset.

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. The right-of-use assets are also subject to impairment.

The estimated useful life of the right-of-use assets are determined on the same basis as those of property, plant and equipment. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

ii Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable and amounts expected to be paid under residual value guarantees. Variable lease payments are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date in cases where the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of certain office equipment that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Company as a lessor

Leases for which the Company is an intermediate lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

The Company has not transferred substantially all the risks and rewards relating to the right of use asset of the head lease to the sub-lessee where it is an intermediate lessor and hence all leases are operating leases.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.



Hardcastle Restaurants Private Limited

Notes to the financial statements

for the year ended March 31, 2023

3 Significant accounting policies (Continued)

n Leases (Continued)

Amendment to Ind-AS 116 Covid-19 related rent concessions

The ongoing COVID-19 pandemic led to the shutdown of malls, public places and bans on social gatherings. The COVID-19 outbreak severely impacted the quick service restaurants (QSR) sector resulting in disruption of operations. Pursuant to the pandemic, the Company renegotiated its leasing arrangements with lessors for a significant number of stores seeking relief in lease rentals for the ensuing period.

The Ministry of Corporate Affairs notified amendment to Ind AS 116 specifying the accounting treatment for Covid 19 related rent concessions. The amendment permits lessees, as a practical expedient, to not assess whether particular rent concessions occurring as a direct consequence of the Covid-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications and consequently allowing lessees to account for the impact of the rent concessions in the statement of profit and loss. The Company has elected to apply the practical expedient of not assessing the rent concessions as a lease modification for rent concessions which are granted due to COVID 19 pandemic.

o Standards notified but not yet effective

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standards) Amendment Rules, 2023 dated 31 March 2023 to amend the following Ind AS which are effective from 01 April 2023.

i Definition of Accounting Estimates - Amendments to Ind AS 8

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. It has also been clarified how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 April 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period.

The amendments are not expected to have a material impact on the Company financial statements.

ii Disclosure of Accounting Policies - Amendments to Ind AS 1

The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to Ind AS 1 are applicable for annual periods beginning on or after 1 April 2023. Consequential amendments have been made in Ind AS 107.

The Company is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

iii Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to Ind AS 12

The amendments narrow the scope of the initial recognition exception under Ind AS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations. Consequential amendments have been made in Ind AS 101. The amendments to Ind AS 12 are applicable for annual periods beginning on or after 1 April 2023.

The Company is currently assessing the impact of the amendments.

p Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.





Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

as at March 31, 2023

(Rs. in millions)

4 Property, plant, equipments and other intangible assets (Continued)

B Right to use assets

Relevant line item in the Balance Sheet	Description of item of property	Gross carrying value (Rs. in million)	Held in the name of	Whether holder is a promoter, director or relative of promoter / director or employee of promoter / director	Property held since which date	Reason for not being held in name of Company
Right to use assets	Restaurants premises on lease - Hyderabad Kompally Spg Ht	19.25	Sattoor Hospitalities Private Limited	No	05th Oct 2018	The Company is in process of duly registering the executed agreement.
Right to use assets	Restaurants premises on lease - Ahmedabad Thaltej Phoenix Palladium	23.63	SGH Realty LLP	No	31st March 2023	The Company is in process of duly executing the agreement.

C Capital work in progress

Capital work in progress mainly comprises of upcoming restaurants and restaurants under construction.

Particulars	As at March 31, 2023	As at March 31, 2022
Capital work in progress	566.81	355.32
Capital work-in-progress ageing schedule		
Projects in progress	March 31, 2023	March 31, 2022
Less than 1 year	549.75	265.59
1-2 years	48.36	58.29
2-3 years	0.25	16.20
More than 3 years	3.63	15.24
Total (A)	601.99	355.32
Less: Impairment loss allowance (B)	(35.18)	-
Total (C = A-B)	566.81	355.32



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

as at March 31, 2023

(Rs. in millions)

5 Investments

Non trade	Non-Current			Current		
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2022
	No. of units	Amount	No. of units	Amount	No. of units	Amount
Investments in mutual funds (valued at FVTPL)						
(Quoted)						
HDFC Equity Savings Fund- Direct Plan- Growth Option	-	-	-	-	19,85,474	104.07
Hill Fort Equity Fund - 01-Jun-2022 - A1	3,00,000	29.09	-	-	-	-
Hill Fort Equity Fund - 01-Jun-2022 - A2	4,50,000	43.31	-	-	-	-
ICICI Prudential Banking and PSU Debt-Growth	-	-	-	-	22,46,949	58.72
HSBC Banking and PSU Debt-Growth	-	-	-	-	54,49,467	110.08
(formerly known as L&T Banking and PSU Debt-Growth)	-	-	-	-	-	-
HDFC Medium Term Debt-Growth	-	-	-	-	11,61,204	53.13
HSBC Corporate Bond-Growth	-	-	-	-	22,73,395	134.98
(formerly known as L&T Triple Ace Bond-Growth)	-	-	-	-	-	-
HDFC Credit Risk Debt Reg-Growth	-	-	-	-	15,73,007	30.62
ICICI Pru Credit Risk-Growth	-	-	-	-	8,14,819	20.51
Bandhan Low Duration Reg-Growth	-	-	-	-	15,95,415	50.06
(formerly known as IDFC Low Duration Reg Growth Fund)	-	-	-	-	-	-
HDFC Medium Term Debt Fund - Direct Growth	-	-	-	-	11,61,204	51.94
SBI Magnum Medium Duration Fund- Direct - Growth	-	-	-	-	7,08,471	31.01
HDFC Short Term Debt Fund - Direct - Growth	-	-	-	-	11,80,235	30.93
		72.40	-	532.32		676.05



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

as at March 31, 2023

(Rs. in millions)

5 Investments

Non trade	Non-Current			Current		
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2022
	No. of units	Amount	No. of units	Amount	No. of units	Amount
Investments in bonds / NCD (valued at FVTPL)						
(Quoted)						
IFIL Wealth Finance Ltd	-	-	430	55.75	-	-
Piramal Capital & Housing Finance Limited 6.75 LOA 26 Sep 31	61,000	47.49	-	-	-	-
Axis Finance Ltd	-	-	-	-	100	124.78
PFC Ltd Series 198 6.98 Bd 20 April 23	50	53.28	-	-	-	-
9.15 ICICI Bank 20-Jun-2023	25	26.94	-	-	-	-
Muthoot Fincorp Limited Series IX BR NCD 03 June 24	275	32.01	-	-	-	-
HDB Financial Services Ltd Series A/0Zc/186 Op 1 NCD 13 June 26	50	51.45	-	-	-	-
Hero Fincorp Ltd Series HFCLNCD058 NCD 13 Aug 24	50	50.89	-	-	-	-
Kotak Mahindra Investments Limited Series III NCD 19 May 26	750	75.81	-	-	-	-
Liquid Gold Series 2	-	-	500	50.26	-	-
8.25% IFIL Fin Ltd Secured NCD	-	-	50,000	51.88	-	-
India Infrastructure Trust	4,00,000	33.40	4,00,000	40.00	-	-
8.75% Axis Bank Limited Series-28 NCD Perpetual	-	-	100	106.96	-	-
Liquid Gold PTC Series I	-	-	20	20.11	-	-
Embassy Office Parks Real Estate Inv Trust	29,300	9.15	29,300	10.89	-	-
Mindspace Buss Parks Real Estate Inv Trust	32,700	10.70	32,700	11.33	-	-
Powergrid Infrastructure Invit	4,96,800	60.87	4,96,800	66.52	-	-
Bank of Baroda Series XV 8.15 BD Perpetual	-	-	-	-	-	-
SBI-7.73%-Perpetual-AT1	-	-	-	-	-	-
Powergrid Infrastructure Investment Trust	-	-	-	-	-	-
SBI Series II 7.73 BD Perpetual	-	-	50	51.05	-	-
	-	451.99	-	464.75	-	240.53
Investment in Preference shares (valued at FVTPL)						
(Unquoted)						
Ekam Ultra Farms Private Limited	11,074	4.41	11,074	4.41	-	-
Healthlicious Basil Foottech Pvt Ltd	441	5.00	441	5.00	-	-
	-	9.41	-	9.41	-	-
Total		533.80		474.16		916.58
Aggregate amount of quoted investments and market value thereof		524.39		464.75		916.58
Aggregate amount of impairment in value of investments		-		-		-
Aggregate amount of unquoted investments		9.41		9.41		-



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

as at March 31, 2023

(Rs. in millions)

6 Loans

Particulars	Non-current		Current	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
(Unsecured, considered good)				
Loan to Related Party (refer note 32 and 38) (refer note iv to v below)	-	-	221.08	137.00
Loan to others (refer note i to iii below)	4.78	15.58	76.42	51.32
Total	4.78	15.58	297.50	188.32

i) During the current year, short term loan of Rs. 50 million was granted for a tenure of 11 months which is due to mature in the month of December 2023 to Art Rubber Industries Private Limited. The loan carries interest at the rate of 8.50% per annum. As at March 31, 2023, the amount outstanding in respect of the loan granted is Rs. 50 million.

ii) During the current year, short term loan of Rs. 25 million was granted for a tenure of 60 days which was due to mature on 26 Feb 23 to Ekam Ultra Farms Private Limited. The loan carries interest at the rate of 14.00% per annum. The Company has granted an extension of this existing loan for a tenure of further 90 days and the revised maturity date of loan is 27 May 23. As at March 31, 2023, the amount outstanding in respect of the loan granted is Rs. 25 million.

iii) During the previous year, short term loan of Rs. 50 million was granted which was due to mature on 22 Aug 22 to Rimjhim Properties Private Limited. The loan carries interest at the rate of 8.50% per annum. The Company has granted an extension of this existing loan for a tenure of further 5 months and the revised maturity date of loan is 22 Jan 23. The Company received its entire loan back on 20 Jan 23 and the amount outstanding in respect of the loan granted is Rs. Nil.

iv) During the current year, short term loan of Rs. 80.03 million was granted to Westlife Foodworld Limited, which is repayable on demand. The loan carries interest at the rate of 8% per annum which is repayable on demand. The Company has not exercised its right to demand the loan during the year. As at March 31, 2023, the amount outstanding in respect of the loan granted is Rs. 18.60 million and interest is 1.48 million.

v) During the current year, short term loan of Rs. 64 million was granted to Westlife ESOS Trust, which is repayable on demand. The loan granted is an interest free loan since this trust is an extended arm of the Company and has been set up for the purpose of facilitating the Employee Stock Option Scheme ("ESOP") by the Company. The Company has not exercised its right to demand the loan during the year. As at March 31, 2023, the amount outstanding in respect of the loan granted is Rs. 201 million.

7 Other financial assets

Particulars	Non-current		Current	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Security deposits to lessors				
Unsecured, considered good	378.48	380.10	15.86	11.51
Credit impaired	7.00	7.00	-	-
Less: Impairment loss allowance	(7.00)	(7.00)	-	-
	378.48	380.10	15.86	11.51
(Unsecured, considered good)				
Security deposits to others	58.29	48.89	-	-
Bank deposits with original maturity beyond 12 months**	1.36	1.11	-	-
Leasehold improvements contributions receivable				
Unsecured, considered good	10.30	-	19.67	30.20
Credit impaired	-	-	5.00	-
Less: Impairment loss allowance	-	-	(5.00)	-
	10.30	-	19.67	30.20
Other receivables*	-	-	25.85	7.25
Total	448.43	430.10	61.38	48.96

*Other receivables includes Rs. 10.24 million loan given to related party (refer note 32).

**Deposits are pledged as securities for borrowings taken from banks (refer note 17).



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

as at March 31, 2023

(Rs. in millions)

8 Other assets

Particulars	Non-current		Current	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
(Unsecured, considered good)				
Capital advances	22.63	7.23	-	-
Advances other than capital advances				
Prepaid expenses	67.28	40.64	88.45	37.55
Advance to employees	-	-	4.65	5.18
Advance to suppliers [#]	-	-	37.71	41.29
Balances with government authorities	232.06	228.38	-	-
	<u>321.97</u>	<u>276.25</u>	<u>130.81</u>	<u>84.02</u>

[#] Advance to suppliers includes Rs. Nil (March 31, 2022: Rs. 9.33 million) advance given to related party (refer note 32).

9 Inventories

(Valued at lower of cost and net realisable value)

Particulars	As at March 31, 2023	As at March 31, 2022
Raw materials		
Food items (includes goods in transit Rs. Nil (March 31, 2022: Rs. 60.48 million)	463.88	344.09
Paper Products (includes goods in transit Rs. Nil (March 31, 2022: Rs. 7.46 million)	143.07	121.63
Toys & Premiums	11.91	7.09
Stores, spares & consumables (includes goods in transit Rs. 6.60 million (March 31, 2022: Rs. 1.25 million)	95.41	86.64
Total	<u>714.27</u>	<u>559.45</u>

For inventories secured against borrowings, refer note 17

Note: Inventories written off due to obsolescence Rs. Nil (March 31, 2022: 4.43 million). Refer note 26



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

as at March 31, 2023

(Rs. in millions)

10 Trade receivables

Particulars	As at March 31, 2023	As at March 31, 2022
Unsecured, considered good*	106.94	133.07
Credit impaired	-	0.54
Impairment loss allowance	-	(0.54)
Total	106.94	133.07

*For Trade receivables secured against borrowings, refer note 17

Trade receivables ageing schedule: Outstanding for following period from due date of payment as at 31st March

	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
As at March 31, 2023						
i) Undisputed Trade Receivables – considered good	106.94	-	-	-	-	106.94
ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
iv) Disputed Trade Receivables–considered good	-	-	-	-	-	-
v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
As at 31 March 2022						
i) Undisputed Trade receivables – considered good	132.66	0.41	-	-	-	133.07
ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
ii) Undisputed Trade Receivables – credit impaired	-	-	0.43	-	0.10	0.54
iv) Disputed Trade Receivables–considered good	-	-	-	-	-	-
v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued) as at March 31, 2023

(Rs. in millions)

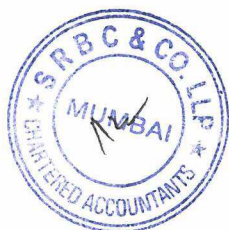
11 Cash and bank balances

Particulars	As at March 31, 2023	As at March 31, 2022
Cash and cash equivalents		
(a) Balances with banks:		
– On current accounts	42.79	160.50
(b) Cash on hand	33.60	53.60
	<u>76.39</u>	<u>214.10</u>
Other bank balances		
– Deposits with remaining maturity for less than 12 months*	201.57	1.16
Total	<u>277.96</u>	<u>215.26</u>

*Deposits are pledged as securities for borrowings taken from banks (refer note 17).

12 Income tax assets (net)

Particulars	As at March 31, 2023	As at March 31, 2022
Advance tax including tax deducted at source (net of provision for tax of Rs. 107.61 million (March 31, 2022: Rs. 107.61 million)	141.55	141.55
	<u>141.55</u>	<u>141.55</u>



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued) as at March 31, 2023

(Rs. in millions)

13 Equity share capital

	As at March 31, 2023	As at March 31, 2022
Authorised		
1,765,000 (March 31, 2022: 1,765,000) equity shares of Rs 1,000 each	1,765.00	1,765.00
	<u>1,765.00</u>	<u>1,765.00</u>
Issued, subscribed and fully paid-up		
873,814 (March 31, 2022: 873,814) equity Shares of Rs. 1,000 each fully paid up	873.81	873.81
	<u>873.81</u>	<u>873.81</u>

i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year.

	March 31, 2023		March 31, 2022	
Equity shares of Rs. 1,000 each fully paid up	No. of shares	Amount	No. of shares	Amount
At the beginning of the year	8,73,814	873.81	17,47,628	1,747.63
Add : Issued during the year	-	-	-	-
Less: Adjustment pursuant to Capital reduction order (refer note vi below)	-	-	(8,73,814)	(873.82)
Outstanding at the end of the year	<u>8,73,814</u>	<u>873.81</u>	<u>8,73,814</u>	<u>873.81</u>

ii) 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 pay dividends in Indian rupees. 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.

iii) Shares held by the holding company

	March 31, 2023		March 31, 2022	
Equity shares of Rs. 1,000 each fully paid up	No. of shares	Amount	No. of shares	Amount
Westlife Foodworld Limited (WFL) (Formerly known as Westlife Development Limited)	8,73,810	873.81	8,73,810	873.81
Total	<u>8,73,810</u>	<u>873.81</u>	<u>8,73,810</u>	<u>873.81</u>

iv) Details of shareholders holding more than 5% shares in the Company

	March 31, 2023		March 31, 2022	
Equity shares of Rs 1,000 each fully paid up	No. of shares	% Holding	No. of shares	% Holding
Westlife Foodworld Limited - (Holding Company) (Formerly known as Westlife Development Limited)	8,73,810	99.99%	8,73,810	99.99%

v) Shares held by promoters at the end of the year

	March 31, 2023		March 31, 2022	
Promoter name	No. of shares	% Holding	No. of shares	% Holding
Westlife Foodworld Limited - (Holding Company) (Formerly known as Westlife Development Limited)	8,73,810	99.99%	8,73,810	99.99%
% Change during the year		0.00%		0.00%



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

as at March 31, 2023

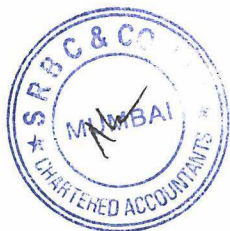
(Rs. in millions)

vi) Capital Reduction

During previous year, pursuant to the board resolution dated August 13, 2021 and shareholder's resolution dated September 13, 2021 passed at the annual general meeting, the Company approved arrangement for writing off accumulated losses against securities premium account, proportionate reduction in the paid up share capital of the Company and subsequently, consolidating the face value of equity shares ("Capital Reduction") in accordance with Section 52 of the Companies Act, 2013 and Section 66 of the Companies Act, 2013 read with National Company Law Tribunal ('NCLT') (Procedure for reduction of share capital of Company) Rules, 2016 and other applicable provisions of the Companies Act, 2013. The Hon'ble NCLT approved the said capital reduction arrangement vide its order dated March 3, 2022. Consequently, the Company filed a certified copy of Order with Registrar of Companies ('ROC') on March 31, 2022.

In accordance with the order passed for capital reduction arrangement, the Company reduced the paid-up share capital by Rs. 873.82 million by reducing face value of equity share from Rs. 1,000 to Rs. 500 per share and reduced securities premium account by Rs. 3,864.21 million and such cumulative reduction was effected by writing off the accumulated losses of Rs. 4,738.02 million. Subsequently, the Company consolidated every two equity shares of Rs. 500 each into one equity share of Rs. 1,000 each. Accordingly, the paid-up capital of the Company after such reduction and consolidation is Rs. 873.81 million divided into 873,814 equity shares of Rs.1,000 each fully paid-up.

- vii) 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.
- viii) The Company has not allotted any fully paid up equity shares by way of bonus shares nor has bought back any class of equity shares during the period of 5 years immediately preceding the balance sheet date nor has issued shares for consideration other than cash.



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

as at March 31, 2023

(Rs. in millions)

14 Other financial liabilities

Particulars	Non-current		Current	
	As at	As at	As at	As at
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Security deposits	2.01	2.25	-	0.76
Liability for capital expenditure	-	-	464.41	340.43
Interest accrued	-	-	4.80	3.64
Employee related liabilities (refer note 32)	-	-	492.89	410.64
Loan from landlord	-	-	-	2.68
Total	2.01	2.25	962.10	758.15

15 Provisions

Particulars	Non-current		Current	
	As at	As at	As at	As at
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Provision for employee benefits (refer note 31)	7.76	50.30	95.85	83.31
Provision for income tax	-	-	26.75	-
Total	7.76	50.30	122.60	83.31

16 Deferred tax assets / (liabilities) (net)

Deferred tax assets /

Particulars	As at	As at
	March 31, 2023	March 31, 2022
Deferred tax assets		
Employee benefits	49.32	53.73
Other expenses	39.99	41.20
ESOP amortisation at fair value	16.11	6.24
Lease arrangements	358.78	264.51
Fair value gain / (loss)	14.00	22.78
Excess of depreciation provided in the books over depreciation allowable under income tax laws	124.68	97.29
Accumulated losses and	-	33.45
Other temporary differences	0.80	0.81
Total	603.68	520.02



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

as at March 31, 2023

(Rs. in millions)

17 Borrowings

Particulars	As at March 31, 2023	As at March 31, 2022
At amortised cost		
Secured		
Short-term loan from banks (refer note i to ix below)	2,070.00	2,010.00
Total	2,070.00	2,010.00

- i The Company had availed a total facility of Rs. 1,000 million (March 31, 2022: Rs. 1,000 million) from HDFC Bank Limited and was converted into a mutually interchangeable overdraft facility of Rs. 200 million and short term loan facility of Rs. 800 million. This facility is sanctioned for the purpose of financing working capital/business expansion. To avail this facility, the Company has created an exclusive charge on the credit card receivables to the extent of Rs. 200 million by way of hypothecation and for balance pari-passu charge on movable fixed assets. Interest charged at 5.00% p.a.- 8.11% p.a. (March 31, 2022: 5.00% p.a.- 7.50% p.a.) is payable monthly. The overdraft facility is repayable on demand and short term loan facility is repayable within 180 days with a cooling period of 2 days. As at March 31, 2023 the amount outstanding in respect of the said facility is Rs. 800 million (March 31, 2022: Rs. 630 million).
- ii The Company has availed a revolving short term loan facility of Rs. 2,000 million (March 31, 2022: Rs. 2,000 million) from Australia and New Zealand Banking Group Limited (ANZ Bank) for the purpose of financing operating capital expenditure. Interest on short term loan facility is charged at 5.85% p.a. to 8.00% p.a. (March 31, 2022: 5.45% p.a. to 6.00% p.a.). The loan is repayable within 180 days from the date of any drawdown. As at March 31, 2023 the amount outstanding in respect of the said facility is Rs. Nil (March 31, 2022: Rs. Nil) and amount outstanding in respect of the overdraft facility was Rs. Nil (March 31, 2022: Rs. Nil). To avail these short term loan and overdraft facility, the Company has created a first pari passu charge on the movable assets.
- iii The Company has availed a revolving short term loan facility of Rs. 600 million (March 31, 2022: Rs. 600 million) from Development Bank of Singapore India Limited for the purpose of working capital requirements. The Company has created a first pari-passu charge on all stock and book debts. Interest is charged at 5.11% p.a. to 6.20% p.a. (March 31, 2022: 5.00% p.a. to 5.50% p.a.). The loan is repayable on demand. As at March 31, 2023 the amount outstanding in respect of the said facility is Rs. Nil (March 31, 2022: Rs. 350 millions).
- iv The Company has availed a loan facility of Rs. 750 million (March 31, 2022: Rs.750 million) with Kotak Mahindra Bank Ltd. which is mutually interchangeable into short term and overdraft facility. The short term loan facility was availed at an interest rate of 5.00% p.a. to 7.75% p.a. (March 31, 2022: 4.90% p.a. to 5.30% p.a.). This facility is for financing the working capital requirement and is repayable on demand. As at March 31, 2023 the amount outstanding in respect of the said facility is Nil (March 31, 2022: Rs. 50. million). The Company has also availed an overdraft facility with Kotak Mahindra Bank Ltd. at an interest rate of 7.90% p.a. - 9.45% p.a. (March 31, 2022: 7.20% p.a. to 8.10% p.a.). During the previous year, the Company has created a first pari passu charge on the movable assets to facilitate the short term loan and overdraft facility.
- v The Company has availed a short term loan facility of Rs.750 million (March 31, 2022: Rs. 750 Million) with ICICI Bank Ltd. This facility includes an overdraft facility of Rs 100 million (March 31, 2022: Rs 100 Million). Interest is charged at 5.00% p.a. to 8.60% p.a (March 31, 2022: 5.00% to 5.25% p.a). To avail this short term loan and overdraft facility, the Company has created a first pari passu charge on all current assets and exclusive charge on debit/credit card receivables to the extent of Rs 100 million. The amount outstanding in respect of the short term loan facility as at March 31, 2023 is Rs. 590 million (March 31, 2022: Rs. 450 Million).
- vi The Company has availed a combined working capital facility of Rs.1000 million (March 31, 2022: Rs. 1000 Million) from IDFC First Bank Ltd. As at March 31, 2023 the amount outstanding in respect of the said facility is Nil (March 31, 2022: Nil). To avail these short term loan and overdraft facility, the Company has created a first pari passu charge on the movable assets.
- vii The Company has availed a short term loan facility of Rs.750 million (March 31, 2022: Rs. 750 Million) with Axis Bank Ltd. This facility includes an overdraft facility of Rs 50 million (March 31, 2022: Rs 50 Million). Interest is charged at 5.10% p.a. to 7.85% p.a (March 31, 2022: 5.00% to 5.25% p.a). To avail this short term loan and overdraft facility, the Company has created a first pari passu charge on movable Fixed Assets. The amount outstanding in respect of the short term loan facility as at March 31, 2023 is Rs. 680 million (March 31, 2022: Rs. 530 Million).
- viii There are no pending creation and satisfaction of charges with respect to the secured loans.
- ix The quarterly returns or statements filed by the Company with banks or financial institutions are in agreement with the books of account of the Company except in previous year as follows:

Net current assets	April - June 22	July - Sep 22	Oct - Dec 22	Jan - Mar 23
As per books	(1,191)	(1,184)	(1,268)	(1,047)
As per returns	(1,191)	(1,184)	(1,268)	(1,047)
Variance	-	-	-	-

Net current assets	April - June 21	July - Sep 21	Oct - Dec 21	Jan - Mar 22
As per books	(1,324)	(1,325)	(1,046)	(1,021)
As per returns	(1,415)	(1,318)	(1,046)	(1,021)
Variance (on account on Ind AS Adjustments)	91	(7)	-	-

The Company has not defaulted in repayment of scheduled interest and principal repayments relating to borrowings.



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

as at March 31, 2023

(Rs. in millions)

18 Trade payables

Particulars	As at March 31, 2023	As at March 31, 2022
Trade payables (refer note 37)		
- Total outstanding dues of micro enterprise and small enterprises	52.34	42.60
- Total outstanding dues of creditors other than micro enterprises and small enterprises (refer note 32)	1,816.04	1,671.65
Total	1,868.38	1,714.25

Trade Payables ageing schedule: Outstanding for following period from due date of payment as at 31st March

	Unbilled	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
As at March 31, 2023							
MSME	4.71	1.88	45.21	0.20	0.03	0.31	52.34
Others	915.4	234.50	642.09	8.74	7.08	8.23	1,816.04
	920.11	236.38	687.30	8.94	7.11	8.54	1,868.38
As at March 31, 2022							
MSME	-	0.11	38.71	2.92	0.41	0.45	42.60
Others	1,143.72	22.09	484.51	10.24	2.10	8.99	1,671.65
	1,143.72	22.20	523.22	13.16	2.51	9.44	1,714.25

19 Other liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
Statutory dues	205.87	105.22
Other payables (refer note 32)	122.66	92.02
Total	328.53	197.24



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

for the year ended March 31, 2023

(Rs. in millions)

20 Revenue from operations

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Sales (refer note 20.1 below)	22,593.97	15,560.86
Other operating revenue		
a) Conducting fees	1.86	0.94
b) Franchising income	5.98	2.95
c) Scrap sales	63.86	32.79
d) Space rental & alliances income	5.90	4.10
e) Miscellaneous provisions written back	103.92	158.77
Total	22,775.49	15,760.41
20.1 Details of sales		
Food	16,318.13	11,500.28
Beverages, Desserts, Others	6,275.84	4,060.58
Total	22,593.97	15,560.86

a) For revenue from sale of products, the reconciliation of contract price to revenue from sale of products is as below:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Contract price	22,593.97	15,560.86
Less : Trade discount, volume rebates etc.	-	-
	22,593.97	15,560.86

21 Other income

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest income		
- Bank deposits	5.45	0.23
- Interest on investments	31.30	22.47
- Others (refer note 32)	34.71	32.08
Profit on sale of investments	78.61	170.98
Gain on lease modification, concession and termination (net) (refer note 41)	39.65	46.14
Miscellaneous income	15.31	5.49
Total	205.03	277.39



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued) for the year ended March 31, 2023

(Rs. in millions)

22 Cost of materials consumed

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Inventory at the beginning of the year	472.81	411.29
Add: Purchases during the year	7,006.04	5,190.95
	7,478.85	5,602.24
Less: Inventory at end of the year	(618.86)	(472.81)
Total	6,859.99	5,129.43
22.1 - Details of cost of materials consumed		
Food	5,865.14	4,636.44
Paper	970.59	454.50
Toys & Premiums	24.26	38.49
Total	6,859.99	5,129.43

23 Employee benefits expense

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries, wages and bonus	2,416.51	1,748.15
Contribution to provident and other funds (refer note 31(a))	234.74	168.73
Employee stock compensation expense (refer note 38)	71.17	4.08
Gratuity (refer note 31(b))	28.48	22.75
Staff welfare expenses	354.88	151.62
Total	3,105.78	2,095.33

24 Finance cost

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest on		
- Borrowings at amortised cost	129.16	122.26
- Leases liabilities (refer note 41)	783.56	693.03
- Bank overdraft at amortised cost	4.56	5.67
- Others	4.00	0.01
Bank charges	6.19	5.32
Total	927.47	826.29

25 Depreciation and amortisation expense

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Depreciation on property, plant and equipment	867.13	783.74
Depreciation on Right to use assets (refer note 41)	581.78	517.74
Amortisation of intangible assets	72.95	62.49
Total	1,521.86	1,363.97



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

for the year ended March 31, 2023

(Rs. in millions)

26 Other expenses

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Electricity utilities	1,119.09	787.21
Gas utilities	232.16	186.40
Other utilities	65.70	48.91
Conducting charges	994.68	645.22
Logistics service charges	1,673.69	1,391.73
Marketing and promotions	1,035.73	701.98
Royalty fee	1,038.45	707.75
Maintenance & repairs - restaurant equipments	279.42	232.97
Maintenance & repairs - others	369.58	338.22
Operating supplies at stores	271.23	206.19
Travelling and conveyance	114.53	59.27
Legal and professional fees (refer note 26.1 below)	204.42	153.16
Rent	103.44	36.68
Inventories written off	-	4.43
Impairment loss allowance on trade receivables	-	0.54
Processing charges	829.43	321.56
Loss on investments carried at fair value through statement of profit and loss	56.41	90.50
Property, plant and equipment written off	80.58	82.42
Training and development expenses	10.99	3.14
Communication costs	52.47	47.49
Rates & taxes	35.91	22.49
Insurance	29.88	20.55
Exchange differences (net)	4.93	0.71
Miscellaneous expenses	460.79	549.68
Total	9,063.51	6,639.20
Note 26.1 :		
Payment to auditors including goods and services tax (included in Legal and professional)		
As auditor :		
Audit fees	6.14	5.69
In other capacity		
Certification matters	-	0.21
Reimbursement of expenses	0.49	0.21
Total	6.63	6.11



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

for the year ended March 31, 2023

(Rs. in millions)

27 Tax expense

A Amount recognised in statement of profit and loss

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
(a) Current tax		
Current year	465.60	-
Prior years	-	-
(b) Deferred tax charge / (credit)		
Attributable to:		
Employee benefits	1.19	(1.66)
Other expenses	1.22	(12.64)
Lease arrangements	(94.27)	(71.59)
ESOP amortisation at fair value	(9.86)	(4.07)
Excess of depreciation provided in the books over depreciation allowable under income tax laws	(27.38)	(19.10)
Accumulated losses and unabsorbed depreciation	33.45	182.44
Fair value gain / (loss)	8.78	(73.75)
Other temporary differences	-	(3.63)
Net deferred tax credit	(86.87)	(4.00)
Total tax (credit)	378.73	(4.00)

B Amount recognised in other comprehensive income

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Income tax related to items recognised in Other Comprehensive Income during the year		
Re-measurements of defined benefit plan	3.22	(5.78)
Total income tax recognised in other comprehensive income	3.22	(5.78)

C Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate :

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Profit / (Loss) before tax	1,501.91	(16.42)
Applicable income tax rate (refer note below)	25.17%	25.17%
Expected income tax expense (a)	378.03	(4.13)
Effects of:		
Non-deductible expenses		
Others	0.70	0.13
Sub-total (b)	0.70	0.13
Total charge as per statement of profit and loss (a) + (b)	378.73	(4.00)

Note:

During the year ended March 31, 2020, the Company had elected to exercise the option to pay income tax at a concessional rate, as permitted under section 115BAA of the Income tax act, 1961.



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

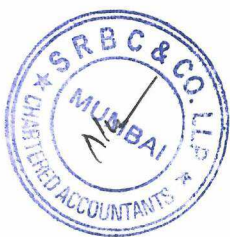
for the year ended March 31, 2023

(Rs. in millions)

D Movement in temporary differences

Particulars	Balance as at April 01, 2022	Credit/(Charge) in profit or loss during 2022-23	Recognised in OCI during 2022-23	Balance as at March 31, 2023
Employee benefits	53.73	(1.19)	(3.22)	49.32
Other expenses	41.20	(1.22)	-	39.98
ESOP amortisation at fair value	6.24	9.86	-	16.10
Lease arrangements	264.51	94.27	-	358.78
Excess of depreciation provided in the books over depreciation allowable under income tax laws	97.30	27.38	-	124.68
Accumulated losses and unabsorbed depreciation	33.45	(33.45)	-	-
Fair value gain / (loss)	22.78	(8.78)	-	14.00
Other temporary differences	0.81	-	-	0.81
Total	520.02	86.87	(3.22)	603.68

Particulars	Balance as at April 01, 2021	Credit/(Charge) in profit or loss during 2021-22	Recognised in OCI during 2021-22	Balance as at March 31, 2022
Employee benefits	46.29	1.66	5.78	53.73
Other expenses	28.56	12.64	-	41.20
ESOP amortisation at fair value	2.17	4.07	-	6.24
Lease arrangements	192.92	71.59	-	264.51
Excess of depreciation provided in the books over depreciation allowable under income tax laws	78.19	19.10	-	97.30
Accumulated losses and unabsorbed depreciation	215.89	(182.44)	-	33.45
Fair value gain / (loss)	(50.96)	73.75	-	22.78
Other temporary differences	(2.82)	3.63	-	0.81
Total	510.24	4.00	5.78	520.02



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

for the year ended March 31, 2023

(Rs. in millions)

28 Fair value measurement

a Financial instruments by category

The carrying value and fair value of financial instruments by categories as of March 31, 2023 were as follows:

Particulars	Amortised cost	Fair Value Through Profit or Loss	Total carrying value
Assets:			
Cash and cash equivalents	76.39	-	76.39
Bank balances other than above	201.57	-	201.57
Investments	-	1,178.83	1,178.83
Trade receivables	106.94	-	106.94
Loans	302.28	-	302.28
Other financial assets	509.81	-	509.81
Total	1,196.99	1,178.83	2,375.82
Liabilities:			
Borrowings	2,070.00	-	2,070.00
Lease Liabilities	9,960.03	-	9,960.03
Trade payables	1,868.38	-	1,868.38
Other financial liabilities	964.11	-	964.11
Total	14,862.52	-	14,862.52

The carrying value and fair value of financial instruments by categories as of March 31, 2022 were as follows:

Particulars	Amortised cost	Fair Value Through Profit or Loss	Total carrying value
Assets:			
Cash and cash equivalents	214.10	-	214.10
Bank balances other than above	1.16	-	1.16
Investments	-	1,390.74	1,390.74
Trade receivables	133.07	-	133.07
Loans	203.90	-	203.90
Other financial assets	479.06	-	479.06
Total	1,031.29	1,390.74	2,422.03
Liabilities:			
Borrowings	2,010.00	-	2,010.00
Lease Liabilities	8,535.60	-	8,535.60
Trade payables	1,714.25	-	1,714.25
Other financial liabilities	760.40	-	760.40
Total	13,020.25	-	13,020.25

Carrying amounts of cash and cash equivalents, trade receivables, loans and trade payables as at March 31, 2023 and March 31, 2022, approximate the fair value due to their nature. Carrying amounts of bank deposits, earmarked balances with banks, other financial assets and other financial liabilities which are subsequently measured at amortised cost also approximate the fair value due to their nature in each of the periods presented. Fair value measurement of lease liabilities is not required.



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

for the year ended March 31, 2023

(Rs. in millions)

28 Fair value measurement (Continued)

b Fair value hierarchy

This section explains the judgement and estimates made in determining the fair values of the financial instruments that are

a) recognised and measured at fair value.

b) measured at amortised cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into three levels prescribed under the accounting standard. An explanation of each level is mentioned below :

Level 1 - Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2 - The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3 - If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis :

Particulars	As at March 31, 2023	Fair value measurement at end of the reporting year		
		Level 1	Level 2	Level 3
Assets				
Investments in mutual funds	604.72	604.72	-	-
Investments in bonds / NCD	564.70	564.70	-	-
Investment in preference shares	9.41	-	-	9.41

Particulars	As at March 31, 2022	Fair value measurement at end of the reporting year		
		Level 1	Level 2	Level 3
Assets				
Investments in mutual funds	676.05	676.05	-	-
Investments in bonds / NDC	705.28	705.28	-	-
Investment in preference shares	9.41	-	-	9.41

Reconciliation of level 3 fair value measurement of financial assets is as follows:

Particulars	As at March 31, 2023	As at March 31, 2022
Balance at the beginning of the year	9.41	-
Additions during the year	-	9.41
Impairment in value of investments	-	-
Balance at the end of the year	9.41	9.41



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

for the year ended March 31, 2023

(Rs. in millions)

Measurement of fair values

The following tables show the valuation techniques used in measuring Level 1 fair values, for financial instruments measured at fair value in the statement of financial position.

Financial instruments measured at fair value

Type	Valuation technique
Investment in mutual funds and corporate bonds	The fair values of investments in units of mutual fund and corporate bonds are based on the Net Asset Value [NAV] as stated by their issuer in the published statements as at Balance Sheet date. NAV represents the price at which the issuer will issue further units of mutual funds and corporate bonds and the price at which issuers will redeem such units from the investors.

The cost of unquoted investments included in Level 3 of fair value hierarchy approximate their fair value because there is a wide range of possible fair value measurements and the cost represents estimate of fair value within that range.

There have been no transfers between Level 1, Level 2 and Level 3 for the years ended March 31, 2023 and March 31, 2022.



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

for the year ended March 31, 2023

(Rs. in millions)

29 Financial risk management

Financial risk

In the course of its business, the Company is exposed to a number of financial risks: credit risk, liquidity risk and market risk. This note presents the Company's objectives, policies and processes for managing its financial risk and capital. The key risks and mitigating actions are also placed before the Board of Directors of the Company. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company manages the risk through the finance department that ensures that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The activities are designed to:

- protect the Company's financial results and position from financial risks
- maintain market risks within acceptable parameters, while optimising returns; and
- protect the Company's financial investments, while maximising returns.

A Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises on liquid assets, financial assets, trade and other receivables.

In respect of its investments the Company aims to minimize its financial credit risk through the application of risk management policies.

Trade receivables are subject to credit limits, controls and approval processes. Basis the historical experience, the risk of default in case of trade receivable is low. Provision is made for doubtful receivables on individual basis depending on the customer ageing, customer category, specific credit circumstances and the historical experience of the company.

The Company has trade receivables amounting to Rs. 106.94 millions as at March 31, 2023 (March 31, 2022 - Rs. 133.07 millions). There are no significant amounts due by more than 180 days and not provided for. Management believes that these are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk.

The Company also has an exposure in respect of other financial assets, viz; cash and cash equivalents, fixed deposits with banks, loans, security deposits and others.

Credit risk on cash and cash equivalents (including bank balances, fixed deposits and margin money with banks) is limited as the Company generally transacts with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

Security deposits are interest free deposits given by the Company primarily for properties taken on lease. Provision is taken on a case to case basis depending on circumstances with respect to non recoverability of the amount.

None of the other financial instruments of the Company result in material concentration of credit risk.



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

for the year ended March 31, 2023

(Rs. in millions)

29 Financial risk management (Continued)

A Credit risk (Continued)

	Amount
As at March 31, 2023	810.73
As at March 31, 2022	681.84
(refer note below)	

Loans, security deposits and other receivables:

Expected credit loss for loans, security deposits and other receivable

Particulars		Year Ended	Asset Company	Gross carrying amount	Expected probability of default	Expected credit losses	Carrying amount, net of impairment provision
Loss allowance measured at 12 month expected credit loss	Financial assets for which credit risk has not increased significantly since initial recognition	31-03-2023	Loans	302.28	0%	-	302.28
			Security Deposits	452.63	0%	-	452.63
			Leasehold improvements contributions receivable	29.97	0%	-	29.97
			Other receivable	25.85	0%	-	25.85
Loss allowance measured at 12 month expected credit loss	Financial assets for which credit risk has not increased significantly since initial recognition	31-03-2022	Loans	203.90	0%	-	203.90
			Security Deposits	440.49	0%	-	440.49
			Leasehold improvements contributions receivable	30.20	0%	-	30.20
			Other receivable	7.25	0%	-	7.25

The movement in the allowance for impairment in respect of trade receivables is as follows:

	March 31, 2023	March 31, 2022
Balance as at April 1	0.54	2.84
Loss allowance created	-	0.54
Loss allowance adjusted	(0.54)	(2.84)
Balance as at March 31	-	0.54



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

for the year ended March 31, 2023

(Rs. in millions)

29 Financial risk management (Continued)

B Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's corporate treasury department is responsible for liquidity and funding. In addition, processes and policies related to such risks are overseen by senior management.

The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when they are due without incurring unacceptable losses or risking damage to the Company's reputation.

The Company is able to maintain the liquidity through sales realised across all the restaurants and use of bank overdrafts and bank loans.

Maturity patterns of financial liabilities:

As at 31 March 2023	Carrying Amount	Less than 1 year	1 year - 2 years	2 years to 3 years	3 years and above	Total
Borrowings	2,070.00	2,070.00	-	-	-	2,070.00
Trade payables	1,868.38	1,868.38	-	-	-	1,868.38
Lease liabilities (refer note 41(iv))	9,960.03	1,062.19	1,093.79	1,114.98	16,668.72	19,939.67
Other financial liabilities	964.11	962.10	2.01	-	-	964.11
Total	14,862.52	5,962.67	1,095.80	1,114.98	16,668.72	24,842.16

As at 31 March 2022	Carrying Amount	Less than 1 year	1 year - 2 years	2 years to 3 years	3 years and above	Total
Borrowings	2,010.00	2,010.00	-	-	-	2,010.00
Trade payables	1,714.25	1,714.25	-	-	-	1,714.25
Lease liabilities (refer note 42(iv))	8,535.60	886.36	922.84	951.23	14,561.63	17,322.06
Other financial liabilities	760.40	758.15	2.25	-	-	760.40
Total	13,020.25	5,368.76	925.09	951.23	14,561.63	21,806.71

C Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

- i) Currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates.

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's exposure to currency risk relates primarily to the Company's operating activities when transactions are denominated in a different currency from the Company's functional currency.

(a) The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Particulars	Currency	31-Mar-23			31-Mar-22		
		Total Exposure	Hedged Exposure	Net Foreign Currency Exposure	Total Exposure	Hedged Exposure	Net Foreign Currency Exposure
Monetary Assets	USD	-	-	-	-	-	-
Monetary Liabilities (Trade Payables excluding provisions)	USD	0.22	-	0.22	-	-	-

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant. The Company's exposure to foreign currency changes for all other currencies is not material.

Year	Change in USD Rate	Effect on profit before tax and equity
31st March, 2023	5%	0.01
	-5%	-0.01
31st March, 2022	5%	-
	-5%	-



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

for the year ended March 31, 2023

(Rs. in millions)

29 Financial risk management (Continued)

C Market risk (Continued)

- ii) Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest rate risk arises from bank borrowings and overdrafts with variable rates and also interest on deposits with banks.

The sensitivity analyses below have been determined based on exposure to interest rate with floating rates. The analysis is prepared assuming the amount of borrowings and deposits with banks that are outstanding at the end of the reporting period, was outstanding for the whole year. The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings and deposits with banks affected. With all other variables held constant, the Company's profit / (loss) before tax is affected through the impact on floating rate are as follows:

Particulars	Effect on loss before tax	
	Year ended March 31, 2023	Year ended March 31, 2022
Increase / decrease in		
150 basis points	2.01	1.92

- iii) Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company's investment in mutual funds and corporate bonds is exposed to pricing risk. Other financial instruments held by the company does not possess any risk associated with trading. An increase of 5 percent in Net Assets Value (NAV) of mutual funds and corporate bonds would decrease the loss before tax by approximately Rs. 58.47 million (March 31, 2022 - Rs. 69.07 million). A similar percentage decrease would have resulted equivalent opposite impact.

30 Capital management

The Company's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through loans and operating cash flows generated. The Company is not subject to any externally imposed capital requirements.

The Company monitors capital using a ratio of 'net debt' to 'equity'. For this purpose, net debt is defined as total interest bearing loans and borrowings less cash and cash equivalents. Equity comprises all components of equity. The Company's debt to equity ratio as at March 31, 2023 and March 31, 2022 was as follows :

Particulars	As at March 31, 2023	As at March 31, 2022
Total borrowings	2,070.00	2,010.00
Less : Cash and cash equivalents	76.39	214.10
Net debt	1,993.61	1,795.90
Equity	5,296.94	4,164.24
Debt to equity ratio	0.38	0.43

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current year.



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

for the year ended March 31, 2023

(Rs. in millions)

31 Disclosure under Indian Accounting Standard 19 (Ind AS 19) on employee benefits:

a) Defined contribution plan:

Amount recognised and included in note 23 "Contribution to provident and other funds" represents:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Provident fund	191.66	128.53
Employees State Insurance Scheme (ESIC)	42.09	20.68
Labour welfare fund	0.99	19.52
Total	234.74	168.73

b) Defined benefit plan:

The Company sponsors the Gratuity plan, which is governed by the Payment of Gratuity Act, 1972 and makes annual contribution to trust controlled by the Company and Holding Company, who in turn, invests in the Employees Group Gratuity Scheme of eligible funds for qualifying employees. 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. 2 million.

- (i) Gratuity: The Company has charged the gratuity expense to statement of profit and loss based on the actuarial valuation of gratuity liability at the end of the year. The assumptions considered in the projected unit credit method used to compute the gratuity liability are as under:

Assumptions	As at March 31, 2023	As at March 31, 2022
Expected rate of return on plan assets	7.29%	5.53%
Discount rate	7.29%	5.53%
Salary escalation	6.50%	6.50%
Attrition rate :		
Crew	30.00%	30.00%
Others	12.00%	12.00%
Average expected future service	3 years	3 years
Mortality Rate during employment as per Indian Assured Lives Mortality	2012-14 (Urban)	2012-14 (Urban)
Retirement age	58 years	58 years

(ii) Table showing change in present value of Projected Benefit Obligation:

Particulars	As at March 31, 2023	As at March 31, 2022
Present value of projected benefit obligation at the beginning of the year	143.97	114.78
Interest cost	7.96	5.95
Current service cost	21.08	17.36
Past service cost	-	-
Benefits paid directly by employer	-	-
Benefits paid from fund	(22.09)	(17.00)
Actuarial (gains)/losses on obligations - due to change in demographic assumptions	-	-
Actuarial (gains)/losses on obligations - due to change in financial assumptions	(12.80)	(2.55)
Actuarial losses on obligations - due to experience	0.05	25.43
Present value of projected benefit obligation at the end of the year	138.17	143.97

(iii) Tables of fair value of plan assets:

Particulars	As at March 31, 2023	As at March 31, 2022
Fair value of plan assets at the beginning of the year	10.36	10.79
Interest income	0.57	0.56
Contributions by employer	45.73	16.11
Benefits paid	(22.09)	(17.00)
Expected return on plan assets, excluding interest income	(0.01)	(0.10)
Fair value of plan assets at the end of the year	34.56	10.36



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued) for the year ended March 31, 2023

(Rs. in millions)

31 Disclosure under Indian Accounting Standard 19 (Ind AS 19) on employee benefits (Continued)

b) Defined benefit plan: (Continued)

(iv) Amount recognised in the balance sheet

Particulars	As at March 31, 2023	As at March 31, 2022
Present value of benefit obligation at the end of the year	(138.17)	(143.97)
Fair value of plan assets at the end of the year	34.56	10.36
Funded status (surplus/(deficit))	(103.61)	(133.61)
Net (liability) / asset disclosed in the balance sheet	(103.61)	(133.61)

(v) Net interest cost for the year

Particulars	March 31, 2023	March 31, 2022
Present value of projected benefit obligation at the beginning of the year	143.97	114.78
Fair value of plan assets at the beginning of the year	(10.36)	(10.79)
Net liability/ (assets) at the beginning of the year	133.61	103.99
Interest cost	7.96	5.95
Interest income	(0.57)	(0.56)
Net interest cost for current year	7.39	5.39

(vi) Expenses recognised in the statement of profit & loss for the year

Particulars	March 31, 2023	March 31, 2022
Current service cost	21.08	17.36
Net interest cost	7.39	5.39
Past service cost	-	-
Expenses recognised in the statement of profit & loss	28.48	22.75

(vii) Expenses recognised in the other comprehensive income

Particulars	March 31, 2023	March 31, 2022
Actuarial (gain) / loss on obligation for the year	(12.75)	22.88
Return on plan assets, excluding interest income	0.01	0.10
Net (income)/expense for the year recognized in OCI	(12.74)	22.98

(viii) Balance Sheet reconciliation

Particulars	As at March 31, 2023	As at March 31, 2022
Opening net liability	133.61	103.99
Expenses recognized in statement of profit or loss	28.48	22.75
Expenses recognized in OCI	(12.74)	22.98
Benefits paid directly by employer	-	-
Employers contribution	(45.74)	(16.11)
Amount recognised in the balance sheet	103.61	133.61
Current Liability	95.85	83.31
Non Current Liability	7.76	50.30

(ix) Category of assets

Particulars	As at March 31, 2023	As at March 31, 2022
Cash And Cash Equivalents with the Trust	5.00	-
Insurer managed funds (LIC)	29.56	10.36



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

for the year ended March 31, 2023

(Rs. in millions)

31 Disclosure under Indian Accounting Standard 19 (Ind AS 19) on employee benefits (Continued)

b) Defined benefit plan: (Continued)

(x) Other details

Particulars	As at March 31, 2023	As at March 31, 2022
Expected contribution in the next year	95.86	83.31
Weighted average duration of the projected benefit obligation	6 years	6 years

(xi) Maturity analysis of the benefits payments - from the fund

Particulars	As at March 31, 2023	As at March 31, 2022
Projected benefits payable in future years from the date of reporting		
1st following year	21.34	21.78
2nd following year	19.13	18.74
3rd following year	18.91	19.66
4th following year	15.73	17.55
5th following year	17.87	14.28
Sum of years 6 to 10	53.24	50.63
Sum of years 11 and above	70.25	58.69

(xii) Sensitivity analysis

Particulars	As at March 31, 2023	As at March 31, 2022
Projected benefit obligation on current assumptions	138.17	143.97
Delta effect of +1% change in the rate of discounting	(6.23)	(6.75)
Delta effect of -1% change in the rate of discounting	6.95	7.57
Delta effect of +1% change in the rate of salary increase	6.94	6.55
Delta effect of -1% change in the rate of salary increase	(6.33)	(6.06)
Delta effect of +1% change in the rate of employee turnover	(0.26)	(0.80)
Delta effect of -1% change in the rate of employee turnover	0.24	0.85

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the balance sheet.

There is no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

(xiii) Risk exposure

These defined benefit plans typically expose the Company to actuarial risks as under:

a) Investment risk

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

b) Interest rate risk

A fall in the discount rate which is linked to the G.Sec. Rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.

c) Mortality risk

Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

d) Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued) for the year ended March 31, 2023

(Rs. in millions)

32 Related party disclosures

In compliance with Indian Accounting Standard 24 - "Related Party Disclosures", the required disclosures are given below:

Related party and their relationships

(A) Related party where control exists

Holding Company	Westlife Foodworld Limited (formerly known as Westlife Development Limited)
Holding Company Controlled Trust	Westlife ESOS Trust (the 'Trust')

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

1) Key Management Personnel

Mr. B.L. Jatia, Director (resigned with effect from January 31, 2023)
Mr. Sanjay Soni, Whole Time Director
Mr. Saurabh Kalra, Managing Director (with effect from March 20, 2023)
Mr. Saurabh Bhudolia, (with effect from January 18, 2023)
Mr. Pankaj Roongta, (resigned with effect from December 08, 2021)
Mrs. Namrata Malhur, Director (resigned with effect from November 25, 2022)
Mrs. Radha Jain, Company Secretary

2) Relatives of key management personnel

Mr. Amit Jatia, son of Mr. B.L. Jatia
Mrs. Smita Jatia, daughter-in-law of Mr. B.L. Jatia
Mr. Akshay Jatia, grandson of Mr. B.L. Jatia
Mrs. Diya Ayush Jatia, wife of Mr. Ayush Jatia,
Mr. Ayush Jatia, grandson of Mr. B.L. Jatia
Mrs. Mehak Akshay Jatia, wife of Mr. Akshay Jatia,

3) Non Executive Directors

Mr Nitin Mhatre
Mr Tarun Kataria
Ms Deepa Bhajekar

4) Enterprises over which Key Management Personnel or their relatives is/are able to exercise significant influence

Vishwas Investment & Trading Company Private Limited
Hardcastle Petrofer Private Limited
Ronald McDonald House Charities Foundation India (RMHC India)
Concept Highland Business Private Limited
Vandeep Trade Links Private Limited
Subh Ashish Exim Private Limited
Horizon Impex Private Limited
Hardcastle and Waud Manufacturing Company Ltd.
Admas Industries Private Limited
Hardcastle Restaurants Private Limited- Gratuity Fund



Notes to the financial statements (Continued)
for the year ended March 31, 2023

32 Related party disclosures(Continued)

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

(b) Transactions with key management

Particulars	Sanjay Soni		Namrata Mathur		Saurabh Kalra		Saurabh Bhudolia		Pankaj Roongta		Radhna Jain	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Remuneration*	23.11	13.36	12.86	12.31	0.68	-	3.39	-	-	13.09	2.52	2.02
Payable	1.22	1.05	-	1.31	0.68	-	1.46	-	-	-	0.23	0.25



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

for the year ended March 31, 2023

(Rs. in millions)

32 Related party disclosure(Continued)

Related party transactions (Continued)

(c) Transactions with relatives of key management personnel

Particulars	Amit Jatia		Smita Jatia		B. L. Jatia		Alshay Jatia	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Remuneration*	183.20	126.95	83.81	49.90	-	-	45.40	40.66
Payable	42.53	44.08	4.50	2.70	-	20.00	2.35	4.02

(d) Transactions with Non Executive Directors

Particulars	Nitin Mhatre		Tarun Kataria		Deepa Bhujekar	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Director's sitting fees	0.15	-	0.15	-	0.07	-

Terms and conditions

All transactions with these related parties are on arm's length basis and the resulting outstanding balances are to be settled in cash within the credit period allowed as per the policy. None of the balances are secured.

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



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

for the year ended March 31, 2023

(Rs. in millions)

33 Contingent liabilities not provided for in the accounts:

Particulars	March 31, 2023	March 31, 2022
Claims against the Company not acknowledged as debts		
Sales tax/ VAT, Service Tax and Excise related matters (refer note i, ii, iii, iv, v, vi, vii)	168.13	658.02
Goods and Services tax related matter (refer note viii & ix)	95.14	95.14
Income tax related matters (refer note x)	425.49	425.49
	688.76	1,178.65

Sales tax / VAT related matters

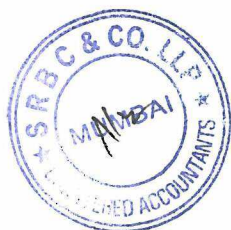
i The Company had preferred an appeal before the Maharashtra Sales Tax Tribunal against a demand of Rs 2.41 million (Previous Year: Rs. 2.41 million) against the appeal order passed by the Joint Commissioner of Sales Tax (Appeal) II Mumbai on account of disallowance of resale of toys and cheese and taxability of Birthday Party Income for the year 2003-04. The Maharashtra Sales Tax Tribunal has partly allowed the appeal in case of Birthday party income and dismissed the claim of resale sale. The Company has filed Rectification Application before the Maharashtra Sales Tax Tribunal, Mumbai since apparent errors were made in the judgment. A reference application is also filed before Tribunal in addition to rectification application.

Secondly, the Company has preferred an appeal before Joint Commissioner of Sales Tax (Appeal) II Mumbai against demand of Rs. 1.64 million (Previous Year Rs. 1.64 million) as per order passed by assessing officer on account of disallowance of resale of toys and cheese and taxability of Birthday Party Income for the year 2004-05. The appeal is pending before the Joint Commissioner of Sales Tax. The Company has deposited an aggregate amount of Rs. 1.53 million as part payment as directed by the said authorities for both the years.

ii During the financial year 2013-14, the Company had received demand notices aggregating to Rs. 97.39 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. 97.39 million under protest. During the earlier years, the Appellate Deputy Commissioner has dismissed the appeal against by the Company and the Company had filed an appeal before Tribunal against the order of Appellate Deputy Commissioner. Based on the advice of external counsel, the Company believes it has good ground for the appeal to be decided in its favour. Accordingly, no provision is considered necessary in this matter.

iii The Company had received demand of Rs 44.26 million in September 2006 on the ground that operations conducted in the restaurant premises lead to manufacturing of goods. Vide order dated 20 July 2017, the Custom, Excise and Service Tax appellate Tribunal (Appellate Tribunal) has remanded the appeal for fresh adjudication with the departmental authorities, which is pending as of date. The Company has a very good case for subsequent period. On identical facts and issue, the Appellate Tribunal has passed two orders on merits in favour of the Company.

iv The proposed Social Security Code, 2019, when promulgated, would subsume labour laws including Employees' Provident Funds and Miscellaneous Provisions Act and amend the definition of wages on which the organisation and its employees are to contribute towards Provident Fund. The Company believes that there will be no significant impact on its contributions to Provident Fund due to the proposed amendments. Additionally, there is uncertainty and ambiguity in interpreting and giving effect to the guidelines of Hon. Supreme Court vide its ruling in February 2019, in relation to the scope of compensation on which the organisation and its employees are to contribute towards Provident Fund. The Company will evaluate its position and act, as clarity emerges.



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

for the year ended March 31, 2023

(Rs. in millions)

33 Contingent Liabilities not provided for in the accounts: (Continued)

- v During the Financial Year 2022-23, the Company had received show cause cum demand notice aggregating Rs.20.13 million under Excise Audit 2000 issued by Additional Commissioner. Out of which Company has already paid Rs.6.78 million including interest of Rs.3.51 million towards ineligible input tax credit and Interest payment made to supplier beyond 90 days. The Company have filed reply before The Additional Commissioner for balance amount of Rs.16.86 million. Various points have been raised like Non-payment of service tax on reconciliation of service tax return with financials, Availment of CENVAT credit on invoices issued prior to 1 year, Ineligible CENVAT credit, Interest on payment made to supplier beyond 90 days, Non-payment of service tax on expenses reconciliation and Wrong availment of CENVAT credit.

The Company had provided detailed submission, reconciliation and made the payment wherever required. The Company believes and based on the advice of Consultant, has a very good case on both law and facts for reconciliation, Non-payment of service tax on expenses reconciliation and ineligible CENVAT credit. Accordingly, no provision is considered necessary in this matter.

- vi During the Financial Year 2013-14, the Company had received demand notice aggregating Rs. 1.0 million under Kerala Value Added Tax Act 2003 issued by Commissioner due to difference in turnover between VAT audit report and return. The tax has already been paid on turnover shown in VAT audit report. The Company has filed appeal before Commissioner.
- vii During the Financial Year 2017-18, the Company had received demand notice aggregating Rs. 1.30 million under Maharashtra Value Added Tax Act 2002 issued by the Deputy Commissioner due to mismatch of J1 and J2 Credit and disallowance of credit on fuel and gas. The Company has filed appeal before the Joint Commissioner of State Tax.

Goods and Services tax related matter

- viii The Company had received notice for intimation of investigation under Rule 129 of the Central Goods and Services Tax Rules, 2017 from the Directorate General of Anti-Profitteering (DGAP). The subject-matter of the investigation was after the rate of GST on the services provided by the Company was reduced with effect from 15.11.2017, whether the Company passed on the benefit of such reduction to the recipients of services in terms of Section 171 of Central Goods and Services Tax Act, 2017. The said investigation is for the period of 15th November 2017 to 31st January 2018. The Company had objected to the invocation of anti-profitteering provisions under the GST statute on both constitutional grounds and factual grounds, only some of which are listed below:

The constitutional grounds:

1. Section 171 and the related delegated legislation is in abrogation of Article 14 of the Constitution of India as it does not lay down any guidance for The National Anti-Profitteering Authority (NAA) for exercise of statutory power and that sub-delegation to NAA to notify procedure and methodology is patently bad in law.
2. The statutory scheme is without constitutional sanction as it is a price control legislation and therefore, not considering costs other tax patently offends Article 19(1)(g) of the Constitution of India.
3. The composition of the NAA is bad in law and violates Article 14 of the Constitution of India.

The factual grounds:

1. The proceedings are bad in law as the period for completion of the investigation was unilaterally enhanced under Rule 129 sans an opportunity of hearing to the Company and constitutes a violation of the principles of natural justice.
2. The impugned order has been passed by the NAA after the time period as contemplated under Rule 133 and hence proceedings are bad in law.
3. No methodology being notified under Rule 126 (either general or specific as raised by the Company) greatly prejudices the Company as an effective defence cannot be mounted since the relevant law is unknown, rendering the proceedings as opaque and manifestly arbitrary. This is further evident as different standards have been followed for similarly-placed businesses.
4. In the absence of a specified methodology, all possible manners of computation are equally valid, and preference cannot be granted to one over the other. The Company has shown through three different means of computation that the cost of Input Tax Credit ("ITC") is 10% - 12.24% while the average incremental revenue is 9.43%. Therefore, the only possible conclusion is that the Company has not indulged in profiteering, but rather passed on benefits more than what was required under law. If one is to follow the methodology as held by the NAA, the cost of ITC on aerated beverages is 40%, but price increase can only be 9.11%. This is absurd, patently illogical and unsustainable in law.
5. The entire proceedings are illegal as the scope of the investigation is different in the reference by the Standing Committee and the Directorate General of Anti-Profitteering ("DGAP"). Hence, the investigation is illegal as jurisdiction of DGAP is based on reference of Standing Committee only.
6. The order traverses beyond the scope of Section 171. Under this provision, only benefit to the extent of tax can be demanded and nothing in excess thereof. Further, such amount can only be demanded from a registered person, which in the present case is the GSTIN of the Company in Maharashtra. Both these principles have been ignored entirely in the order rendering the entire exercise illegal.

The National Anti-Profitteering Authority (NAA) had heard the Company on the above grounds, and had not accepted the contentions of the Company, and passed an order as follows:

- (i) confirmed the demand of Rs. 74.93 million,
- (ii) given direction to the Company reduce prices for the subsequent period.



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

for the year ended March 31, 2023

(Rs. in millions)

33 Contingent Liabilities not provided for in the accounts: (Continued)

(iii) The said order has been challenged by way of a writ petition no. 469 of 2021 filed with the High Court of Bombay. In the first hearing before the High Court of Bombay, liberty had been granted to the Company to approach the court if the situation so arises, and matter has been adjourned. Pending disposal of the writ petition and based on the advice of external counsel, the Company believes that Company has a very good case on both law and facts. Accordingly, no provision is considered necessary in this matter.

- ix During the year 2021-2022, the Company received show cause notice under section 74 read with section 122 of the CGST Act, 2017 from Joint Commissioner CGST & C. Ex Mumbai Central alleging that the Company has wrongly availed credit of amount of EC or SHEC amounting Rs. 20.21 million.

In respect of the above SCN the Company has paid tax amount approx. Rs. 14 million, interest amount approx. Rs.11 million and penalty amount approx. Rs. 3 million against the demand amount under protest and filed reply stating that the Company has a vested right to avail benefit of the unutilized amount of EC or SHEC.

Factual Grounds

1. Charging Section i.e. Section 66 of the Service Tax Law provides that service tax at the rate of 12% should be levied on the value of taxable service. Further, Section 91 of Finance Act, 2004 provides that Education Cess ("EC") at the rate of 2% and Section 136 of the Finance Act, 2007 provides that Secondary Higher Education Cess ("SHEC") at the rate of 1% should be levied respectively on the service tax amount. Effectively, service tax rate was 12.36% on the value of services. It further submitted that EC and SHEC earlier levied on provision of services were withdrawn from 1 June 2015 and were subsumed and included in the service tax. As these cesses were subsumed in the service tax levy, the amount lying in the credit towards EC and SHEC should be available as CENVAT credit of service tax. In other words, this is not a case of abolition of EC and SHEC but the cesses were added and became part of the excise duty or service tax.

2. Reliance is placed on the dictionary definition of the term "subsumed", which means to include, absorb in something else or incorporated into something larger or more general. Therefore, unutilised EC and SHEC should be allowed to be utilized for payment of service tax on taxable service, for otherwise the action would be clearly arbitrary, capricious and tantamount to lapsing of credit accrued on the input, though higher excise duty or service tax was payable on the output. The Company has a vested right to claim benefit of utilization of the unutilised credit.

3. The Company further submits that it claims a vested right to avail benefit of the unutilized amount of EC or SHEC credit, which was available and had not been set off as on 1 June 2015 for payment of tax on taxable services. The contention of the Company is that EC and SHEC were subsumed in the Central Excise Duty, is substantiated by the fact that the general rate of which was increased from 12% to 12.5%, and Service tax, which was increased from 12.36% to 14%.

4. The Company further places reliance upon the Budget Speech of the Finance Minister and the memorandum explaining provisions of Finance Bill, 2015, which reads:

As part of the movement towards GST, I propose to subsume the Education Cess and the Secondary and Higher Education Cess in Central Excise duty. In effect, the general rate of Central Excise Duty of 12.36% including the cesses is being rounded off to 12.5%.

It is proposed to increase the present rate of Service Tax plus education cesses from 12.36% to a consolidated rate of 14%.

5. Reference is also made to the Explanation given by the Joint Secretary, Tax Research Unit, Ministry of Finance, Government of India, vide letter F.No.334/5/2015-TRU dated 28 February 2015, which reads.

6. "The rate of Service Tax is being increased from 12% plus Education Cesses to 14%. The 'Education Cess' and 'Secondary and Higher Education Cess' shall be subsumed in the revised rate of Service Tax. Thus, the effective increase in Service Tax rate will be from the existing rate of 12.36% (inclusive of cesses) to 14%, subsuming the cesses"



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

for the year ended March 31, 2023

(Rs. in millions)

33 Contingent Liabilities not provided for in the accounts: (Continued)

Income tax related matters

- x Pursuant to search and seizure conducted in 2018, the income-tax authorities issued an Order in July 2021 under Section 153A of the Income-Tax Act, 1961 directing the Company to file revised returns for 7 years under block assessment. Block assessment for the period A.Y. 2013-14 to A.Y. 2019-20 was completed during the year and the tax authorities had raised a demand amounting to Rs. 477.53 Million. There were apparent errors in determining the tax demand of Rs. 477.53 Million for which the Company has filed rectification applications in July 2021. The rectification orders were passed in February 2022. However, while determining the revised demand as per the rectification order, multiple errors were made in the Tax Computation Sheet resulting in a tax demand of Rs. 425.49 Million against original demand of Rs. 477.53 Million. The Company has approached the income tax authorities to revise the rectification order. Upon the rectification being given effect to by the income-tax authorities, the possible tax demand shall stand rectified from Rs. 425.49 Million to Rs. 75.45 Million. The Company has also filed an appeal in October 2021 before the Commissioner of Income Tax (Appeals) against the original tax demand of Rs. 477.53 Million. The hearing is yet to be concluded and the company believes the case is not tenable.

Notes

- i) Pending resolution of the respective proceedings, it is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above as it is determinable only on receipt of judgements / decisions pending with various forums / authorities.
- ii) The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial position. The Company does not expect any reimbursements in respect of the above contingent liabilities.
- iii) The Company has a process whereby periodically all long-term contracts are assessed for material foreseeable losses. At the yearend, the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iv) Regarding the amounts disclosed above, it is not practicable to disclose information on the possibility of any reimbursements as it is determinable only on the occurrence of uncertain future events.

34 Capital and other commitments

Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for is Rs. 413.52 million (March 31, 2022: Rs. 465.89 million).

35 Service tax on conducting charges

The Company had, in accordance with legal advice, filed a petition before 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, out of total demand of Rs. 14.84 million, the Company had deposited 50% of the disputed demand amounting to Rs. 7.42 million. 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. The hearing is yet to be concluded from Supreme Court of India.



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

for the year ended March 31, 2023

(Rs. in millions)

36 Segment reporting:

There is no separate reportable segment as per Ind AS 108 on 'Operating Segments' in respect of the Company.

The Company operates in single segment only. There are no operations outside India and hence there is no external revenue or assets which require disclosure.

No revenue from transactions with a single external customer amounted to 10% or more of the Company's total revenue in year ended 31 March 2023 or 31 March 2022.

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

Particulars	March 31, 2023	March 31, 2022
Principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year:		
- Principal	52.34	42.60
- Interest	-	-
Amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprises 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.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006.	-	-

Based on confirmation / information available with the Company

38 Employee Stock Option Scheme

- a) Westlife Foodworld Limited ("WFL" or "Holding Company") provides share based payment scheme (the 'Scheme') which covers certain eligible employees of the Company. According to the Scheme, the employees selected by the Nomination and Remuneration Committee from time to time would be entitled to options, subject to satisfaction of the prescribed vesting conditions. Westlife ESOS Trust (the 'Trust') has been established to facilitate the scheme.

ESOS Scheme 2013

On September 18, 2013, the board of directors of WFL approved the Equity Settled ESOP Scheme 2013 (Scheme 2013) for issue of stock options to the key employees and directors of the Company and its subsidiary company. The contractual life (comprising the vesting period and the exercise period) of options granted is 9 years. The other relevant terms of the grant are as below:

Vesting period	Graded vesting – 20% every year (granted upto 2013)
	Graded vesting – 25% every year (granted post 2013)
Exercise period	9 years

ESOS Scheme 2021

The shareholders of WFL at its meeting held on September 16, 2021 by way of special resolution, formulated the "The Westlife Development Limited Employees Stock Option Scheme 2021" (referred to as 'the Company's 2021 ESOS Scheme'). ESOP is the primary arrangement under which shared plan service incentive are provided to certain employees of its subsidiary.



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

for the year ended March 31, 2023

(Rs. in millions)

38 Employee Stock Option Scheme (Continued)

b) The details of the activity under the scheme are as below :

Particulars	March 31, 2023		March 31, 2023	
	The ESOS Trust Scheme 2021	Weighted average exercise price (Rs.)	No of Options (ESOS 2013)	Weighted average exercise price (Rs.)
Outstanding at the beginning of the year	-	-	2,46,980	-
Granted during the year	3,92,986	411.07	-	-
Forfeited / lapsed during the year	20,375	418.94	2,37,480	237.87
Exercised during the year	-	-	9,500	182.18
Expired during the year	-	-	-	-
Outstanding at the end of the year	3,72,611	410.64	-	-
Exercisable at the end of the year	-	-	-	-

Particulars	March 31, 2022	
	No of Options	Weighted average
Outstanding at the beginning of the year	4,06,530	230.43
Granted during the year	-	-
Forfeited / lapsed during the year	35,750	302.45
Exercised during the year	1,23,800	199.06
Expired during the year	-	-
Outstanding at the end of the year	2,46,980	235.72
Exercisable at the end of the year	2,28,230	222.65

For options exercised during the year, the weighted average share price at the exercise date was Rs. 466.44 per share (March 31, 2022: Rs. 510.63 per share).

The weighted average remaining contractual life for the stock options outstanding as at March 31, 2023 is 6.88 years (March 31, 2022: 3.54 years). The range of exercise prices for options outstanding at the end of the year was Rs. 2/- to Rs. 698.50/- (March 31, 2022: Rs.100/- to Rs. 300/-)

c) Effect of employee share based payment plans on the Statement of Profit and Loss and on its financial position.

Particulars	March 31, 2023	March 31, 2022
Total employee compensation cost pertaining to share option plans*	71.17	4.08

However, during the year ended 31st March 2023, Westlife Foodworld Limited (Formerly Known As Westlife Development Limited) ('the Company') vide Board resolution dated 18 May 2022, approved the transition of stock options held by certain employees of its subsidiary company i.e. Hardcastle Restaurants Private Limited from "The Westlife Development Limited Employees Stock Option Scheme 2013" (referred to as 'the Company's 2013 ESOS Scheme') to "The Westlife Development Limited Employee Stock Option (Trust) Scheme 2021" ('referred to as the Company's 2021 ESOS Scheme').

Pursuant to the transition, stock options granted earlier by the Company under the Company's 2013 ESOS Scheme were cancelled on obtaining consent from respective option holders who were paid Rs. 480 lakhs as cash payout in lieu of cancellation. Consequently, net effect on cancellation of options of Rs. 247 lakhs after adjusting balance in 'Employees Stock Option Outstanding Reserve' of Rs. 233 lakhs was charged to the profit and loss of the subsidiary company. Further, as per the transition, in lieu of cancellation of options the option holders were also granted new stock options under Company's 2021 ESOS Scheme in accordance with the terms as set out in the said scheme.



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

for the year ended March 31, 2023

(Rs. in millions)

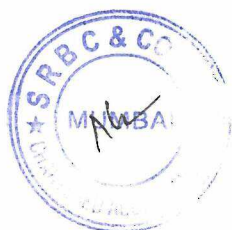
38 Employee Stock Option Scheme (Continued)

- d) Options granted but not eligible for exercise at end of the year is 3,72,611 (March 31, 2022: 18,750)
- e) The fair values are measured based on the Black-Scholes formula. Expected volatility, an input in this formula, is estimated by considering historic average share price volatility. The inputs used in the measurement of grant-date fair values are as follows:

Particulars	March 31, 2023 ESOS 2013	March 31, 2023 The ESOS Trust Scheme 2021	March 31, 2022 ESOS 2013
Weighted average fair value (Rs)	-	-	-
Dividend yield	-	-	-
Expected volatility	-	40.33	-
Risk-free interest rate (%)	-	7.13	-
Weighted average share price (Rs)	-	617.99	-
Exercise Price (Rs)	-	411.07	-
Expected life of options granted in years	-	4.63	-

- f) A description of each ESOS that existed at any time during the year, including the general terms and conditions of each ESOS, including:

Sr. No	Particulars	ESOS 2013	The ESOS Trust Scheme 2021
i)	Date of shareholders' approval	October 30, 2013	September 06, 2021
ii)	Total number of options approved under ESOS	15,00,000	77,33,433
iii)	Vesting requirements	The lock in period between grant and vesting is twelve months and there is no lock in period after the exercise. There shall be a vesting period of one (1) year between grant and vesting of options, and the options granted would not vest more than 5 (five) year from the date of grant of such options.	The lock in period between grant and vesting is twelve months and there is no lock in period after the exercise.
iv)	Exercise price or pricing formula	Rs. 100/-, Rs. 238/-, Rs. 246.70/-, Rs. 314.80/-, Rs. 394.80/-.	Rs. 2/-, Rs. 457.25/-, Rs. 500/-, Rs. 698.50/-
v)	Maximum term of options granted	Five years from the date of grant of options	The vesting of Stock Options may be spread over a period of a certain number of years after the one year from the date of Grant, as may be decided by the Nomination and Remuneration Committee ('the Committee').
vi)	Source of shares (primary, secondary or combination)	Primary Market (new shares allotted against exercise of stock options)	Secondary Market
vii)	Variation in terms of options	No variation in terms of options	No variation in terms of options



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

for the year ended March 31, 2023

(Rs. in millions)

39 Earnings per share

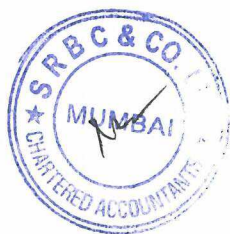
Profit / (Loss) attributable to equity shareholders (basic and diluted)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Profit / (Loss) for the year attributable to equity holders	1,123.18	(12.42)
Number of equity shares at the beginning of the year (refer note 13)	8,73,814	17,47,628
Less : Weighted average number of equity shares adjustment pursuant to Capital reduction order	-	(69,426)
Number of equity shares considered for calculation of basic and diluted earning per share	8,73,814	16,78,202
Earnings per share (Rs.)		
- Basic and Diluted	1,285.38	(7.40)

Note: No dilutive shares outstanding as at balance sheet date

40 Going Concern

During the current year, the Company has a net profit of Rs. 1,123.18 million and has generated net cash from operating activities of Rs. 3,505.93 million. As on March 31, 2023 the Company had cash and cash equivalents of Rs. 76.39, Investments of Rs. 1,178.84 million and borrowings of Rs. 2,070 million. However, during previous year the Company had incurred a net loss of Rs 12.42 million and had generated net cash from operating activities of Rs 1525.87 million. As on March 31, 2022 the Company had cash and cash equivalents of Rs 214.10 million, Investments of Rs 1390.75 million and borrowings of Rs 2010.00 million. Accordingly, the financial statements of previous year did not include any adjustments that might result from the outcome of these uncertainties since the Company had established an ongoing source of revenue through its various business models including delivery and take away to cover its operating costs and fund its working capital requirements.



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

for the year ended March 31, 2023

(Rs. in millions)

41 Disclosure on Ind-AS 116

Leases

Company as lessee

The Company's leased assets primarily consist of Stores, Office premises, Leasehold Land and Godowns. Leases of office premises and stores generally have lease term between 10 to 30 years. The Company has applied low value exemption for office equipments and accordingly these are excluded from Ind AS 116. The leases include non cancellable periods and renewable option at the discretion of lessee for determination of lease term where the Company is certain to exercise such option.

i) Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

Category of ROU asset	Buildings	Leasehold Land	Total
As at 1st April, 2021	7,001.17	7.27	7,008.44
Additions	1,171.49	64.95	1,236.44
Modification	72.77	-	72.77
Termination	(82.02)	-	(82.02)
Depreciation expenses	(516.95)	(0.79)	(517.74)
As at March 31, 2022	7,646.46	71.43	7,717.89

Category of ROU asset	Buildings	Leasehold Land	Total
As at 1st April, 2022	7,646.46	71.43	7,717.89
Additions	1,767.39	-	1,767.39
Modification	24.80	-	24.80
Termination	(170.68)	-	(170.68)
Depreciation expenses	(580.64)	(1.14)	(581.78)
As at March 31, 2023	8,687.33	70.29	8,757.62

ii) Set out below are the carrying amounts of lease liabilities and the movements during the period:

Particulars	As at March 31, 2022
As at April 1, 2021	7,528.11
Additions	1,136.48
Lease modification other than rent concession	65.55
Rent concession	(33.80)
Termination	(85.84)
Accretion of interest	693.03
Payments	(767.93)
As at March 31, 2022	8,535.60
Current	951.30
Non-current	7,584.30

Particulars	As at March 31, 2023
As at April 1, 2022	8,535.60
Additions	1,703.28
Lease modification other than rent concession	17.80
Rent concession	-
Termination	(203.39)
Accretion of interest	783.56
Payments	(876.82)
As at March 31, 2023	9,960.03
Current	1,095.45
Non-current	8,864.58



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

for the year ended March 31, 2023

(Rs. in millions)

41 Disclosure on Ind-AS 116 (Continued)

Leases (Continued)

iii) The following are the amounts recognised in profit or loss:

Particulars	March 31, 2023	March 31, 2022
Depreciation expense of right-of-use assets	581.78	517.74
Interest expense on lease liabilities	783.56	693.03
Expense relating to short-term leases	103.44	36.68
Expense relating to low value	-	-
Variable lease payments*	994.68	455.88
Gain on lease modification, concession and termination	39.65	46.14

* Variable lease payments not recognised in the related lease liability are expensed as incurred and include rentals based on revenue from stores.

iv) The undiscounted maturity analysis of lease liabilities at 31 March 2023 and 31 March 2022 is as follows:

Particulars	March 31, 2023	March 31, 2022
Less than one year	1,062.19	886.36
One to five years	4,459.10	3,792.33
More than five years	14,418.38	12,643.37
Total	19,939.67	17,322.06

Company as lessor

The Company is an intermediate lessor for certain stores where it has subleased to third parties. The Company has not transferred substantially all the risks and rewards relating to the right of use asset of the head lease to the sub-lessee where it is an intermediate lessor and hence all leases are operating leases.

Rental income on stores given on sub lease to third parties was Rs. 5.90 million for the year ended March 31, 2023 (March 31, 2022: Rs.4.10 million)

Impact of COVID-19

In response to Covid-19, MCA issued interpretative guidance that provides an option for entities to make a policy election for lease concessions as a result of Covid-19. The amount recognized in profit or loss for the reporting period to reflect changes in lease payments that arise from rent concessions to which the lessee has applied the practical expedient was Rs. Nil for the year ended March 31, 2023 (March 31, 2022: Rs. 33.83 million).



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued) for the year ended March 31, 2023

(Rs. in millions)

42 Disclosure required under Section 186 of the Companies Act 2013

Included in loans and advances are certain loans the particulars of which are disclosed below as required under Section 186 of the Companies Act, 2013.

Unsecured Loans (refer note 6)

Particulars	March 31, 2023 Outstanding Amount	March 31, 2023 Maximum Amount outstanding during the year	March 31, 2022 Outstanding Amount	March 31, 2022 Maximum Amount outstanding during the year
Rimjhim Properties Private Limited* (Rs 50 million due in January, 2023) (Interest @ 8.5% pa)	-	-	50.00	50.00
Ekam Ultra Farms Private Limited * (Rs 25 million due in May, 2023) (Interest @ 14.0% pa)	25.00	25.00	-	-
Art Rubber Industries Limited* (Rs 50 million due in December, 2023) (Interest @ 8.5% pa)	50.00	50.00	-	-
Westlife ESOS Trust (the 'Trust') Westlife Foodworld Limited (Interest @ 8.0% pa)	201.00 20.08	201.00 68.58	137.00 -	137.00 -
Walchandnagar Industries Limited* (Interest @ 9.0% pa)	-	-	-	30.00
Sangdatta Lodge, interest free, due on August 20, 2021 (The loan is provided for financing working capital requirements)	-	-	-	11.41

* represent inter corporate deposit placed for earning interest income.

43 As per amendment in Schedule III of Companies Act 2013, following are additional notes to accounts :

a) Loans granted to promoters, directors, KMP and other related parties either severally or jointly that are repayable on demand (refer note 6):

Type of Borrower	Amount of loan granted during the year	Amount of loan outstanding as on March 31, 2023	% to total loans outstanding as on March 31, 2023
Promoters	-	-	-
Directors	-	-	-
KMPs	-	-	-
Related Parties	144.03	219.60	73%

Type of Borrower	Amount of loan outstanding as on March 31, 2022	% to total loans outstanding as on March 31, 2022
Promoters	-	-
Directors	-	-
KMPs	-	-
Related Parties	137.00	63%

Note:

- There are no advances given in the nature of loan.
- There are no loans granted without specifying any terms or period of repayment

b) Disclosure Of Transactions With Struck Off Companies

The Company does not have material transactions with struck off companies during the current year and no transactions in the previous year.

c) No transactions to report against the following disclosure requirements as notified by MCA pursuant to amended Schedule III:

- Crypto Currency or Virtual Currency
- Benami Property held under Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder
- Registration of charges or satisfaction with Registrar of Companies
- Transaction not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961
- Relating to borrowed funds:
 - Wilful defaulter
 - Utilisation of borrowed funds
 - Discrepancy in utilization of borrowings

d) Previous year figures has been re-grouped, wherever necessary, to confirm to the figures of the current year.



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

for the year ended March 31, 2023

(Rs. in millions)

- 44 No funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified (Ultimate Beneficiaries) by or on behalf of the Company or provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries. The Holding Company and its subsidiary company incorporated in India has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified ("Ultimate Beneficiaries") by or on behalf of the funding parties or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

45 Ratios

	March 31, 2023	March 31, 2022	Variance	Remarks
Current ratio (in times)	0.35	0.38	-9%	Refer note 1
Debt equity ratio (in times)	0.38	0.43	-12%	Refer note 1
Debt service coverage ratio (in times)	2.27	1.25	82%	Refer note 2
Return on equity ratio (in %)	24%	0%	100%	Refer note 2
Inventory turnover ratio (in times)	10.77	10.64	1%	Refer note 1
Trade receivable turnover ratio (in times)	189.79	142.66	33%	Refer note 2
Trade payables turnover ratio (in times)	3.91	3.10	26%	Refer note 2
Net capital turnover ratio (in times)	(5.41)	(4.42)	22%	Refer note 1
Net profit ratio (in %)	5%	0%	100%	Refer note 2
Return on capital employed (in %)	17%	7%	145%	Refer note 2
Return on investment (in %)	4%	14%	-69%	Refer note 3

Notes:

- There is no significant change (25% or more) in FY 2022-23 in comparison to FY 2021-22.
- The variance is primarily on account of improvement in Company's performance in FY 2022-23 compare to FY 2021-22 which was significant impacted on account of COVID-19 pandemic.
- The Return on Investment has decreased in lines with the market trends of the Investments held during the year.

Formulas for computation of above ratios are as follows:

Particulars	Formula
Current ratio	Current assets / Current liabilities
Debt equity ratio	Borrowings / Total Equity
Debt service coverage ratio	Profit before depreciation, interest (excluding bank interest) and tax / (Borrowings repaid / taken + Lease payment + Interest cost)
Return on equity ratio	Profit after tax / Average Shareholder Equity
Inventory turnover ratio	(Cost of materials consumed + Purchases of stock-in-trade + Changes in inventories of finished goods, work-in-progress and stock-in-trade) / Average Inventory
Trade receivable turnover ratio	Revenue from operations / Average Trade receivables
Trade payables turnover ratio	Purchases / Average Trade payables
Net capital turnover ratio	Revenue from operations / (Current assets - Current liabilities)
Net profit ratio	Profit after tax / Revenue from operations
Return on capital employed	Profit before interest and tax / (Total Assets - Current liabilities)
Return on investment	[Interest Income on fixed deposits + Profit / (loss) on sale of investments + Profit (loss) on fair valuation of investments carried at FVTPL + Interest income on bonds] / [Investments + Deposits with banks]



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

for the year ended March 31, 2023

(Rs. in millions)

- 46 With effect from August 5, 2022, the Ministry of Corporate Affairs (MCA) has amended the Companies (Accounts) Rules, 2014, relating to maintenance of electronic books of account and other relevant books and papers. Pursuant to this amendment, the Company is required to maintain the books of account which are accessible in India at all times and their backup is to be kept on servers located in India on a daily basis.

In respect of below applications, the status of compliance is as follows:

Requirement's u/s 143(3) of Companies Act, 2013	Accounting Applications/ Software			
	McDelivery Services	Allsec Human Resource Management System (HRMS)	Microsoft Dynamics 365	Oracle Netsuite
Servers physically located in India	Yes	No	Yes	No
Backup maintained in India on daily basis and accessible in India at all times	Maintained from August 5, 2022, upto March 15, 2023, on a daily basis.	No	No	No

However, the Company has defined process to take daily back-up of books of account maintained electronically and maintain the logs of the back-up of such books of account for cyclic period of 7-90 days for various applications. Management is taking steps to configure systems to ensure that logs of daily back up for books of account is maintained on a daily basis so long as they are required to be maintained under applicable statute.

- 47 On 09 May 2023 the board of directors recommended a final dividend of Rs. 705.00 per equity share be paid to shareholders for financial year 2022-23, which is subject to approval by the shareholders at the Annual General Meeting to be held on 26 June 2023. If approved, the dividend would result in a cash outflow of Rs. 616 million.



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

for the year ended March 31, 2023

- 48 The Company has evaluated subsequent events from the balance sheet date till May 09, 2023, the date at which the financial statements were available to be issued, and determined that there are no items to report.

For S R B C & Co LLP

Chartered Accountants

ICAI Firm's Registration No: 324982E/E300003



per Ravi Bansal

Partner

Membership No: 049365

Place: Mumbai

Date: May 09, 2023



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



Saurabh Kalra

Managing Director

DIN: 10057845



Saurabh Bhudolia

Chief Financial Officer



Place: Mumbai

Date: May 09, 2023



Sanjay Kumar Soni

Whole Time Director

DIN: 01048644



Radha Jain

Company Secretary

Membership No: A28006