

Hardcastle Restaurants Private Limited
CIN: U55101MH1995PTC091422

Financial statements
for the year ended 31 March 2021

B S R & Associates LLP

Chartered Accountants

14th Floor, Central B Wing and North C Wing,
Nesco IT Park 4, Nesco Center,
Western Express Highway,
Goregaon (East), Mumbai - 400063

Telephone: +91 22 6257 1000
Fax: +91 22 6257 1010

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 (hereinafter referred to as "the Company"), which comprise the balance sheet as at 31 March 2021, 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 (hereinafter referred to as "the financial statements").

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 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, 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 ('KAM') 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.

Independent Auditors' Report (Continued)

Hardcastle Restaurants Private Limited

Key Audit Matters (Continued)

Key audit matter	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 975 million (2020: INR 15,383 million).</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 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 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 major variances, if any, for sales and gross margins.

Independent Auditors' Report (Continued)

Hardcastle Restaurants Private Limited

Key Audit Matters (Continued)

Key audit matter	How the matter was addressed in our audit
Assessment of impairment of property, plant and equipment of stores	Our audit procedures included, amongst others, the following:
<p>As disclosed in Note 4 and 43 to the financial statements, as of March 31, 2021 property, plant and equipment (net) were INR 4,949 million (March 31, 2020: INR 5,424 million) and operating lease right-of-use assets were INR 7,008 million (March 31, 2020: INR 7,722 million). The Company recorded a provision of INR 115 million towards carrying value of property plant and equipment related to stores closed during the year.</p>	<ul style="list-style-type: none">• We evaluated the design and tested the operating effectiveness of certain internal controls over the Company's property, plant and equipment of stores impairment process. Evaluation includes testing of controls relating to determination and identification of potential indicators of impairment.• We evaluated the Company's methodology of using historical cash flow results under predetermined thresholds at the individual restaurant level as a potential indicator of impairment. We evaluated the Company's assessment of factors such as impact of pandemic, local government mandated restrictions including suspension of dine-in operations, and resulting duration of the economic downturn on the cash flows at the individual store level.• Inquiring and evaluating the rationality of Company's action plan for underperforming stores where no impairment was recorded. For underperforming stores which were continuing to be operated for strategic explanations, we inquired with the Chief Financial Officer the basis and rationale behind such continuance.• We also assessed other events and circumstances which could have been indicative of a potential impairment trigger by reading management's development reports and related meeting minutes.• We involved valuation professionals with specialized skills and knowledge to assess the assumptions used in the impairment model.• We verified disclosures made in Note 45 to the financial statements, in relation to above matter.
<p>Company evaluates the performance of individual stores at the end of each reporting period to evaluate any trigger for impairment at a particular store. While performing this analysis, Company considers factors such as sustained operating losses being incurred by an individual restaurant store on account of low sales, inadequate customer footfall, local, socio-economic or infrastructure issues, as also factors which compel continuing operating restaurants in locations which have a present or potential strategic locational advantage</p>	
<p>A significant portion of the plant and equipment can be re-located to other stores such as kitchen equipments, accordingly, immovable assets such as leasehold improvements is the primary component of property, plant and equipment which requires impairment evaluation.</p>	
<p>We identified the assessment of impairment of property, plant and equipment of stores as a key audit matter. Subjective auditor judgment was required to evaluate the forecasted cash flows to be generated by the asset groups, specifically forecasted sales and forecasted expenses, including the effects of the COVID-19 pandemic as also the expected duration of the economic downturn.</p>	

Independent Auditors' Report (Continued)

Hardcastle Restaurants Private Limited

Key Audit Matters (Continued)

Key audit matter	How the matter was addressed in our audit
Deferred tax on carry forward losses and unabsorbed depreciation	
See Note 16 to the financial statements	
<p>As at March 31, 2021, net deferred tax assets recognized were INR 510 million. Deferred tax assets include deferred tax of INR 20 million recognized on carry-forward losses and INR 196 million recognized on unabsorbed depreciation.</p> <p>The analysis of the recoverability of such deferred tax assets has been identified as a key audit matter because the assessment process involves significant auditor judgement. Judgement is involved in evaluating the future profitability and the likelihood of the realization of these assets, in particular availability of taxable profits in future periods to support the recognition of these assets. This requires assumptions regarding future profitability, which is inherently uncertain.</p>	<p>Our audit procedures included, amongst others, the following:</p> <ul style="list-style-type: none">• We evaluated the design and tested the operating effectiveness of internal controls over recording of and review of deferred tax at each reporting date.• We tested the computation of the amounts recognized as net deferred tax assets.• We evaluated company assumptions used to determine the probability of deferred tax assets recognized in the balance sheet will be recovered through future taxable income. Our evaluation includes comparing future taxable income against profit trends and future business plans; also compared actual results achieved with forecasts in prior periods.• Read and assessed the disclosure made in the financial statements for assessing compliance with disclosure requirements.

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.

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, profit/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

Independent Auditors' Report (Continued)

Hardcastle Restaurants Private Limited

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

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.

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.

Independent Auditors' Report (Continued)

Hardcastle Restaurants Private Limited

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

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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government of India 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 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 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".

Independent Auditors' Report (Continued)

Hardcastle Restaurants Private Limited

Report on Other Legal and Regulatory Requirements (Continued)

- (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 2021 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; and
 - 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 2021.
- (C) With respect to the matter to be included in the Auditors' Report under section 197(16) of the Act:

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) of the Act which are required to be commented upon by us.

Mumbai
13 May 2021

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



Shabbir Readymadewala
Partner

Membership No: 100060
UDIN: 21100060AAAACB3702

Hardcastle Restaurants Private Limited

Annexure A to the Independent Auditors' Report on the financial statements of Hardcastle Restaurants Private Limited for the year ended 31 March 2021

(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 2021, 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. Pursuant to the programme, fixed assets were physically verified during the year and no material discrepancies were noticed on such verification.
- (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 generally regularly deposited during the year by the Company with the appropriate authorities, except for deposit of professional tax dues pertaining to employees where there have been delays in few months.

Hardcastle Restaurants Private Limited

Annexure A to the Independent Auditors' Report on the financial statements of Hardcastle Restaurants Private Limited for the year ended 31 March 2021 (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 2021 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	0.22	2016- March 21	Unpaid on account of pending registration in the State of Gujarat

- (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 2021, 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	2.52	2003-04 to 2004-05	Commissioner of Sales Tax (Appeal), Mumbai
Karnataka Value Added Tax, 2003	Sales tax	496.80	2008-09 to 2013-14	High Court of Karnataka
Central Goods & Services Tax Act, 2017	Goods and Services tax	74.90	November 2017 to January 2018	High Court of Bombay
Karnataka Value Added Tax, 2003/CST Act, 1956	Sales tax	5.62	2016-17	Dy. Commissioner of Commercial Taxes, Karnataka
Maharashtra Value Added Tax, 2002/CST Act, 1956	Sales tax	5.86	2016-17	Dy. Commissioner of State Tax, Maharashtra

* 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.

Hardcastle Restaurants Private Limited

Annexure A to the Independent Auditors' Report on the financial statements of Hardcastle Restaurants Private Limited for the year ended 31 March 2021 (Continued)

- (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.
- (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 for managerial remuneration 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: 116231W/W-100024

Shabbir Readymadewala

Partner

Membership No: 100060

UDIN: 21100060AAAACB3702

Mumbai
13 May 2021

Hardcastle Restaurants Private Limited

Annexure B to the Independent Auditors' Report on the financial statements of Hardcastle Restaurants Private Limited for the year ended 31 March 2021

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 2021 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 2021, 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 the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (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.

Hardcastle Restaurants Private Limited

Annexure B to the Independent Auditors' Report on the financial statements of Hardcastle Restaurants Private Limited for the year ended 31 March 2021 (Continued)

Auditors' Responsibility (Continued)

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.

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.

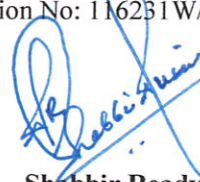
Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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: 21100060AAAACB3702

Mumbai

13 May 2021

Hardcastle Restaurants Private Limited

Balance Sheet

as at March 31, 2021

(Rs. in millions)

	Notes	March 31, 2021	March 31, 2020
I ASSETS			
1 Non-current assets			
(a) Property, plant and equipment	4	4,949.02	5,424.10
(b) Capital work-in-progress	4	256.01	225.76
(c) Right to use assets	43	7,008.44	7,721.64
(d) Investment property	4	-	5.25
(e) Other intangible assets	4	419.18	468.64
(f) Financial assets			
(i) Investments	5	523.49	851.81
(ii) Loans	6	445.77	448.27
(iii) Other financial assets	7	1.11	42.92
(g) Income tax assets (net)	12	75.49	111.77
(h) Deferred tax assets (net)	16	510.24	213.54
(i) Other assets	8	228.58	257.95
Total non-current assets		14,417.33	15,771.65
2 Current assets			
(a) Inventories	9	465.29	411.36
(b) Financial assets			
(i) Investments	5	1,366.94	646.81
(ii) Trade receivables	10	87.88	47.26
(iii) Cash and cash equivalents	11	95.09	26.28
(iv) Bank balances other than (iii) above	11	1.36	1.32
(v) Loans	6	23.17	16.56
(vi) Other financial assets	7	37.11	63.00
(c) Other assets	8	167.93	104.92
Total current assets		2,244.77	1,317.51
TOTAL ASSETS		16,662.10	17,089.16
II EQUITY AND LIABILITIES			
1 EQUITY			
(a) Equity share capital	13	1,747.63	1,747.63
(b) Other equity		2,446.23	3,434.38
Total equity		4,193.86	5,182.01
2 LIABILITIES			
1 Non-current liabilities			
(a) Financial liabilities			
(i) Lease liabilities	43	6,741.72	7,044.27
(ii) Other financial liabilities	14	2.97	1.83
(b) Provisions	15	40.22	25.42
Total non-current liabilities		6,784.91	7,071.52
2 Current liabilities			
(a) Financial liabilities			
(i) Borrowings	17	2,151.83	1,837.17
(ii) Lease liabilities	43	786.39	777.83
(ii) Trade payables	18		
Total outstanding due to micro enterprises and small enterprises		64.66	13.93
Total outstanding dues other than to micro enterprises and small enterprises		1,778.14	1,257.50
(iii) Other financial liabilities	14	549.05	669.84
(b) Other liabilities	19	289.49	205.20
(c) Provisions	15	63.77	74.16
Total current liabilities		5,683.33	4,835.63
TOTAL EQUITY AND LIABILITIES		16,662.10	17,089.16

