

B S R & Associates LLP

Chartered Accountants

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Independent Auditors' Report

To the Members of Hardcastle Restaurants Private Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Hardcastle Restaurants Private Limited ("the Company"), which comprise the balance sheet as at 31 March 2020, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

B S R & Associates (a partnership firm with
Registration No. BA69226) converted into
B S R & Associates LLP (a Limited Liability
Partnership with LLP Registration No. AAB-8182)
with effect from October 14, 2013

Registered Office
5th Floor, Lodha Excelus,
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Mumbai - 400 011

Independent Auditors' Report (Continued)

Hardcastle Restaurants Private Limited

Key Audit Matters (Continued)

Description of Key Audit Matter

Key audit matters	How the matter was addressed in our audit
<p>Revenue Recognition</p> <p>See Note 20 to the financial statements</p> <p>The Company has recognized revenue of INR 15,383.43 millions (2019: INR 13,887.03 millions).</p> <p>The Company's primary source of revenue is from sale of foods, beverages and toys from chain of quick service restaurants (QSR) stores or through online ordering and delivery. Revenue comprises of numerous transactions of small amounts and relies highly on internal process of recording, accuracy and completeness.</p> <p>We continue to assess revenue recognition as an area of audit risk and has a significant effect on our audit strategy and our allocation of resources. Revenue recognition has therefore been identified as a key audit matter.</p>	<p>Our audit procedures included obtaining an understanding of the business and the processes by which revenue transactions are initiated, processed and recorded in the general ledger and reported in the financial statements. Our audit approach was designed to be responsive to our assessed risk of material misstatement over revenue and comprised a combination of test of controls and substantive procedures. After obtaining an understanding of the processes, we evaluated the design of internal controls over revenue transactions and also tested the effectiveness of these internal controls to form our opinion for reliance on controls. We supplemented our controls testing by performing relevant substantive procedures.</p> <p>Our audit work included, but was not restricted to:</p> <ul style="list-style-type: none"> • Evaluating the design and implementation of sales transactions from beginning to through to their recording in the general ledger for verification of completeness of revenue. Verified that revenue was recorded accurately in the proper period. • Testing key controls over additions to and changes in the POS master file data at individual stores on sample basis. • In view of inability to test automated controls in the POS system, performed manual substantive testing of sales as recorded in POS and consequently in the general ledger. Such testing entailed comparing prices charged as appearing in POS sales report for a sample period with the relevant master price lists as approved by the designated Company personnel. • Testing internal controls over recording of sales, collection and custody of cash. Verified segregation of duties and reconciliation of sales records with bank collections. • Verifying the three-way match between sales as recorded by the stores in the POS system with the collections in the bank and the sales accounted in the general ledger. • Performing analytical procedures on sales performance of individually significant stores. Enquired explanation for any major variances, if any, for sales and gross margins.

Independent Auditors' Report (Continued)

Hardcastle Restaurants Private Limited

Key Audit Matters (Continued)

Description of Key Audit Matter (Continued)

Adoption of Ind AS 116 Leases

As described in Note 43 to the financial statements, the Company has adopted Ind AS 116 Leases (Ind AS 116) in the current year.

The Company has over 300 QSR stores, majority of which are leased.

Ind AS 116 replaces the existing standard Ind AS 17 and specifies how an enterprise will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for every lease unless the lease term is 12 months or less or the underlying asset has a low value. The Company has chosen the modified retrospective application approach for adoption of Ind AS 116 which became effective 1 April 2019.

This has resulted in recognition of a Right of Use (ROU) of the leased asset of INR 7,226.66 millions as at 1 April 2019 and a lease liability of Rs 6,997.36 millions.

We considered the first-time application of the standard as a key audit matter on store leases due to the nature of those leases on the financial statements, and the significance of the judgements needed in establishing the underlying key assumptions used.

Our audit procedures included amongst others, the following:

- Assessing the accounting for leases is consistent with the definitions of Ind AS 116 including factors such as lease term, discount rate and measurement principles.
- Verifying the completeness of the lease database by assessing them based on contractual arrangements, the leases considered fall within the scope of Ind AS 116.
- Verifying the accuracy of the underlying lease data by agreeing a sample of leases to original contract or other information.
- Verifying the accuracy of the accounting impact under Ind AS 116 for each lease sampled through reperformance of the expected Ind AS 116 adjustment.
- Assessing the appropriateness of the discount rate applied in determining lease liabilities with inputs from our valuation specialists.
- Assessing the design and implementation of key controls for lease accounting.
- Assessing the modified retrospective application and its consistency with the definition and methods of Ind AS 116, we tested the resulting impact on the balance sheet and the statement of profit and loss.
- Assessing the appropriateness of disclosures on adoption of Ind AS 116 including key assumptions within the financial statements.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's Annual Report but does not include the financial statements and our auditors' report thereon. The Company's Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Independent Auditors' Report (*Continued*)

Hardcastle Restaurants Private Limited

Other Information (*Continued*)

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions, as applicable under the applicable laws and regulations.

Management's and Board of Directors' Responsibility for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent Auditors' Report (Continued)

Hardcastle Restaurants Private Limited

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditors' Report (*Continued*)

Hardcastle Restaurants Private Limited

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations as at 31 March 2020 on its financial position in its financial statements - Refer Note 33 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2020.

Independent Auditors' Report (Continued)

Hardcastle Restaurants Private Limited

Report on Other Legal and Regulatory Requirements (Continued)

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Associates LLP**

Chartered Accountants

Firm's Registration No: 116231W/W-100024



Shabbir Readymadewala

Partner

Mumbai

11 June 2020

Membership No: 100060

ICAI UDIN: 20100060AAAABO4980

Annexure A to the Independent Auditors' Report – 31 March 2020 on the financial statements of Hardcastle Restaurants Private Limited for the year ended 31 March 2020

(Referred to in paragraph (1) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

With reference to the Annexure A referred to in the Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31 March 2020, we report the following:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, the Company has carried out the physical verification of certain fixed assets during the year. The Company is in the process of reconciling physical balances with book records.
- (c) According to the information and explanations given to us, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.
- (ii) The Company has conducted physical verification of inventories at reasonable intervals during the year and no material discrepancies were identified on such physical verification.
- (iii) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act'). Accordingly, paragraphs 3 (iii) (a), (b) and (c) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not advanced any loan, given any guarantee or provided any security for loan taken by others in respect of which provisions of Section 185 of the Act are applicable and hence not commented upon. The Company has complied with the applicable provisions of Section 186 of the Act.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted deposits within the meaning of the directives issued by the Reserve Bank of India, provisions of Sections 73 to 76, any other relevant provisions of the Act and the rules framed thereunder. Accordingly, paragraph 3 (v) of the Order is not applicable to the Company.
- (vi) The Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act for any of the activities carried out by the Company. Accordingly, paragraph 3 (vi) of the Order is not applicable to the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including income tax, goods and services tax, cess, employees' state insurance, duty of customs and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities, except for deposit of provident fund and professional tax dues pertaining to certain employees where there have been some delays due to administrative challenges whereas for the remaining employees, such dues have been regularly deposited with the appropriate authorities.

Annexure A to the Independent Auditors' Report – 31 March 2020 on the financial statements of Hardcastle Restaurants Private Limited for the year ended 31 March 2020 (Continued)

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, goods and services tax, cess, employees' state insurance, professional tax, duty of customs and other material statutory dues were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable except for the following:

Name of the statute	Nature of dues	Amount Rs. (in millions)	Period to which the amount relates	Remarks
The Gujarat State Tax on Professions, Trades, Callings and Employment Act, 1976	Profession tax	0.095	2016- March 20	Unpaid on account of pending registration in the State of Gujarat
The Employees' Provident Funds and Miscellaneous Provisions Act, 1952	Provident fund	2.25	March 2019	Additional provident fund contribution pursuant to Supreme Court Judgment in the case of Surya Roshni Ltd dated 28 February 2019, unpaid as on date.
The Payment of Bonus Act, 1965	Statutory bonus	11.71	2014-15	Pending transfer to the Maharashtra Labor Welfare Fund

- (b) According to the information and explanations given to us, there are no dues of income-tax, sales tax, service tax, goods and services tax, duty of customs, duty of excise, value added tax and cess as at 31 March 2020, which have not been deposited with the appropriate authorities on account of any dispute, except for the following:

Name of the statute	Nature of the disputed dues	Amount Rs. (in millions)*	Period to which the amount relates	Forum where dispute is pending
Bombay Sales Tax Act, 1959	Sales tax	2.54	2003-04 to 2004-05	Commissioner of Sales Tax (Appeal), Mumbai
Karnataka Value Added Tax, 2004	Sales tax	496.80	2008-09 to 2013-14	High Court of Karnataka

* Net of amount deposited under protest

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company did not have any outstanding loans or borrowings from financial institutions or government and there are no dues to debenture holders during the year.
- (ix) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) and has not obtained any term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable to the Company.

Annexure A to the Independent Auditors' Report – 31 March 2020 on the financial statements of Hardcastle Restaurants Private Limited for the year ended 31 March 2020 (Continued)

- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees, has been noticed or reported during the year.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided remuneration to managerial person in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3 (xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Section 177 and Section 188 of the Act, where applicable. The details of such related party transactions have been disclosed in the financial statements as required by the applicable Indian Accounting Standards (Ind AS).
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3 (xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3 (xv) of the Order is not applicable to the Company.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3 (xvi) of the Order is not applicable to the Company.

For **B S R & Associates LLP**
Chartered Accountants

Firm's Registration No: 116231 W/W-100024

Shabbir Readymadewala

Partner

Membership No: 100060

ICAI UDIN: 20100060AAAABO4980

Mumbai
11 June 2020

Annexure B to the Independent Auditors' report on the financial statements of Hardcastle Restaurants Private Limited for the year ended 31 March 2020

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph (2)(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Hardcastle Restaurants Private Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

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

Annexure B to the Independent Auditors' report on the financial statements of Hardcastle Restaurants Private Limited for the year ended 31 March 2020 (Continued)

Auditors' Responsibility (Continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

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

For B S R & Associates LLP

Chartered Accountants

Firm's Registration No: 116231W/W-100024

Shabbir Readymadewala

Partner

Membership No: 100060

UDIN:20100060AAAABO4980

Mumbai

11 June 2020

Hardcastle Restaurants Private Limited

Balance Sheet

as at March 31, 2020

(Rs. in millions)

	Notes	As at March 31, 2020	As at March 31, 2019
I ASSETS			
1 Non-current assets			
(a) Property, plant and equipment	4	5,431.54	5,020.03
(b) Right to use assets	43	7,714.20	-
(c) Capital work-in-progress	4	225.76	283.72
(d) Investment property	4	5.25	5.91
(e) Other intangible assets	4	468.64	460.09
(f) Financial Assets			
(i) Investments	5	851.81	970.86
(ii) Loans	6	448.27	433.36
(iii) Others	7	42.92	41.94
(g) Income tax assets (net)	12	111.77	69.89
(h) Deferred tax assets	16	213.54	63.24
(i) Other assets	8	257.95	504.27
Total non-current assets		15,771.65	7,853.31
2 Current assets			
(a) Inventories	9	411.36	409.94
(b) Financial assets			
(i) Investments	5	646.81	1,008.05
(ii) Trade receivables	10	47.26	97.59
(iii) Cash and cash equivalents	11	27.60	90.72
(iv) Loans	6	16.56	15.86
(v) Others	7	63.00	75.63
(c) Other assets	8	104.92	176.35
Total current assets		1,317.51	1,874.14
TOTAL ASSETS		17,089.16	9,727.45
II EQUITY AND LIABILITIES			
1 EQUITY			
(a) Equity share capital	13	1,747.63	1,747.63
(b) Other equity		3,434.38	3,507.53
Total equity		5,182.01	5,255.16
2 LIABILITIES			
1 Non-current liabilities			
(a) Financial Liabilities			
(i) Others	14	7,046.10	7.09
(b) Provisions	15	25.42	24.11
Total non-current liabilities		7,071.52	31.20
2 Current liabilities			
(a) Financial liabilities			
(i) Borrowings	17	1,837.17	2,339.24
(ii) Trade Payables	18		
Total outstanding due to micro enterprises and small enterprises		13.93	0.04
Total outstanding dues other than to micro enterprises and small enterprises		1,257.50	1,177.77
(iii) Others (other than those specified above)	14	1,447.67	654.19
(b) Provisions	15	74.16	55.39
(c) Current tax liabilities (net)			16.53
(d) Other liabilities	19	205.20	197.93
Total Current Liabilities		4,835.63	4,441.09
TOTAL EQUITY AND LIABILITIES		17,089.16	9,727.45



Hardcastle Restaurants Private Limited

Balance Sheet (Continued)

as at March 31, 2020

(Rs. in millions)

Significant accounting policies

3

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

For **B S R & Associates LLP**

Chartered Accountants

Firm's Registration No: 116231W/W-100024



Shabbir Readymadewala

Partner

Membership No: 100060

UDIN: 20100060AAAABO4980

Mumbai

11 June 2020

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



Banwari Lal Jatia

Director



Seema Arora Nambiar

Director



Pankaj Roongta

Chief Financial Officer



Radha Jain

Company Secretary

Mumbai

11 June 2020



Hardcastle Restaurants Private Limited

Statement of Profit and Loss

for the year ended March 31, 2020

(Rs. in millions)

	Notes	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from operations	20	15,472.91	14,016.06
Other income	21	130.00	136.39
Total income		15,602.91	14,152.45
Expenses			
Cost of materials consumed	22	5,382.41	5,115.87
Employee benefits expense	23	2,192.01	1,974.52
Finance costs	24	808.20	177.32
Depreciation and amortisation expense	25	1,383.60	797.14
Other expenses	26	5,755.06	5,732.48
Total expenses		15,521.28	13,797.33
Profit before tax and exceptional items		81.63	355.12
Exceptional Items	44	166.31	-
Profit before tax		(84.68)	355.12
Less : Tax expense			
- Current tax	27	129.33	13.63
- Deferred tax	27	(143.55)	124.95
Total tax expense		(14.22)	138.58
Profit / (Loss) for the year		(70.46)	216.54
Other comprehensive income:			
Items that will not be reclassified to profit and loss :			
Re-measurements of defined benefit plan		(13.37)	(2.80)
Income tax on items that will not be reclassified to profit and loss	27	3.37	0.94
Other comprehensive income for the year		(10.00)	(1.86)
Total comprehensive income for the year		(80.46)	214.68
Earnings per equity share :			
- Basic and Diluted (in Rs.)	40	(40.32)	123.90
Significant accounting policies	3		

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

For **B S R & Associates LLP**

Chartered Accountants

Firm's Registration No: 116231W/W-100024

Shabbir Readymadewala

Partner

Membership No: 100060

UDIN: 20100060AAAABO4980

Mumbai

11 June 2020

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

Banwari Lal Jatia
Director

Seema Arora Nambiar
Director

Pankaj Roongta
Chief Financial Officer

Radha Jain
Company Secretary

Mumbai
11 June 2020



Hardcastle Restaurants Private Limited

Statement of changes in equity

for the year ended 31 March 2020

(Rs. in millions)

(a) Equity share capital

Particulars	Note	Amount
Balance as at April 01, 2018	13	1,747.63
Changes in equity share capital during 2018-19		-
Balance as at March 31, 2019	13	1,747.63
Changes in equity share capital during 2019-20		-
Balance as at March 31, 2020		1,747.63

(b) Other Equity

for the year ended March 31, 2019

Particulars	Equity Contribution	Reserves and Surplus		Other Comprehensive Income Remeasurements of Actuarial gain and losses	Total
		Securities premium reserve	Retained earnings		
Balance at the April 1, 2018	2,777.80	4,032.37	(3,525.55)	2.01	3,286.63
Other comprehensive income	-	-	-	(1.86)	(1.86)
Re-measurements of employee stock option cost at fair value	6.22	-	-	-	6.22
Profit / (Loss) for the year ended March 31, 2019	-	-	216.54	-	216.54
Balance as at March 31, 2019	2,784.02	4,032.37	(3,309.01)	0.15	3,507.53

for the year ended March 31, 2020

Particulars	Equity Contribution	Reserves and Surplus		Other Comprehensive Income Remeasurements of Actuarial gain and losses	Total
		Securities premium reserve	Retained earnings		
Balance at the April 1, 2019	2,784.02	4,032.37	(3,309.01)	0.15	3,507.53
Other comprehensive income	-	-	-	(10.00)	(10.00)
Re-measurements of employee stock option cost at fair value	7.31	-	-	-	7.31
Profit / (Loss) for the year ended March 31, 2020	-	-	(70.46)	-	(70.46)
Balance as at March 31, 2020	2,791.33	4,032.37	(3,379.47)	(9.85)	3,434.38



Hardcastle Restaurants Private Limited

Statement of changes in equity (Continued)

for the year ended 31 March 2020

(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.

Remeasurement of defined benefit (liability)/ asset:

Remeasurements of defined benefit (liability)/asset comprises actuarial gains and losses and return on plan assets (excluding interest income).

Significant accounting policies

3

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

For B S R & Associates LLP
Chartered Accountants

Firm's Registration No: 116231W/W-100024



Shabbir Readymadewala

Partner

Membership No: 100060

UDIN: 20100060AAAABO4980

Mumbai

11 June 2020

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



Banwari Lal Jatia

Director



Seema Arora Nambiar

Director



Pankaj Roongta

Chief Financial Officer



Radha Jain

Company Secretary

Mumbai

11 June 2020



Hardcastle Restaurants Private Limited

Cash flow Statement

for the year ended March 31, 2020

(Rs. in millions)

	For the year ended March 31, 2020	For the year ended March 31, 2019
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	(84.68)	355.12
Adjustments for :		
Depreciation	1,383.60	797.14
Sundry balances written off	11.31	9.83
Loss on Sale / write off of property, plant and equipment	47.23	56.07
Finance cost	808.20	177.32
Interest income	(28.40)	(10.68)
Gain on sale of current investment	(98.28)	(115.89)
Miscellaneous Provision written back	(43.83)	-
Employee share based payment expenses	8.63	8.34
Operating profit before working capital changes	2,003.78	1,277.25
B Movements in Working Capital		
Decrease/(Increase) in inventories	(1.41)	(73.12)
Decrease/ (Increase) in trade receivables	47.43	(33.29)
Decrease/ (Increase) in non-current loans	(14.91)	(43.09)
Decrease/ (Increase) in current loans	(0.70)	7.50
Decrease/ (Increase) in other non-current financial assets	(0.98)	(39.91)
Decrease/ (Increase) in other current financial assets	4.21	(11.72)
Decrease/ (Increase) in other non current assets	(27.00)	75.18
Decrease/ (Increase) in other current assets	36.18	(55.89)
(Decrease)/Increase in trade payables	93.61	38.37
(Decrease)/Increase in other non-current financial liabilities	(5.26)	3.67
(Decrease)/Increase in current other financial liabilities	4.76	(2.35)
(Decrease)/Increase in non-current provisions	1.31	9.11
(Decrease)/Increase in current provisions	18.77	1.12
(Decrease)/Increase in other current liabilities	2.33	(4.02)
Cash generated from operations	2,162.12	1,148.81
Tax refund received / (taxes paid)	(163.07)	(25.91)
C NET CASH FROM OPERATING ACTIVITIES	1,999.05	1,122.90
D CASH FLOW FROM INVESTING ACTIVITIES		
Additions to fixed assets and capital work-in-progress	(1,261.18)	(1,432.30)
Proceeds from sale of fixed assets	2.09	1.04
Interest income	13.46	12.49
Purchase of investments	(863.31)	(6,356.55)
Proceeds from sale of investments	1,438.79	6,323.46
NET CASH USED IN INVESTING ACTIVITIES	(670.15)	(1,451.86)
E CASH FLOW FROM FINANCING ACTIVITIES		
Repayment / (Proceeds) of short-term borrowings (net)	(507.51)	492.50
Repayment of Lease liability	(737.44)	-
Interest paid	(151.57)	(177.01)
NET CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES	(1,396.52)	315.49
NET INCREASE IN CASH AND CASH EQUIVALENTS	(67.62)	(13.47)
Cash and cash equivalents at the beginning of the year	76.73	90.20
Cash and cash equivalents at the end of the year	9.11	76.73
NET INCREASE IN CASH AND CASH EQUIVALENTS	(67.62)	(13.47)



Hardcastle Restaurants Private Limited

Cash flow Statement (Continued)

for the year ended March 31, 2020

(Rs. in millions)

	For the year ended March 31, 2020	For the year ended March 31, 2019
Components of cash and cash equivalents		
Cash and bank balances (refer note 11)	27.60	90.72
Less : not considered as cash and cash equivalents		
Fixed deposit with remaining maturity of more than three months	1.32	1.93
Less: Bank Overdrafts (refer note 17 and note 14)	17.17	12.06
Total cash and cash equivalents	9.11	76.73

Notes to Cash Flow Statement

1. The above Cash Flow Statement has been prepared under the "indirect method" as set out in 'Indian Accounting Standard (Ind AS) 7 – Statement of Cash Flows.
2. The notes referred to above form an integral part of the financial statements.

As per our report of even date attached

For **B S R & Associates LLP**

Chartered Accountants

Firm's Registration No: 116231W/W-100024

Shabbir Readymadewala

Partner

Membership No: 100060

UDIN: 20100060AAAABO4980

Mumbai

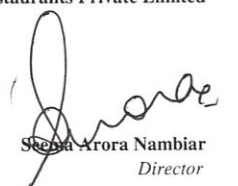
11 June 2020

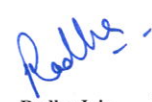
For and on behalf of the Board of Directors of
Hardcastle Restaurants Private Limited


Banwari Lal Jatia
Director


Pankaj Roongta
Chief Financial Officer

Mumbai
11 June 2020


Sneha Arora Nambiar
Director


Radha Jain
Company Secretary



Hardcastle Restaurants Private Limited

Notes to the financial statements

for the year ended 31 March 2020

(Rs. in millions)

1 Company background

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

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.

The financial statements were authorised for issue by the Company's Board of Directors on June 11, 2020

Details of the Company's accounting policies are included in Note 3.

B Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), 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	Measurement basis
Net defined benefit (asset)/ liability less present value of defined obligations	Fair value of plan assets less present value of defined benefit plan
Certain financial assets	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.

E Assumptions and estimation uncertainties

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, income and expenses. Actual results may differ from these 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.

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.



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2020

(Rs. in millions)

2 Basis of preparation (Continued)

E Assumptions and estimation uncertainties (Continued)

Valuation of deferred tax assets

The Company reviews 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.

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 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.

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



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2020

(Rs. in millions)

Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2020

(Rs. in millions)

2 Basis of preparation (Continued)

E Assumptions and estimation uncertainties (Continued)

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.

3 Significant accounting policies

a Revenue recognition

Effective April 1, 2018, the Company has applied Ind AS 115 : Revenue from contracts with customers which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 revenue. There is no impact of the adoption of the standard on the financial statements of the Company.

Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government such as goods and services tax, etc. Revenue is only recognised to the extent that it is highly probable a significant reversal will not occur.

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 fair value of the 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.

Goods Service 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

Revenue for food items is recognised when sold to the customer over the counter. Revenue on sale of other goods is recognised when significant risks and rewards of ownership of goods have passed to the buyer, usually on delivery of the goods.

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.



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2020

(Rs. in millions)

3 Significant accounting policies (Continued)

a Revenue recognition (Continued)

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.

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.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, 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.

The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

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



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2020

(Rs. in millions)

3 Significant accounting 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. 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.

c Investment properties

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Any gain or loss on disposal of an investment property is recognised in profit or loss.

Asset	Management estimate of useful lives	Useful life as per Schedule II
Building	28 years	28 years

d 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.

e 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.



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2020

(Rs. in millions)

3 Significant accounting policies (Continued)

e Employee benefits (Continued)

Defined benefit plans (Continued)

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 benefits

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.

Share-based payment transactions

Westlife Development Limited ('WDL' or the 'Holding Company') has established an employee stock option scheme ('the Scheme') which covers certain eligible employees of the subsidiary Company i.e. Hardcastle Restaurants Private Limited. During the year ended March 31, 2020, an employee stock option plan (ESOP) was in existence. The holding company measures the cost of ESOP using the fair value method and recovers this amount from the Company.

f 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.

g 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.

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



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2020

(Rs. in millions)

3 Significant accounting policies (Continued)

g 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.
- taxable temporary differences arising on the initial recognition of goodwill.

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 asset 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.

h Provisions and contingent liabilities

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

i Impairment of financial assets

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.

Financial instruments

- a) Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

- b) Financial assets and financial liabilities – subsequent measurement

- (i) Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order 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.

- (ii) Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are 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.

- (iii) Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit and loss are immediately recognised in statement of profit and loss.



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2020

(Rs. in millions)

3 Significant accounting policies (Continued)

i Impairment of financial assets (Continued)

b) Financial assets and financial liabilities – subsequent measurement (Continued)

(iv) Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

(v) Financial liabilities

Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

c) Derecognition

(i) 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 right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets 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.

(ii) 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 a new financial liability with modified terms is recognised in the Statement of Profit and Loss.

d) Offsetting

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 realise the asset and settle the liability simultaneously.

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 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprises of cash at bank and in hand and short term investments with original maturity of three months or less.



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2020

(Rs. in millions)

3 Significant accounting policies (Continued)

1 Cash flow statement

Cash flows are reported using the indirect method, whereby net profit 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.

m Leases

Leases:

The company has applied Ind AS 116 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under Ind AS 17.

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.

i. Right of Use assets

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. Refer to the accounting policies note i for impairment of non-financial assets.

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, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. Variable lease payments that do not depend on an index or a rate 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. The Company's lease liabilities are included in Interest-bearing loans and borrowings.

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.

Changes in accounting policies and disclosure

New and amended standards

The Company applied Ind AS 116 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

Ind AS 116 supersedes Ind AS 17 Leases including its appendices (Appendix C of Ind AS 17 Determining whether an arrangement contains a Lease, Appendix A of Ind AS 17 Operating Leases-Incentives and Appendix B of Ind AS 17 Evaluating the Substance of Transactions Involving the Legal Form of a Lease). The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize most leases on the balance sheet.

Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 does not have an impact for leases where the Company is the lessor.

The Company has applied Ind AS 116 using the modified retrospective approach, with the date of initial application on 1 April 2019. Right of use assets at 1 April 2019 for leases previously classified as operating leases were recognized and measured at an amount equal to lease liability (adjusted for any related prepayments/accruals). The Company elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at 1 April 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases applying Ind AS 17 and Appendix C of Ind AS 17 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2020

(Rs. in millions)

3 Significant accounting policies (Continued)

m Leases (Continued)

On application of Ind AS 116, the company has recognized Right of use assets (an amount equal to lease liability adjusted by prepaid lease rent of ₹ 229.30 million) of ₹7,226.66 million and a lease liability of ₹6,997.36 million as on April 01 2019. The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The Company has taken indicative borrowing rates from a commercial bank in India and used them for Ind AS 116 calculation purposes. The incremental borrowing rate of 9.05% has been applied to lease liabilities recognized in the balance sheet at the date of initial application.

In the statement of profit and loss, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest accrued on lease liability.

n Contributed equity

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

o 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.



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2020

(Rs. in millions)

3 Significant accounting policies (Continued)

o Financial instruments (Continued)

ii Classification and subsequent measurement (Continued)

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.

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.



Hardcastle Restaurants Private Limited

Notes to the financial statements (*Continued*)

for the year ended 31 March 2020

(Rs. in millions)

3 Significant accounting policies (*Continued*)

o Financial instruments (*Continued*)

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.

p 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.

q Accounting Pronouncements

Ministry of Corporate Affairs ("MCA") notifies any the new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued) as at March 31, 2020

(Rs. in millions)

4 Property, Plant, Equipments and Other Intangible Assets

A Reconciliation of Carrying Amount

Particulars	Lease hold Land	Building*	Leasehold Improvements	Restaurant Equipments	Property, Plant and Equipments Furniture & Fixtures	Office Equipments	Computers	Motor Vehicles	Total Initial Location & License Fee	Other Intangible assets Computer Software	Total
Cost											
Balance as at April 1, 2018	8.14	41.45	2,772.79	2,323.51	474.16	13.20	9.09	10.63	5,652.97	464.87	536.31
Additions	-	-	516.75	562.39	92.74	4.09	4.18	-	1,180.15	24.33	80.49
Deletions	-	-	(114.62)	(59.37)	(34.31)	(0.06)	-	-	(208.36)	-	-
Balance as at March 31, 2019	8.14	41.45	3,174.92	2,826.53	532.59	17.23	13.27	10.63	6,624.76	521.03	616.80
Balance as at April 1, 2019	8.14	41.45	3,174.92	2,826.53	532.59	17.23	13.27	10.63	6,624.76	521.03	616.80
Additions	-	-	584.34	591.28	79.08	1.16	8.88	13.18	1,277.92	49.84	71.88
Deletions	-	-	(82.04)	(27.28)	(16.48)	-	-	-	(125.80)	-	-
Deletions - Lease added to ROU	-	-	(27.70)	-	-	-	-	-	(27.70)	-	-
Balance as at March 31, 2020	8.14	41.45	3,649.52	3,390.53	595.19	18.39	22.15	23.81	7,749.18	570.87	688.68
Accumulated Depreciation											
Balance as at April 1, 2018	0.34	4.48	336.08	562.77	96.06	8.26	6.84	6.20	1,021.03	70.32	101.73
Depreciation for the year (Refer note 25)	0.18	4.22	276.23	377.43	71.71	3.30	4.78	3.65	741.50	37.76	54.98
Deductions	-	-	(76.50)	(53.56)	(27.69)	(0.05)	-	-	(157.80)	-	-
Balance as at March 31, 2019	0.52	8.70	535.81	886.64	140.08	11.51	11.62	9.85	1,604.73	108.08	156.71
Balance as at April 1, 2019	0.52	8.70	535.81	886.64	140.08	11.51	11.62	9.85	1,604.73	108.08	156.70
Depreciation for the year (Refer note 25)	0.18	4.27	300.25	404.55	83.88	2.62	4.11	1.78	801.64	45.78	63.34
Deductions	-	-	(48.48)	(25.18)	(15.02)	(0.05)	-	-	(88.73)	-	-
Balance as at March 31, 2020	0.70	12.97	787.58	1,266.01	208.94	14.08	15.73	11.63	2,317.64	153.86	220.04
Carrying Amounts (Net)											
Balance as at March 31, 2019	7.62	32.75	2,639.11	1,939.89	392.51	5.72	1.65	0.78	5,020.03	412.95	460.09
Balance as at March 31, 2020	7.44	28.48	2,861.94	2,124.52	386.25	4.31	6.42	12.18	5,431.54	417.01	468.64

*includes building constructed on leasehold land

Note :

1 The Company has created a first pari-passu charge on moveable fixed assets (present and future) for availing loan facility with banks.



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued) as at March 31, 2020

(Rs. in millions)

4 Property, Plant, Equipments and Other Intangible Assets (Continued)

B Capital work in progress

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

C Reclassification to Investment property

The Company has rented out an identifiable part of its restaurant to earn rental income. On transition date, the Company has reclassified such portion of restaurant to investment property, considering that the future use is not determined. After initial recognition, the Company has measured its investment property at cost.

Investment Property

Reconciliation of Carrying Amount

Cost	Amount
Balance as at April 01, 2018	8.03
Balance as at March 31, 2019	8.03
Balance as at March 31, 2020	8.03
Accumulated Depreciation	
Balance as at April 01, 2018	1.46
Additions (Refer note 25)	0.66
Balance as at March 31, 2019	2.12
Additions (Refer note 25)	0.66
Balance as at March 31, 2020	2.78
Carrying Amounts (Net)	
Balance as at March 31, 2018	6.57
Balance as at March 31, 2019	5.91
Balance as at March 31, 2020	5.25



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

as at March 31, 2020

(Rs. in millions)

4 Property, Plant, Equipments and Other Intangible Assets (Continued)

Reconciliation of Carrying Amount (Continued)

Amount recognised in profit and loss for investment properties

Particulars	For year ended March 31, 2020	For year ended March 31, 2019
Rental income derived from investment properties	4.32	4.32
Less : Direct operating expenses (including repairs and maintenance)	1.58	0.75
Profit arising from investment properties before depreciation and indirect expenses	2.74	3.57
Less : Depreciation	0.66	0.67
Profit arising from investment properties before indirect expenses	2.08	2.90

Description of valuation techniques used and key inputs to valuation on investment properties

Particulars	Valuation Technique (See Note below)	Fair Value March 31, 2020	March 31, 2019
Building	Stamp duty reconer rate	41.28	41.28

The above valuation of the investment properties are in accordance with the Ready Reckoner rates prescribed by the Government of Maharashtra for the purpose of levying stamp duty. The management has referred to the publications and government website for Ready Reckoner rates. The adjustments related to floors, lifts and other factors are not considered for valuation of commercial property.



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

as at March 31, 2020

(Rs. in millions)

5 Investments

Investment in mutual funds at Fair Value through Statement of Profit and Loss (FVTPL)

Non trade	Non-Current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
a) Investments in Mutual Funds (quoted)				
Face Value of Rs. 100 each				
5,000,000 (Previous year 5,000,000) units of HDFC FMP 1309D September 2016 (1) Series 37 Regular Plan Growth	-	72.97	79.58	-
10,000,000 (Previous year 10,000,000) units of HDFC FMP 1188 D March-2017- Series 38- Regular Plan- Growth	-	115.32	126.11	-
Nil (Previous Year 25,000,000) units of HDFC FMP 1161 Days Feb 2016 (1) Growth of Rs. Nil (Previous Year Rs. 13.21 each)	-	-	-	330.65
Nil (Previous Year 5,000,000) units of Reliance Fixed Horizon Fund- XXXI - Series 2 - Growth Plan of Rs. Nil (Previous Year Rs. 12.62 each)	-	-	-	63.20
Nil (Previous Year 14,518,585) units of ICICI Prudential FMP Series 79 - 1218 Days Plan A Cumulative of Rs. Nil (Previous Year Rs. 12.74 each)	-	-	-	185.29
Nil (Previous year 15,900,000) units of DSP Blackrock Fixed Maturity Plan Series of Rs. Nil (Previous Year Rs. 11.41 each)	-	-	-	181.42
Face Value of Rs. 10 each				
Nil (Previous Year 14,685) units of HDFC Liquid Fund - Direct Plan - Growth Option of Rs. Nil (Previous Year Rs. 3,679.01 each)	-	-	-	54.03
Nil (Previous Year 123,821) units of Aditya Birla Sun Life Overnight Fund - Regular Plan - Growth of Rs. Nil (Previous Year Rs. 1,025 each)	-	-	-	127.00



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

as at March 31, 2020

(Rs. in millions)

5 Investments (Continued)

Non trade	Non-Current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
b) Investment in structured products (quoted)				
Debt				
1,985,474 (Previous Year 400,502) units of HDFC Equity Savings Fund-Direct Plan-Growth Option of Rs. 39.02 each (Previous Year Rs. 35.91 each)	-	-	69,93	15,63
100 (Previous Year 100) units of IIFL Wealth Finance Ltd. of Rs. 1,206,500 each (Previous Year Rs. 1,037,056 each)	126.74	121.68	-	-
Nil (Previous Year 50) units of State Bank of India 8.15% BD Perpetual of Rs. Nil (Rs. 966,048 each)	-	51.03	-	-
Nil (Previous Year 50) units of ICICI Bank Limited SR- DMR17 AT 9.2% BD Perpetual of Rs. Nil (Previous Year Rs. 999,004 each.)	-	49.60	-	-
Nil (Previous Year 50) units of 8.75% AXIS Bank Limited SR-26 NCD Perpetual of Rs. Nil (Previous Year Rs. 961,158 each).	-	50.03	-	-
Nil (Previous Year 50) units of 8.85% HDFC Bank Base III Perpetual Bond Series I of Rs. Nil (Previous Year Rs. 988,929 each.)	-	53.31	-	-
10,000,000 (Previous Year 10,000,000) units of HDFC Fixed Maturity Plan - 1124 days - June, 2018 (1)- Direct Plan - Growth of Rs. Nil (Previous Year Rs. 10.44 each)	114.47	104.75	-	-
140 (Previous Year 140) units of India Infoline Finance Limited SR C-12 of Rs. 1,047,600 each (Previous Year Rs. 1,047,600 each)	-	147.17	159.37	-
128 (Previous Year 128) units of Kotak Mahindra Investments Limited Series 024 NCD of Rs. 774,691 each (Previous Year Rs. 774,691 each)	110.86	100.17	-	-
100 (Previous Year 100) units of Zero Coupon Aditya Birla Finance Limited C2 NCD of Rs. 1,046,798 each (Previous Year Rs. 1,046,798 each)	-	104.83	114.00	-
14,519 (Previous Year 14,519) units of Axis Banking & PSU Debt- Growth of Rs. 1,747.03 (Previous Year Rs. 1,746.98 each)	-	-	27.75	25.37
39,49,363 (Previous Year 1,583,451) units of IDFC Banking & PSU Debt Regular- Growth of Rs. 16.57 (Previous Year Rs. 16.07 each)	-	-	70.07	25.46
137 (Previous Year Nil) units of HDB Financial Services Ltd of Rs. 10,90,555 each (Previous Year Rs. Nil)	161.79	-	-	-
100 (Previous Year Nil) units of Axis Finance Ltd of Rs. 10,24,202 each (Previous Year Rs Nil)	105.78	-	-	-
148 (Previous Year Nil) units of 0.00% EMBASSY OFFICE PARKS of Rs.10,14,560 each (Previous Year Rs. Nil)	160.69	-	-	-
22,46,949 (Previous Year Nil) units of ICICI Prudential Banking and PSU Debt-Growth of Rs. 22.52 each (Previous Year Rs. Nil)	52.04	-	-	-
5,48,706 (Previous Year Nil) units of ICICI Prudential Bluechip-Growth of Rs.40.09 each (Previous Year Nil)	19.44	-	-	-
Aggregate amount of quoted investments	851.81	970.86	646.81	1,008.05
Aggregate amount of impairment in value of investments	851.81	970.86	646.81	1,008.05



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

as at March 31, 2020

(Rs. in millions)

6 Loans

Particulars	Non-current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
(Unsecured, considered good)				
Security deposits to lessors*	389.68	380.49	2.40	3.26
Security deposits to others	46.52	42.90	-	-
Loan to others	12.07	9.97	14.16	12.60
Total	448.27	433.36	16.56	15.86

* Security deposits to lessors include Rs. 35 million (Previous Year Rs 35 million) deposit given to related party (refer note 32)

7 Financial assets - Others

Particulars	Non-current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
(Unsecured, considered good)				
Bank deposits with original maturity beyond 12 months	1.11	0.13	-	-
Leasehold improvements contributions receivable	-	-	23.58	29.71
Interest accrued on fixed deposits	-	-	-	0.27
Interest accrued on Investments	-	-	-	8.16
Other receivables	41.81	41.81	39.42	37.49
Total	42.92	41.94	63.00	75.63

8 Other assets

Particulars	Non-current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
(Unsecured, considered good)				
Capital advances	69.13	103.68	-	-
Advances other than capital advances				
Prepaid expenses	28.15	239.39	66.55	94.21
Advance to employees	-	-	2.32	2.16
Advance to supplier **	-	-	36.05	44.73
Balances with government authorities	160.67	161.20	-	-
MAT credit entitlement	-	-	-	35.25
Total	257.95	504.27	104.92	176.35

** Advance to suppliers includes Rs. 8.00 million (Previous Year Rs. 7.29 million) advance given to related party (refer note 32).

9 Inventories

(Valued at lower of cost and net realisable value)

Particulars	Current	
	As at March 31, 2020	As at March 31, 2019
Raw materials		
Food items (includes goods in transit Rs.1.15 million (Previous Year Rs. 2.00 million)	175.95	212.42
Paper Products (includes goods in transit Rs.0.31 million (Previous Year Rs. 0.47 million)	90.76	78.92
Toys & Premiums	85.61	90.17
Stores, spares & consumables (includes goods in transit Rs.0.26 million (Previous Year Rs. 0.14 million)	59.04	28.43
Total	411.36	409.94

For inventories secured against borrowings, refer note 17

Note: Amount of write down of inventories to net realisable value and other provisions / losses recognised in the statement of profit and loss as an exceptional expense in current year is Rs. 106.11 million (March 31, 2019 Rs. Nil)



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

as at March 31, 2020

(Rs. in millions)

10 Trade receivables

Particulars	Current	
	As at March 31, 2020	As at March 31, 2019
(Unsecured, considered good)		
Trade receivables	47.26	97.59
Total	47.26	97.59

For Trade receivables secured against borrowings, refer note 17

Trade receivables includes Rs. Nil (Previous Year Rs.0.02 million) receivable from related party (refer note 32).

11 Cash and Bank Balances

Particulars	Current	
	As at March 31, 2020	As at March 31, 2019
Cash and cash equivalents		
Balances with banks:		
– On current accounts	11.03	78.09
Cash on hand	15.25	10.70
Other bank balances		
– Deposits with remaining maturity for less than 12 months**	1.32	1.93
Total	27.60	90.72

** includes fixed deposits with lien in favour of statutory authorities Rs. 0.04 million (Previous Year Rs. 0.77 million).

12 Income tax assets (net)

Particulars	As at	
	March 31, 2020	March 31, 2019
Advance tax including tax deducted at source (net of provisions)	111.77	69.89
	111.77	69.89



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

as at March 31, 2020

(Rs. in millions)

13 Share Capital

	As at March 31 2020	As at March 31 2019
Authorised Shares		
1,765,000 (March 31, 2019 : 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 equity shares		
1,747,628 (March 31, 2019: 1,747,628) equity Shares of Rs. 1,000 each fully paid up	1,747.63	1,747.63
Total issued, subscribed and fully paid-up equity share capital	<u>1,747.63</u>	<u>1,747.63</u>

Reconciliation of shares outstanding at the beginning and at the end of the reporting year

Equity shares

Particulars	March 31, 2020		March 31, 2019	
	No. of shares	(Rs. in millions)	No. of shares	(Rs. in millions)
At the beginning of the year	17,47,628	1,747.63	17,47,628	1,747.63
Add : Issued during the year	-	-	-	-
Outstanding at the end of the year	<u>17,47,628</u>	<u>1,747.63</u>	<u>17,47,628</u>	<u>1,747.63</u>

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.

* The Company had issued 1,345,000 Cumulative redeemable preference shares (CRPS) of Rs. 1,000 each to its holding company in earlier years. During the previous years, pursuant to the approval obtained from the holders of the CRPS, the Company has converted the CRPS into 1,345,000 equity shares of Rs. 1,000 each.

	As at March 31 2020	As at March 31 2019
Shares held by the holding company		
Westlife Development Limited (WDL)		
1,747,628 (March 31, 2019 : 1,747,628) equity Shares of Rs. 1,000 each fully paid up	1,747.63	1,747.63
Total	<u>1,747.63</u>	<u>1,747.63</u>

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

Particulars	March 31, 2020		March 31, 2019	
	No. of shares	% Holding	No. of shares	% Holding
Equity Shares of Rs 1,000 each fully paid up				
Westlife Development Limited (Holding Company)	17,47,627	99.99%	17,47,627	99.99%

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.

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, 2020

(Rs. in millions)

14 Other Financial Liabilities

Particulars	Non-current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Security deposits	1.83	7.09	1.84	4.21
Book overdrafts	-	-	-	0.32
Liability for capital expenditure	-	-	314.22	308.62
Interest accrued but not due on borrowings	-	-	3.38	6.39
Employee related liabilities	-	-	342.40	334.65
Loan from landlord	-	-	8.00	-
Liability for Lease (Refer Note 43)	7,044.27	-	777.83	-
Total	7,046.10	7.09	1,447.67	654.19

15 Provisions

Particulars	Non-current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits	25.42	24.11	74.16	55.39
Provision for Gratuity (refer note 31)	-	-	-	-
Total	25.42	24.11	74.16	55.39

16 Deferred Tax assets / (liabilities) (net)

Deferred Tax assets / (liabilities) are as follows :

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred tax assets		
Employee benefits	53.52	60.36
Other expenses	40.06	9.34
ESOP amortisation at fair value	2.17	2.17
Lease Ind AS - 116	108.00	-
Net impact of fair valuation of security deposits	13.97	23.54
Deferred tax liabilities		
Excess of depreciation provided in the books over depreciation allowable under income tax laws	26.67	(21.04)
Investment carried out at fair value	(24.71)	(3.04)
Net impact of fair valuation of loan given	(6.14)	(8.09)
Total	213.54	63.24



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

as at March 31, 2020

(Rs. in millions)

17 Borrowings

Particulars	Current	
	As at March 31, 2020	As at March 31, 2019
Secured		
Loan from Bank (refer note i, ii and iii below)	1,190.00	2,072.50
Unsecured		
Loan from Bank (refer note iv below)	630.00	255.00
Bank overdrafts (refer note ii, v and vi below)	17.17	11.74
Total	1,837.17	2,339.24

- i The Company had availed a total facility of Rs. 1,151 million (Previous Year Rs. 1,151 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. 951 million. This facility is sanctioned for the purpose of financing operating capital expenditure. To avail this facility, the Company has created an exclusive charge on the credit / debit card receivables to the extent of Rs. 200 million by way of hypothecation. Interest charged at 8.50% p.a.- 8.70% p.a. (Previous Year 8.15% p.a.- 8.70% 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, 2020 the amount outstanding in respect of the said facility is Rs. Nil (Previous Year Rs. 542.50 million).
- ii The Company has availed a revolving short term loan facility of Rs. 2,000 million (Previous Year Rs. 1,775 million) from Australia and New Zealand Banking Group Limited (ANZ Bank) for the purpose of financing operating capital expenditure. Interest is charged 7% p.a. to 8.60% p.a. (Previous Year 8.05% p.a. to 8.60% p.a.). The loan is repayable within 180 days from the date of any drawdown. As at March 31, 2020 the amount outstanding in respect of the said facility is Rs. 1,190 million (Previous Year Rs. 1,530 million) and amount outstanding in respect of the overdraft facility was Rs.9.22 million (Previous Year Rs. Nil). To avail those short term loan and overdraft facility, the Company has created a first pari passu charge on the movable assets.
- iii The Company has availed a revolving short term loan facility of Rs. 600 million (Previous Year Rs. 300 million) from Development Bank of Singapore for the purpose of financing operating capital expenditure. The Company has created a first pari-passu charge on all stock and book debts. Interest is charged at 8.30% p.a. to 8.40% p.a. (Previous Year 7.95% p.a. to 8.10% p.a.). The loan is repayable on demand. As at March 31, 2020 the amount outstanding in respect of the said facility is Rs. Nil (Previous Year Rs. Nil).
- iv The Company has availed a loan facility of Rs. 750 million (Previous Year Rs.500 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 7.05% p.a. to 8.30% p.a. (Previous Year 8% p.a. to 8.60% p.a.). This facility is for financing the working capital requirement and is repayable on demand. As at March 31, 2020 the amount outstanding in respect of the said facility is Rs. 630 million (Previous Year Rs. 255 million).
- v The Company has also availed an overdraft facility with Kotak Mahindra Bank Ltd at an interest rate of 9.00% p.a. to 9.55% p.a.(Previous Year 9.05% to 9.55% p.a.).This overdraft facility is for financing the working capital requirement and is repayable on demand. As at March 31, 2020, the Company has utilised Rs.7.94 million (Previous Year Rs. 11.74 million) under this facility.
- vi During the year, the Company has availed an short term loan facility of Rs.500 million (Previous Year Rs.500 million) with Yes Bank Ltd. Interest is charged at 8.95% p.a. (Previous Year 8.10% p.a.). The amount outstanding in respect of the said facility as at March 31, 2020 is Rs. Nil (Previous Year Rs. Nil). This facility includes an overdraft facility of Rs 150 million (Previous Year Rs 150 million). During the year, the Company has not availed overdraft facility. As at March 31, 2020, the Company has utilised Rs. Nil (Previous Year Rs. Nil).

18 Trade payables

Particulars	Current	
	As at March 31, 2020	As at March 31, 2019
Trade payables (refer note 38)		
- Total dues to micro enterprises and small enterprises	13.93	0.04
- Total outstanding dues other than to micro enterprises and small enterprises	1,257.50	1,177.77
Total	1,271.43	1,177.81

** Trade payables include Rs. Nil (Previous year Rs. 0.37 million) payable to a related party (refer note 32)



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

as at March 31, 2020

(Rs. in millions)

19 Other current liabilities

Particulars	Current	
	As at March 31, 2020	As at March 31, 2019
Statutory dues	92.86	96.43
Advance received from customer	-	5.00
Other payables @	112.34	96.50
Total	205.20	197.93

@ Other payables include Rs. 56.61 million (March 31, 2019 : Rs. 52.73 million) payable to a related party (refer note 32)



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

for the year ended March 31, 2020

(Rs. in millions)

20 Revenue from operations

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Sales (Refer Note 20.1 below)	15,383.43	13,887.03
Other Operating Revenue		
a) Conducting Fees	2.18	2.50
b) Franchising Income	6.20	6.94
c) Scrap Sales	23.39	19.11
d) Space Rental & alliances Income	13.88	27.30
e) Miscellaneous Provisions written back	43.83	73.18
Total	15,472.91	14,016.06
20.1 Details of Sales		
Food	10,279.65	9,525.60
Beverages, Desserts, Others	5,103.78	4,361.43
Total	15,383.43	13,887.03

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

	For the year ended March 31, 2020	For the year ended March 31, 2019
Contract price	15,383.43	13,887.03
Less : Trade Discount, volume rebates etc.	-	-
	15,383.43	13,887.03

Impact of COVID-19

While the Company believes strongly that it has a rich portfolio of services to be made available to the customers, future revenue streams could get impacted on account of;

- Prolonged lockdown situation resulting in inability to start restaurant operations at different locations due to restrictions in mobility.
- Customers not being in a position to accept alternate delivery modes.
- Customers postponing their discretionary spend due to change in priorities.

However the impact assessment of COVID-19 is a continuing process given the uncertainties associated with the nature and duration.

21 Other income

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest Income on		
- Bank Deposits	0.21	0.14
- Others	28.19	10.54
Gain on investments #	98.28	115.89
Insurance claim received	-	4.00
Miscellaneous income	3.32	5.82
Total	130.00	136.39

includes gain / (loss) booked on fair valuation of investments



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

for the year ended March 31, 2020

(Rs. in millions)

22 Cost of Materials Consumed

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Inventory at the beginning of the year	381.52	308.00
Add: Purchases during the year	5,459.32	5,189.39
	5,840.84	5,497.39
Less: Inventory at end of the year	(458.43)	(381.52)
Total	5,382.41	5,115.87
22.1 - Details of Cost of materials consumed		
Food	4,706.99	4,427.07
Paper	600.64	579.00
Toys & Premiums	74.78	109.80
Total	5,382.41	5,115.87

23 Employee benefits expense

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries, wages and bonus	1,813.96	1,623.58
Contribution to provident and other funds (Refer Note 31)	175.90	136.21
Employee stock compensation expense (Refer Note 39)	8.63	8.34
Gratuity (refer note 31)	18.71	18.44
Staff welfare expenses	174.81	187.95
Total	2,192.01	1,974.52

24 Finance Cost

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest on		
- Borrowings	142.30	167.66
- Leases (Refer Note 43)	659.65	-
- Bank overdraft	3.86	6.22
- Others	-	0.54
Bank Charges	2.39	2.90
Total	808.20	177.32

25 Depreciation and amortisation expense

Particulars #	For the year ended March 31, 2020	For the year ended March 31, 2019
Depreciation on Property, plant and equipment	801.64	741.50
Depreciation on ROU assets (Refer Note 43)	517.96	-
Depreciation on Investment properties	0.66	0.66
Amortisation of intangible assets	63.34	54.98
Total	1,383.60	797.14

Refer Note 4 and 43



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

for the year ended March 31, 2020

(Rs. in millions)

26 Other expenses

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Electricity Utilities	982.45	892.14
Gas Utilities	157.02	151.40
Other Utilities	61.62	53.31
Conducting Charges	660.80	1,289.38
Logistics service charges	143.25	211.68
Marketing and promotions	744.60	693.04
Royalty Fee	706.00	641.36
Maintenance & Repairs - Restaurant Equipments	271.60	267.88
Maintenance & Repairs - Others	231.31	165.96
Operating Supplies at Stores	189.04	193.36
Travelling and conveyance	69.12	76.88
Legal & Professional Fees (Refer Note 26.1 below)	134.98	104.28
Rent	58.15	52.78
Sundry balances written off	11.31	9.83
Loss on sale / write off of property, plant and equipment	47.23	56.07
Training and Development Expenses	38.12	50.25
Communication costs	49.97	41.63
Rates & Taxes	29.36	18.97
Insurance	14.11	13.60
Exchange differences (net)	1.14	2.24
Miscellaneous Expenses	1,153.87	746.44
Total	5,755.06	5,732.48
Note 26.1 :		
Payment to auditors		
As auditor :		
Audit fees	6.18	4.63
In other capacity		
Certification matters	0.03	0.03
Reimbursement of expenses	0.19	0.25
Total	6.40	4.91



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

for the year ended March 31, 2020

(Rs. in millions)

27 Tax Expense

A Amount recognised in statement of profit and loss

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(a) Current tax	129.33	13.63
(b) Deferred tax charge / (credit)		
Employee benefits	(10.21)	(10.16)
Unabsorbed depreciation losses	-	174.52
Other expenses	30.71	(9.34)
Excess of depreciation provided in the books over depreciation allowable under income tax	47.71	(15.95)
Ind AS adjustments		
ESOP amortisation at fair value	-	(2.17)
Net impact of fair valuation of security deposits	(9.58)	(5.02)
Net impact of fair valuation of loan given	1.96	1.70
Investment carried at fair value	(21.67)	(8.63)
Re-measurements of defined benefit plan	(3.37)	-
Lease Ind AS-116	108.00	-
Total deferred charge credit	(143.55)	124.95
Total tax charge / (credit)	(14.22)	138.58

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

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit / (Loss) before tax	(84.68)	355.12
Tax at the Indian Rate (a)	(21.31)	118.54
Effects of tax charge / (credit) on account of temporary difference		
Others	7.09	20.04
Sub-total (b)	7.09	20.04
Total charge as per statement of profit and loss (a) + (b)	(14.22)	138.58

Movement in temporary differences

Particulars	Balance as at April 01, 2019	Recognised in profit or loss during 2019-20	Recognised in OCI during 2019-20	Utilisation	Balance as at March 31, 2020
Employee benefits	60.36	(10.21)	3.37	-	53.52
Excess of depreciation provided in the books over depreciation allowable under income tax laws	(21.04)	47.71	-	-	26.67
Net impact of fair valuation of security deposits and loans given	15.45	(7.62)	-	-	7.83
ESOP amortisation at fair value	2.17	-	-	-	2.17
Investment carried at fair value	(3.03)	(21.67)	-	-	(24.70)
Lease Ind AS-116	-	108.00	-	-	108.00
Other expenses	9.34	30.71	-	-	40.05
Total	63.24	146.92	3.37	-	213.54



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

for the year ended March 31, 2020

(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, 2019 were as follows:

Particulars	Amortised cost	Fair Value Through Profit or Loss	Total carrying value
Assets:			
Cash and cash equivalents	90.72	-	90.72
Investments	-	1,978.91	-
Trade receivables	97.59	-	97.59
Loans	449.22	-	449.22
Other financial assets	117.57	-	117.57
Total	755.10	1,978.91	755.10
Liabilities:			
Borrowings	2,339.24	-	2,339.24
Trade payables	1,177.77	-	1,177.77
Other financial liabilities	661.28	-	661.28
Total	4,178.29	-	4,178.30

The carrying value and fair value of financial instruments by categories as of March 31, 2020 were as follows:

Particulars	Amortised cost	Fair Value Through Profit or Loss	Total carrying value
Assets:			
Cash and cash equivalents	27.60	-	27.60
Investments	-	1,498.62	-
Trade receivables	47.26	-	47.26
Loans	464.83	-	464.83
Other financial assets	105.92	-	105.92
Total	645.61	1,498.62	645.61
Liabilities:			
Borrowings	1,837.17	-	1,837.17
Trade payables	1,271.43	-	1,271.43
Other financial liabilities	8,493.77	-	8,493.77
Total	11,602.37	-	11,602.37

Carrying amounts of cash and cash equivalents, other receivables and trade payables as at March 31, 2020 / March 31, 2019, April 01, 2018 approximate the fair value. Fair Value measurement of lease liability is not required.



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

for the year ended March 31, 2020

(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, 2019	Fair value measurement at end of the reporting year using		
		Level 1	Level 2	Level 3
Assets				
Investments in mutual funds	1,978.91	1,978.91	-	-

Particulars	As at March 31, 2020	Fair value measurement at end of the reporting year using		
		Level 1	Level 2	Level 3
Assets				
Investments in mutual funds	1,498.62	1,498.62	-	-

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	The Fair values of investments in Mutual Fund Units is based on the Net Asset Value [NAV] as stated by the issuer of these Mutual Fund Units 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 the price at which issuers will redeem such units from the investors.



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

for the year ended March 31, 2020

(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. 47.26 millions as at March 31, 2020 (March 31, 2019 - Rs. 97.59 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.

Security deposits are interest free deposits given by the Company 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. The gross carrying amount of security deposits is as follows :

	(Rs. in million)
As at March 31, 2020	392.08
As at March 31, 2019	383.75

(Refer note 6)

Loans, security deposits and investments :

Expected credit loss for loans, security deposits and investments #

Particulars		Year Ended	Asset Group	Estimated gross carrying amount at default	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	31-03-2020	Loans	26.23	0%	-	26.23
			Security Deposits	438.60	0%	-	438.60
			Investments	1,498.62	0%	-	1,498.62
Loss allowance measured at 12 month expected credit loss	Financial assets for which credit risk has not increased significantly since initial recognition	31-03-2019	Loans	22.57	0%	-	22.57
			Security Deposits	426.65	0%	-	426.65
			Investments	1,978.91	0%	-	1,978.91

Refer Note 29 (A)



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

for the year ended March 31, 2020

(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 2020	Less than 1 year	1 year - 2 years	2 years to 3 years	3 years and above	Total
Borrowings	1,837.17	-	-	-	1,837.17
Trade payables	1,271.43	-	-	-	1,271.43
Other financial liabilities	1,449.50	765.27	780.00	5,499.00	8,493.77
Total	4,558.09	765.27	780.00	5,499.00	11,602.35

As at 31 March 2019	Less than 1 year	1 year - 2 years	2 years to 3 years	3 years and above	Total
Borrowings	2,339.24	-	-	-	2,339.24
Trade payables	1,177.81	-	-	-	1,177.81
Other financial liabilities	661.28	-	-	-	661.28
Total	4,178.34	-	-	-	4,178.34

C Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, which 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's exposure to any currency risk is provided in the table below. The currencies in which the transactions are denominated is Indian Rupees.

Particulars	(Rs. Million)	
	As at March 31, 2020	As at March 31, 2019
Advances recoverable in cash / kind 0.03 USD million @ Rs.75.38 (Previous Year 0.25 USD millions @ Rs.69.17)	2.01	17.40
Trade payables (Previous Year 0.05 USD millions @ Rs.69.17)	-	3.56
Trade receivables (Previous Year 0.10 USD millions @ Rs. 69.17)	-	6.92

- ii) Interest rate risk is the risk that the future cash flows with respect to interest payments on borrowings will fluctuate because of changes in market interest rates. The Company's interest rate risk arises from bank borrowings and overdrafts with variable rates. The Company adopts a policy to have its obligation linked with fixed interest rate so that the Company does not have exposure to the risk of changes in market interest rate.



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

for the year ended March 31, 2020

(Rs. in millions)

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, 2020 was as follows :

Particulars	As at	As at
	March 31, 2020	March 31, 2019
Total borrowings	1,837.17	2,339.24
Less : Cash and cash Equivalents	27.60	90.72
Net debt	1,809.57	2,248.52
Equity	5,182.01	5,255.16
Debt to Equity Ratio	0.35	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, 2020

(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" - Rs. 175.90 million (Previous Year Rs. 136.21 million).

b) Defined Benefit Plan:

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary for each completed year of service subject to a maximum of Rs. 2 million. The Scheme is funded with Life Insurance Corporation in the form of a qualifying insurance policy.

- (i) Gratuity: Company has charged the Gratuity expense to Statement of Profit & Loss based on the actuarial valuation of gratuity liability at the end of the year. The projected unit credit method used to show the position is as under.

Assumptions	As at March 31, 2020	As at March 31, 2019
Expected Rate of Return on Plan Assets	5.45%	6.76%
Discount Rate	5.45%	6.76%
Salary Escalation	6.50%	6.50%
Attrition Rate :		
Crew	30.00%	30.00%
Others	12.00%	12.00%

Mortality rate during employment as per Indian Assured Lives Mortality (2006-08).

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

Particulars	As at March 31, 2020	As at March 31, 2019
Present value of Projected Benefit Obligation at the beginning of the year	88.74	77.93
Interest cost	6.00	5.59
Current Service Cost	13.33	13.47
Past Service Cost	-	-
Benefits Paid directly by Employer	-	(0.02)
Benefits Paid from fund	(10.39)	(8.27)
Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic assumptions	-	-
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	7.21	1.81
Actuarial Losses on Obligations - Due to Experience	4.56	(1.78)
Present value of Projected Benefit Obligation at the end of the year	109.46	88.74

- (iii) Tables of Fair value of plan assets:

Particulars	As at March 31, 2020	As at March 31, 2019
Fair Value of plan assets at the beginning of the year	9.23	8.65
Interest Income	0.62	0.62
Contributions by Employer	12.00	11.00
Benefits paid	(10.38)	(8.27)
Expected return on plan assets, excluding interest income	(1.60)	(2.77)
Fair Value of plan assets at the end of the year	9.88	9.23

- (iv) Amount recognised in the Balance Sheet

Particulars	As at March 31, 2020	As at March 31, 2019
Present value of benefit obligation at the end of the year	(109.46)	(88.74)
Fair Value of plan assets at the end of the year	9.88	9.23
Funded Status (Surplus/(Deficit))	(99.58)	(79.51)
Net (liability) / asset disclosed in the Balance Sheet	(99.58)	(79.51)



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

for the year ended March 31, 2020

(Rs. in millions)

31 Disclosure Under Indian Accounting Standard 19 (Ind As 19) On Employee Benefits: (Continued)

b) Defined Benefit Plan: (Continued)

(v) Net interest cost for the year

Particulars	As at March 31, 2020	As at March 31, 2019
Present value of projected benefit obligation at the beginning of the year	88.74	77.93
Fair Value of plan assets at the beginning of the year	(9.23)	(8.65)
Net Liability/ (Assets) at the beginning of the year	79.51	69.28
Interest Cost	6.00	5.59
Interest Income	(0.62)	(0.62)
Net interest cost for current year	5.37	4.97

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

Particulars	2019-20	2018-19
Current Service cost	13.33	13.47
Net Interest Cost	5.37	4.97
Past Service Cost	-	-
Expenses recognised in the statement of profit & loss	18.71	18.44

(vii) Expenses recognised in the other comprehensive income

Particulars	2019-20	2018-19
Actuarial (Gain) / Loss on obligation for the year	11.77	0.03
Return on Plan assets, excluding interest income	1.60	2.77
Net (Income)/Expense for the year recognized in OCI	13.37	2.80

(viii) Balance Sheet Reconciliation

Particulars	As at March 31, 2020	As at March 31, 2019
Opening Net Liability	79.51	69.28
Expenses Recognized in Statement of Profit or Loss	18.71	18.44
Expenses Recognized in OCI	13.37	2.80
Benefits Paid directly by Employer	-	(0.02)
Employers Contribution	(12.00)	(11.00)
Amount recognised in the Balance Sheet	99.58	79.51

(ix) Category of Assets

Particulars	As at March 31, 2020	As at March 31, 2019
Insurer Managed Funds	9.88	9.23

(x) Maturity Analysis of the Benefits Payments - From the Fund

Particulars	As at March 31, 2020	As at March 31, 2019
Projected Benefits Payable in future years from the date of reporting		
1st following year	12.84	13.11
2nd following year	13.12	10.97
3rd following year	14.77	10.96
4th following year	12.34	12.03
5th following year	12.60	10.05
Sum of years 6 to 10	41.82	35.90
Sum of years 11 and above	49.02	42.78



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

for the year ended March 31, 2020

(Rs. in millions)

31 Disclosure Under Indian Accounting Standard 19 (Ind AS 19) On Employee Benefits: (Continued)

b) Defined Benefit Plan: (Continued)

(xi) Sensitivity analysis

Particulars	As at	As at
	March 31, 2020	March 31, 2019
Projected Benefit Obligation on Current Assumptions	109.46	88.74
Delta effect of +1% change in the rate of discounting	(5.60)	(4.11)
Delta effect of -1% change in the rate of discounting	6.30	4.74
Delta effect of +1% change in the rate of salary increase	5.57	4.24
Delta effect of -1% change in the rate of salary increase	(5.11)	(3.79)
Delta effect of +1% change in the rate of employee turnover	(0.88)	(0.20)
Delta effect of -1% change in the rate of employee turnover	0.93	0.33

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 unit 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.



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

for the year ended March 31, 2020

(Rs. in millions)

32 Related party disclosures

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

(A) Related party where control exists

Holding Company	Westlife Development Limited
(B) Others - With whom transactions have been taken place during the year	
1) Key Management Personnel	Mr. B.L. Jatia, Director Mr. Ranjit Paliath, Director (resigned with effect from February 28, 2019) Mr. Sanjay Soni (with effect from August 31, 2019) Mrs. Seema Arora Nambiar, Director Mr. Suresh Lakshminarayanan, Chief Financial Officer (resigned with effect from March 31, 2020) 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 Mr. Ayush Jatia, grandson of Mr. B.L.Jatia
3) 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) Hardcastle and Waud Manufacturing Company Ltd.



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

for the year ended March 31, 2020

(Rs. in millions)

32 Related party disclosures(Continued)

Related party transactions

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

Particulars	Westlife Development Limited		Hardcastle and Waud Manufacturing Company		Hardcastle Petrofer Private Limited		Vishwas Investment & Trading Company Private Limited		Ronald McDonald House Charities Foundation India	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Rent expense	-	-	0.05	-	-	-	4.25	4.61	-	-
Electricity Charges	-	-	-	-	-	-	0.22	0.32	-	-
Water Charges	-	-	-	-	-	-	0.02	0.07	-	-
Advances given	5.19	-	-	-	-	-	-	-	0.71	1.31
Rent Income	-	-	-	-	-	-	-	-	-	-
Reimbursement of Employee Stock Option Compensation expenses paid	8.63	2.51	-	-	-	-	-	-	-	-
Outstanding balance included in loans and other assets	-	-	-	-	-	-	35.00	35.00	8.00	7.29
Outstanding balance included in other current liabilities	56.16	52.73	-	-	-	-	-	-	-	-
Outstanding balance included in trade payables	-	-	-	-	-	-	-	0.37	-	-
Outstanding balance included in trade receivables	-	-	-	-	-	0.02	-	-	-	-

(b) Transactions with key management personnel

Particulars	Sanjay Soni		Ranjit Paliath		Seema Arora Nambiar		Others	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Remuneration*	12.35	-	-	12.06	12.36	11.42	8.81	7.89



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

for the year ended March 31, 2020

(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		Others	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Remuneration*	52.92	42.69	43.29	34.11	7.78	3.29

Note : There is no remuneration paid to Mr.B.L.Jatia, Director 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, 2020

(Rs. in millions)

33 Contingent Liabilities not provided for in the accounts:

Particulars	2019-20	2018-19
Claims against the Company not acknowledged as debts*		
Excise related matters	-	44.75
Sales tax/ VAT related matters	655.15	655.15
Goods and Services tax related matter		74.90
	655.15	774.80

- i The Company had preferred an appeal before the Maharashtra Sales Tax Tribunal against a demand of Rs 2.41 million (Previous Year: 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 following apparent errors made in the judgment.

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 previous years, the Appellate Deputy Commissioner has dismissed the appeal against 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 During the year 2013-14, the Company had received demand notices of Rs. 553.71 million for the period December, 2008 to October, 2013 from the Deputy Commissioner of Commercial Taxes, Karnataka alleging that the Company had obtained capital goods from other states, and therefore is ineligible to avail of the benefits of lower rate of tax under the composition scheme contemplated under the Karnataka Value Added Tax Act, 2003. In respect of the various notices, the Company had filed two writ petitions before the High Court of Karnataka. Upon hearing, both petitions were admitted and the Court granted an interim stay on the operation of all the notices and on the order passed for the FY 2012-13 and any proceedings in connection therewith. The said writ petitions came to be disposed of by a single judge of the Hon'ble High Court of Karnataka wherein the interim stay granted by the High Court earlier was vacated and with a direction to the petitioner to approach the respective Appellate authorities as mandated under the provisions of the Karnataka Value Added Tax, 2003. The Company accordingly preferred an appeal before the Joint Commissioner of Commercial Tax, Appeals-I against the Order passed for the financial year 2012-13 after fulfilling the mandatory condition of depositing 30% of the total demand of Rs.189.72 million i.e. an amount of Rs.19.41 million was deposited after considering the deposit of Rs. 37.50 million made earlier. Thereafter, the Company also preferred a writ appeal before the Division Bench of the High Court inter alia seeking stay on operation of the various notices/order issued by the Deputy Commissioner of Commercial Taxes, Karnataka. The High Court granted an interim stay on operation of the various notices/order conditional upon deposit of 30% of the amount demanded. The Company has deposited a total sum of Rs. 56.91 million. Pending disposal of the writ appeal and based on the advice of external counsel, the Company believes that it has good grounds for quashing of the impugned notices/order. Accordingly, no provision is considered necessary in this matter.



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

for the year ended March 31, 2020

(Rs. in millions)

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

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.

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. 138.23 million (Previous year Rs. 87.82 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, the Company had deposited 50% of the disputed amount and for the balance 50% provided solvent surety. The amount under dispute has been fully provided in books.

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



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

for the year ended March 31, 2020

(Rs. in millions)

36 Derivative instruments and un-hedged foreign currency exposure

(a) Derivatives outstanding as at March 31, 2020 is Rs. Nil (March 31, 2019 Rs. Nil)

(b) Un-hedged foreign currency exposure as at Balance Sheet date

Particulars	As at March 31, 2020	As at March 31, 2019
Advances Receivable in cash/kind	2.01 (0.03 USD million @ Rs.75.38)	17.40 (0.25 USD millions @ Rs. 69.17)
Trade Payables	-	3.56 (0.05 USD millions @ Rs. 69.17)
Trade Receivables	-	6.92 (0.10 USD millions @ Rs. 69.17)

37 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 2020 or 31 March 2019 .

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

Particulars	March 31, 2020	March 31, 2019
Principal amount and interest due thereon remaining unpaid to any supplier as at the end of accounting year.	13.93 *	0.04 *
Amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with amounts of payment made to supplier beyond the appointed day during accounting year.**	-	-
Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006.	-	-
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

** No interest has been paid during the year

39 Employee Stock Option Scheme

a) Westlife Development Limited ('WDL' or the 'Holding Company') has established an employee stock option scheme ('the Scheme') which covers certain eligible employees of the Company. During the year ended March 31, 2020, an employee stock option plan (ESOP) was in existence. The relevant details of the scheme and the grant are as below.

On September 18, 2013, the board of directors of the holding company, approved the Equity Settled ESOP Scheme 2013 (Scheme 2013) for issue of stock options to the key employees and directors of the Company. According to the Scheme 2013, 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. 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
Exercise period

Graded vesting – 20% every year
9 years



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

for the year ended March 31, 2020

(Rs. in millions)

39 Employee Stock Option Scheme (Continued)

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

Vesting period	March 31, 2020		March 31, 2019	
	No of Options	Weighted average exercise price (Rs)	No of Options	Weighted average exercise price (Rs)
Outstanding at the beginning of the year	6,07,045	206.43	7,00,950	209.99
Granted during the year	-	-	-	-
Forfeited during the year	19,500	245.92	78,250	247.31
Exercised during the year	61,565	147.81	15,655	161.22
Expired during the year	-	-	-	-
Outstanding at the end of the year	5,25,980	211.83	6,07,045	206.43
Exercisable at the end of the year	3,78,105	200.79	3,43,545	180.28

For options exercised during the period, the weighted average share price at the exercise date was Rs. 392.98 per share (Previous Year: Rs.385.75 per share).

The weighted average remaining contractual life for the stock options outstanding as at March 31, 2020 is 4.66 years (Previous Year: 5.50 years). The range of exercise prices for options outstanding at the end of the year was Rs. 100 to Rs. 300 (Previous Year: 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, 2020	March 31, 2019
Total Employee Compensation Cost pertaining to share option plans (including taxes)	8.63	8.34

The holding company measures the cost of ESOP using the fair value method and recovers this amount from the Company and this fair value is taken to equity. WDL has recovered Rs. 8.6 million (inclusive of taxes) (Previous Year Rs. 8.34 million (inclusive of taxes)) from the Company towards compensation cost pertaining to the share based payment and included in Note 23 "The Employee Benefits Expense".

d) 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, 2020*	March 31, 2019*
Dividend yield (%)	0%	0%
Expected volatility (%)	54.49%	54.49%
Risk-free interest rate (%)	6.64%	6.64%
Weighted average share price (Rs)	238	238
Exercise Price (Rs)	238	238
Expected life of options granted in years	5.76	5.76

* No options were granted during the current year and previous year

40 Earnings per share

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

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit / (Loss) for the year attributable to equity holders	(70.46)	216.54
Number of equity shares at the beginning of the year (Refer Note 13)	17,47,628	17,47,628
Add : Weighted average number of equity shares issued during the year	-	-
Number of equity shares considered for calculation of basic and diluted earning per share	17,47,628	17,47,628
Earnings per share (Rs.)		
- Basic and Diluted	(40.32)	123.90



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

for the year ended March 31, 2020

(Rs. in millions)

41 Going Concern

For the year ended March 31, 2020 the Company has incurred a net loss of Rs.70.46 million, however the recurring Profit after tax was at Rs.44.06 million and the Company has generated net cash from operating activities of Rs 1,999.05 million. As on March 31, 2020 the Company had cash and cash equivalents of Rs. 27.60 million and investments of Rs.1,498.62 million, however the borrowings of the Company was at Rs. 1837.17 million. The Company has established an ongoing source of revenue through its various business models to cover its operating costs and fund its working capital requirements. The management believes the current available funding will be sufficient to finance the Company's operations. The financial statements do not include any adjustments that might result from the outcome of these uncertainties.

42 COVID-19

There are uncertainties regarding the current coronavirus ("COVID-19") pandemic, and the Company is closely monitoring the impact of the pandemic on all aspects of its business, including how it will impact Company's customers, employees, suppliers, vendors and business partners. While the pandemic impacted the Company adversely in the fourth quarter of the fiscal 2020 and the Company's financial results for the year ended March 31, 2020, it was limited to a ramp-down in the second half of the March month.

The Company is actively working to understand its customer's changing requirements, adapt delivery to a "work from home" model, adjusting service levels by serving safe and hygiene food through contactless delivery to the customers, and manage costs. As a result, the Company expects additional impact for the quarter ending June 30, 2020 and potentially subsequent quarters as compared to fiscal 2020. The magnitude of the impact to coming quarters and full year financial performance will be a function of how long the COVID-19 pandemic lasts on a global basis.



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

for the year ended March 31, 2020

(Rs. in millions)

43 Disclosure on Ind-AS 116

Leases

Company as lessee

The Company's leased assets primarily consist of Stores, Office premises and Godowns. Leases of office premises and these 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	Rs. in millions
Buildings	
As at April 2019	7,226.66
Additions	1,033.88
Termination	(28.38)
Depreciation expenses	(517.96)
As at March 31, 2020	7,714.20

- ii) Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

Particulars	As at 31st March 2020
As at 1 April 2019	6,997.36
Additions	942.70
Termination	(29.12)
Accretion of interest	659.65
Payments**	(748.49)
As at 31 March 2020	7,822.10
Current	777.83
Non-current	7,044.27

** includes provision of lease rentals of Rs.11.05 millions

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

Particulars	March 31, 2020
Depreciation expense of right-of-use assets	517.96
Interest expense on lease liabilities	659.65
Expense relating to short-term leases & low value (included in other expenses)	16.00
Expense relating to low value (included in other expenses)	22.51
Variable lease payments*	486.66
Total amount recognised in profit or loss	1,702.78

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

The total cash outflow for leases is Rs 1,273.67 millions for the year ended March 31, 2020, including cash outflow for short term and low value leases.

- iv) The undiscounted maturity analysis of lease liabilities at 31 March 2020 is as follows:

Particulars	March 31, 2020
Less than one year	811.04
One to five years	3,330.88
More than five years	12,220.31
Total	16,362.23



Hardcastle Restaurants Private Limited

Notes to the financial statements (Continued)

for the year ended March 31, 2020

(Rs. in millions)

43 Disclosure on Ind-AS 116 (Continued)

Leases (Continued)

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 ₹13.88 millions for the year ended March 31, 2020 (March 31, 2019 Rs.27.30 millions)

Impact of COVID-19

The leases that the Company has entered with lessors towards properties used as restaurants are long term in nature and no significant changes in the terms of the leases are expected due to COVID-19

44 Exceptional Items

The Company is in QSR business and inventory includes food items which are perishable in nature with a short shelf life. Based on the current situation of COVID-19 and continuous lock down, the Company expects reduced demand and lower footfalls. Accordingly, the Company has made provision for write off food inventory and related onerous commitment of Rs. 166.31 million for the year ended March 31, 2020

45 Disclosure required under Section 186 (4) 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 (4) of the Companies Act, 2013.

Unsecured Loans

Particulars	March 31, 2020	March 31, 2019
Sangdatta Lodge, interest free, due on August 20, 2021	19.28	30.84

The loan is provided for financing working capital requirements also refer note 6.

- 46 The Company has evaluated subsequent events from the balance sheet date through June 11, 2020, the date at which the financial statements were available to be issued, and determined that there are no items to report.

For B S R & Associates LLP
Chartered Accountants
Firm's Registration No: 116231W/W-100024

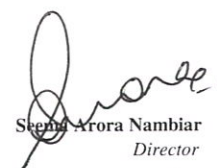
Shabbir Readymadewala
Partner
Membership No: 100060
UDIN: 20100060AAAABO4980

Mumbai
11 June 2020

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



Banwari Lal Jatia
Director



Seema Arora Nambiar
Director


Pankaj Roongta
Chief Financial Officer

Mumbai
11 June 2020


Radha Jain
Company Secretary

