

**Hardcastle Restaurants Private Limited**  
**CIN: U55101MH1995PTC091422**

**Financial statements**

*for the year ended 31 March 2021*

# 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 (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><b>Revenue Recognition</b></p> <p><b>See Note 20 to the financial statements</b></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"><li>• 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.</li><li>• Testing key controls over additions to and changes in the POS master file data at individual stores on sample basis.</li><li>• 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.</li><li>• Testing internal controls over recording of sales, collection and custody of cash. Verified segregation of duties and reconciliation of sales records with bank collections.</li><li>• 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.</li><li>• Performing analytical procedures on sales performance of individually significant stores. Enquired explanation for major variances, if any, for sales and gross margins.</li></ul>



## Independent Auditors' Report (Continued)

### Hardcastle Restaurants Private Limited

#### Key Audit Matters (Continued)

##### Key audit matter

##### Assessment of impairment of property, plant and equipment of stores

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.

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

A significant portion of the plant and equipment can be re-located to other stores such as kitchen equipments, accordingly, immoveable assets such as leasehold improvements is the primary component of property, plant and equipment which requires impairment evaluation.

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.

##### How the matter was addressed in our audit

Our audit procedures included, amongst others, the following:

- 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.



**Independent Auditors' Report (Continued)**

**Hardcastle Restaurants Private Limited**

**Key Audit Matters (Continued)**

Key audit matter	How the matter was addressed in our audit
<b>Deferred tax on carry forward losses and unabsorbed depreciation</b>	
<b>See Note 16 to the financial statements</b>	
<p>As at March 31, 2021, net deferred tax assets recognized were INR 510 million.</p> <p>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"><li>• We evaluated the design and tested the operating effectiveness of internal controls over recording of and review of deferred tax at each reporting date.</li><li>• We tested the computation of the amounts recognized as net deferred tax assets.</li><li>• 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.</li><li>• Read and assessed the disclosure made in the financial statements for assessing compliance with disclosure requirements.</li></ul>

**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.

For B S R & Associates LLP

Chartered Accountants

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

**Shabbir Readymadewala**

Partner

Membership No: 100060

UDIN: 21100060AAAACB3702

Mumbai

13 May 2021



## 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: 116231 W/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
<b>I ASSETS</b>			
<b>1 Non-current assets</b>			
(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
<b>Total non-current assets</b>		<b>14,417.33</b>	<b>15,771.65</b>
<b>2 Current assets</b>			
(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
<b>Total current assets</b>		<b>2,244.77</b>	<b>1,317.51</b>
<b>TOTAL ASSETS</b>		<b>16,662.10</b>	<b>17,089.16</b>
<b>II EQUITY AND LIABILITIES</b>			
<b>1 EQUITY</b>			
(a) Equity share capital	13	1,747.63	1,747.63
(b) Other equity		2,446.23	3,434.38
<b>Total equity</b>		<b>4,193.86</b>	<b>5,182.01</b>
<b>2 LIABILITIES</b>			
<b>1 Non-current liabilities</b>			
(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
<b>Total non-current liabilities</b>		<b>6,784.91</b>	<b>7,071.52</b>
<b>2 Current liabilities</b>			
(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
<b>Total current liabilities</b>		<b>5,683.33</b>	<b>4,835.63</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>16,662.10</b>	<b>17,089.16</b>





# Hardcastle Restaurants Private Limited

## Balance Sheet (Continued)

as at March 31, 2021

(Rs. in millions)

Significant accounting policies

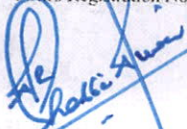
The notes referred to above form an integral part of the financial statements

As per our report of even date attached

For BSR & Associates LLP

Chartered Accountants

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



Shabbir Readymadewala

Partner

Membership No: 100060

Mumbai

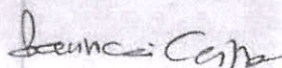
13 May 2021

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For and on behalf of the Board of Directors of

Hardcastle Restaurants Private Limited

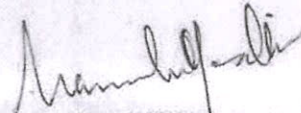
CIN: U55101MH1995PTC091422



Banwari Lal Jatia

Director

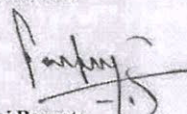
DIN: 00016823



Namrata Mathur

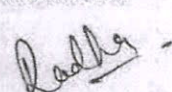
Director

DIN: 0009059288



Pankaj Roongta

Chief Financial Officer



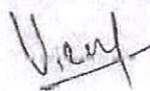
Radha Jain

Company Secretary

Membership No: A28006

Mumbai

13 May 2021



# Hardcastle Restaurants Private Limited

## Statement of profit and loss

for the year ended March 31, 2021

(Rs. in millions)

	Notes	March 31, 2021	March 31, 2020
Revenue from operations	20	9,856.00	15,472.91
Other income	21	443.03	130.00
<b>Total income</b>		<b>10,299.03</b>	<b>15,602.91</b>
<b>Expenses</b>			
Cost of materials consumed	22	3,482.82	5,382.41
Employee benefits expense	23	1,781.89	2,192.01
Finance costs	24	845.24	808.20
Depreciation and amortisation expense	25	1,396.42	1,383.60
Other expenses	26	4,117.85	5,755.06
<b>Total expenses</b>		<b>11,624.22</b>	<b>15,521.28</b>
<b>(Loss) / Profit before exceptional items</b>		<b>(1,325.19)</b>	<b>81.63</b>
Exceptional items	44	(41.86)	166.31
<b>(Loss) before tax</b>		<b>(1,283.33)</b>	<b>(84.68)</b>
Less : Tax expense			
- Current tax	27	4.29	129.33
- Deferred tax	27	(297.40)	(143.55)
<b>Total tax expense</b>		<b>(293.11)</b>	<b>(14.22)</b>
<b>(Loss) for the year</b>		<b>(990.22)</b>	<b>(70.46)</b>
<b>Other comprehensive income:</b>			
<b>Items that will not be reclassified to profit and loss :</b>			
Re-measurements of defined benefit plan		2.77	(13.37)
Income tax on items that will not be reclassified to profit and loss	27	(0.70)	3.37
<b>Other comprehensive income for the year</b>		<b>2.07</b>	<b>(10.00)</b>
<b>Total comprehensive income for the year</b>		<b>(988.15)</b>	<b>(80.46)</b>
<b>Earnings per equity share :</b>			
- Basic and Diluted (in Rs.)	40	<b>(566.61)</b>	<b>(40.32)</b>
Significant accounting policies	3		





# Hardcastle Restaurants Private Limited

## Statement of profit and loss (Continued)

for the year ended March 31, 2021

(Rs. in millions)

Significant accounting policies

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

As per our report of even date attached

For BSR & Associates LLP

Chartered Accountants

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

Shabbir Reudymadewala

Partner

Membership No: 100060

Mumbai

13 May 2021

3

For and on behalf of the Board of Directors of  
Hardcastle Restaurants Private Limited  
CIN: U55101MH1995PTC091422

Banwari Lal Jatia

Director

DIN: 00016823

Pankaj Roongta

Chief Financial Officer

Mumbai

13 May 2021

Namrata Mathur

Director

DIN: 0009059288

Radha Jain

Company Secretary

Membership No: A28006



# Hardcastle Restaurants Private Limited

## Statement of changes in equity

for the year ended 31 March 2021

(Rs. in millions)

### (a) Equity share capital

Particulars	Note	Amount
Balance as at April 1, 2019	13	1,747.63
Changes in equity share capital during 2019-20		-
Balance as at March 31, 2020		1,747.63
Changes in equity share capital during 2020-21		-
Balance as at March 31, 2021		1,747.63

### (b) Other equity

for the year ended March 31, 2020

Particulars	Equity contribution	Reserves and Surplus		Total
		Securities premium reserve	Retained earnings	
Balance at the April 1, 2019	2,784.02	4,032.37	(3,308.86)	3,507.53
(Loss) for the year ended March 31, 2020	-	-	(70.46)	(70.46)
Other comprehensive income	-	-	(10.00)	(10.00)
Re-measurements of employee stock option cost at fair value	7.31	-	-	7.31
Balance as at March 31, 2020	2,791.33	4,032.37	(3,389.32)	3,434.38

for the year ended March 31, 2021

Particulars	Equity contribution	Reserves and Surplus		Total
		Securities premium reserve	Retained earnings	
Balance at the April 1, 2020	2,791.33	4,032.37	(3,389.32)	3,434.38
(Loss) for the year ended March 31, 2021	-	-	(990.22)	(990.22)
Other comprehensive income	-	-	2.07	2.07
Balance as at March 31, 2021	2,791.33	4,032.37	(4,377.47)	2,446.23





# Hardcastle Restaurants Private Limited

## Statement of changes in equity (Continued) for the year ended 31 March 2021

(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

##### Securities premium reserve:

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

##### Retained earnings:

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

Significant accounting policies

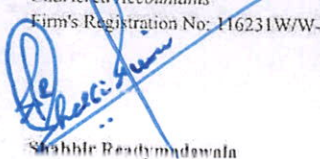
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The notes referred to above form an integral part of the financial statements

As per our report of even date attached

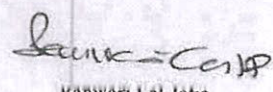
For BSR & Associates LLP  
Chartered Accountants

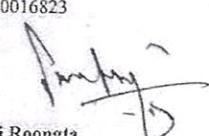
Firm's Registration No: 116231W/W-100024

  
Shabbir Reaymndawala  
Partner  
Membership No. 100060

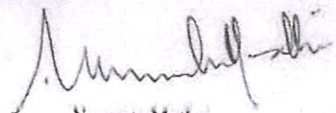
Mumbai  
13 May 2021

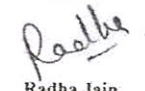
For and on behalf of the Board of Directors of  
Hardcastle Restaurants Private Limited  
CIN: U55101MH1995PTC091422

  
Banwari Lal Jatia  
Director  
DIN: 00016823

  
Pankaj Roongta  
Chief Financial Officer

Mumbai  
13 May 2021

  
Namrata Mathur  
Director  
DIN: 0009059288

  
Radha Jain  
Company Secretary  
Membership No: A28006



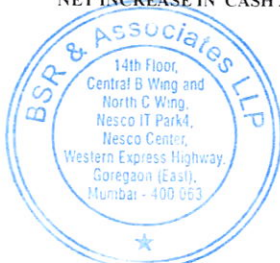
# Hardcastle Restaurants Private Limited

## Statement of cash flows

for the year ended March 31, 2021

(Rs. in millions)

	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
(Loss) before taxation	(1,283.33)	(84.68)
Adjustments for :		
Depreciation and amortisation expense	1,396.42	1,383.60
Bad debts and write offs	4.01	11.31
Inventories written off	2.01	-
Impairment loss allowance on trade receivables	2.84	-
Property, plant and equipment written off	140.49	47.23
Finance cost	845.24	808.20
Employee share based payment expenses	6.42	8.63
Interest income	(53.84)	(28.40)
Gain on investments carried at fair value through statement of profit and loss	(74.57)	(89.47)
Profit on sale of investments	(82.62)	(8.81)
Profit on sale of property, plant and equipment	(1.81)	-
Gain on lease modification, concession and termination (net)	(240.37)	-
Miscellaneous Provision written back	(82.78)	(43.83)
<b>Operating profit before working capital changes</b>	<b>578.11</b>	<b>2,003.78</b>
<b>B. Movements in working capital</b>		
(Increase) in inventories	(55.94)	(1.41)
(Increase)/ Decrease in trade receivables	(45.92)	47.43
Decrease/ (Increase) in non-current loans	54.50	(14.91)
(Increase)/ Decrease in current loans	(6.00)	(0.70)
Decrease/ (Increase) in other non-current financial assets	41.81	(0.98)
Decrease in other current financial assets	25.85	4.21
(Increase) in other non current assets	(18.58)	(27.00)
(Increase)/ Decrease in other current assets	(63.93)	30.18
Increase in trade payables	755.72	93.61
Increase/ (Decrease) in other non-current financial liabilities	1.14	(5.26)
(Decrease)/ Increase in current other financial liabilities	20.47	4.76
Increase in non-current provisions	14.79	1.31
(Decrease)/ Increase in current provisions	(7.62)	18.77
Increase in other current liabilities	(34.85)	2.33
<b>Cash generated from operations</b>	<b>1,259.55</b>	<b>2,162.12</b>
Income tax refund/ (paid) (net)	31.99	(163.07)
<b>C. NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>1,291.54</b>	<b>1,999.05</b>
<b>D. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant, equipment , intangible assets and capital work-in-progress	(500.47)	(1,261.18)
Proceeds from sale of property, plant and equipment	9.26	2.09
Interest income	1.24	13.46
Purchase of investments	(1,028.59)	(863.31)
Proceeds from sale of investments	793.97	1,438.79
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(724.59)</b>	<b>(670.15)</b>
<b>E. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds /(Repayment) of short-term borrowings (net)	331.83	(507.51)
Repayment of lease liabilities	(643.18)	(737.44)
Interest paid	(169.62)	(151.57)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(480.97)</b>	<b>(1,396.52)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>85.98</b>	<b>(67.62)</b>
Cash and cash equivalents at the beginning of the year	9.11	76.73
Cash and cash equivalents at the end of the year	95.09	9.11
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>85.98</b>	<b>(67.62)</b>





# Hardcastle Restaurants Private Limited

## Statement of cash flows (Continued)

for the year ended March 31, 2021

(Rs. in millions)

### Components of cash and cash equivalents

Cash and bank balances (refer note 11)  
Less: not considered as cash and cash equivalents  
Deposits with remaining maturity for less than 12 months  
Less: Bank Overdrafts (refer note 17)

Total cash and cash equivalents

For the year ended  
March 31, 2021

96.45

1.36

-

95.09

For the year ended  
March 31, 2020

27.60

1.32

17.17

9.11

### Notes to Statement

1. The above Statement of Cash Flows has been prepared under the "indirect method" as set out in 'Indian Accounting Standard (Ind AS) 7 - Statement of Cash Flows.

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

As per our report of even date attached

For BSR & Associates LLP

Chartered Accountants

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

Shabbir Readymadewala

Partner

Membership No: 100060

Mumbai

13 May 2021

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

CIN: U55101MH1995PTC091422

Banwari Lal Jatia

Director

DIN: 00016823

Pankaj Roongta

Chief Financial Officer

Mumbai

13 May 2021

Namrata Mathur

Director

DIN: 0009059288

Radha Jain

Company Secretary

Membership No: A28006



# Hardcastle Restaurants Private Limited

## Notes to the financial statements

for the year ended 31 March 2021

(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 May 13, 2021.

#### B Functional and presentation currency

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

#### C Basis of measurement

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

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

#### D Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when it is:

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

The Company classifies all other liabilities as non-current.

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

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

#### E Use of estimates and judgements

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





# Hardcastle Restaurants Private Limited

## Notes to the financial statements

for the year ended 31 March 2021

(Rs. in millions)

### 2 Basis of preparation (Continued)

#### E Use of estimates and judgements (Continued)

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

##### Assumptions and estimation uncertainties

##### Useful lives of property, plant and equipment

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

##### Provision for income tax and deferred tax assets

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

##### Provisions and contingent liabilities

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

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

##### Impairment of non-financial assets

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

##### Defined benefit

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

#### F Measurement of fair values

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

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

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

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

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



# Hardcastle Restaurants Private Limited

## Notes to the financial statements

for the year ended 31 March 2021

(Rs. in millions)

### 2 Basis of preparation (Continued)

#### F Measurement of fair values (Continued)

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

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

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

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

- Financial instruments (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)

### 3 Significant account policies

#### Revenue recognition

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. The Company recognises revenue when it transfers control over a good or service to a customer.

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.





# Hardcastle Restaurants Private Limited

## Notes to the financial statements

for the year ended 31 March 2021

(Rs. in millions)

### 3 Significant account policies (Continued)

#### a Revenue recognition (Continued)

##### 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.

##### 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 labor, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

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

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

#### 2 Subsequent Expenditure

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

#### 3 Depreciation

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

Freehold land is not depreciated. The building built on leasehold land is classified as building and is amortized over the lease term or the useful life of the building, whichever is lower.

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



# Hardcastle Restaurants Private Limited

## Notes to the financial statements

for the year ended 31 March 2021

(Rs. in millions)

### 3 Significant account policies (Continued)

#### b Property, plant and equipment (Continued)

##### 3 Depreciation (Continued)

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

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

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

#### 4 Intangible assets

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

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

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

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

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

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

#### 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. Subsequently to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognized.

These asset are depreciated using straight line method over their estimated useful life. Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes.





# Hardcastle Restaurants Private Limited

## Notes to the financial statements

for the year ended 31 March 2021

(Rs. in millions)

### 3 Significant account policies (Continued)

#### c Investment properties (Continued)

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	30 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.

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

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

#### 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.

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.



# Hardcastle Restaurants Private Limited

## Notes to the financial statements

for the year ended 31 March 2021

(Rs. in millions)

### 3 Significant account policies (Continued)

#### e Employee benefits (Continued)

##### Short-term employee benefit

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

#### 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.

##### Deferred tax

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

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

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a 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.





# Hardcastle Restaurants Private Limited

## Notes to the financial statements

for the year ended 31 March 2021

(Rs. in millions)

### 3 Significant accounting policies (Continued)

#### h Provisions and contingent liabilities

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

The Company uses significant judgements to disclose contingent liabilities. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognised nor disclosed in the financial statements.

#### i Cash and cash equivalents

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

#### j 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. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdraft and book overdraft as they are considered an integral part of the Company's cash management.

#### k 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.

#### l Employee stock option cost

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, 2021, 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.



# Hardcastle Restaurants Private Limited

## Notes to the financial statements

for the year ended 31 March 2021

(Rs. in millions)

### 3 Significant accounting policies (Continued)

#### m Financial instruments

##### i Recognition and initial measurement

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

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

##### ii Classification and subsequent measurement

###### Financial assets

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

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

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

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

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

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

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

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

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

###### Financial assets: Subsequent measurement and gains and losses

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

The Company does not have financial assets measured at FVOCI.





# Hardcastle Restaurants Private Limited

## Notes to the financial statements

for the year ended 31 March 2021

(Rs. in millions)

### 3 Significant accounting policies (Continued)

#### m Financial instruments (Continued)

##### ii Classification and subsequent measurement (Continued)

###### *Financial liabilities: Classification, subsequent measurement and gains and losses*

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

##### iii Derecognition

###### *Financial assets*

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

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

###### *Financial liabilities*

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

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

##### iv Offsetting of financial instruments

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

##### v Impairment

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

#### n Borrowing costs

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

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



# Hardcastle Restaurants Private Limited

## Notes to the financial statements

for the year ended 31 March 2021

(Rs. in millions)

### 3 Significant accounting policies (Continued)

#### o Leases

##### Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

##### i Right of Use assets

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

a) the contract involves the use of an identified asset

b) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and the Company has the right to direct the use of the asset.

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

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

##### ii Lease liabilities

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

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

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

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

##### Company as a lessor

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

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

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





# Hardcastle Restaurants Private Limited

## Notes to the financial statements

for the year ended 31 March 2021

(Rs. in millions)

### 3 Significant accounting policies (Continued)

#### o Leases (Continued)

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

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

On 24 July, 2020, the Ministry of Corporate Affairs notified amendment to Ind AS 116 specifying the accounting treatment for Covid 19 related rent concessions. The amendment permits lessees, as a practical expedient, to not assess whether particular rent concessions occurring as a direct consequence of the Covid-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications and consequently allowing lessees to account for the impact of the rent concessions in the statement of profit and loss. The Company has elected to apply the practical expedient of not assessing the rent concessions as a lease modification for rent concessions which are granted due to COVID 19 pandemic.

#### p Accounting Pronouncements

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

##### Balance Sheet

- i Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- ii Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- iii Specified format for disclosure of shareholding of promoters.
- iv Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- v If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- vi Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

##### Statement of profit and loss

- i Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the standalone financial statements.
- The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

#### q Operating segments

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker for assessing the Company's performance and allocating the resources based on an analysis of various performance indicators by business segments and geographic segments.



# Hardcastle Restaurants Private Limited

## Notes to the financial statements (Continued) as at March 31, 2021

(Rs. in millions)

### 4 Property, plant, equipments and other intangible assets

#### A Reconciliation of carrying amount

Particulars	Freehold land	Building*	Leasehold improvements	Restaurant equipments	Furniture & fixtures	Office equipments	Computers	Motor vehicles	Total Initial location & license fee	Other intangible assets Computer software	Total
<b>Cost</b>											
Balance as at April 1, 2019	-	41.45	3,174.92	2,826.53	532.59	17.23	13.27	10.63	6,616.62	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	-	41.45	3,649.52	3,390.53	595.19	18.39	22.15	23.81	7,741.04	570.87	688.68
<b>Balance as at April 1, 2020</b>	-	41.45	3,649.52	3,390.53	595.19	18.39	22.15	23.81	7,741.04	570.87	688.68
Additions	94.38	25.94	95.53	75.04	36.55	0.47	1.27	14.54	343.72	2.04	21.87
Transfer from investment property (refer note 4C)	-	5.25	-	-	-	-	-	-	5.25	-	-
Deletions	-	-	(51.57)	(179.40)	(43.83)	(3.23)	(2.19)	(11.74)	(271.96)	(7.71)	(7.71)
<b>Balance as at March 31, 2021</b>	94.38	72.64	3,713.48	3,286.17	587.91	15.63	21.23	26.61	7,818.05	565.20	702.84
<b>Accumulated Depreciation</b>											
Balance as at April 1, 2019	-	8.70	555.81	886.64	140.08	11.51	11.62	9.85	1,604.21	108.08	156.70
Depreciation for the year (refer note 25)	-	4.27	360.25	404.55	83.88	2.62	4.11	1.78	801.46	45.78	63.34
Deletions	-	-	(48.48)	(25.18)	(15.02)	(0.05)	-	-	(88.73)	-	-
Balance as at March 31, 2020	-	12.97	757.58	1,266.01	208.94	14.08	15.73	11.63	2,316.94	153.86	220.04
<b>Balance as at April 01, 2020</b>	-	12.97	757.58	1,266.01	208.94	14.08	15.73	11.63	2,316.94	153.86	220.04
Depreciation for the year (refer note 25)	-	5.27	361.45	411.21	73.07	1.86	3.06	3.87	799.79	45.16	67.81
Deletions	-	-	(21.19)	(168.15)	(41.44)	(2.99)	(2.19)	(11.74)	(247.70)	(4.20)	(4.20)
<b>Balance as at March 31, 2021</b>	-	18.24	1,067.84	1,509.07	240.57	12.95	16.60	3.76	2,869.03	194.82	283.66
<b>Carrying Amounts (Net)</b>											
Balance as at March 31, 2020	-	28.48	2,861.94	2,124.52	386.25	4.31	6.42	12.18	5,424.10	417.01	468.64
<b>Balance as at March 31, 2021</b>	94.38	54.40	2,645.64	1,777.10	347.34	2.68	4.63	22.85	4,949.02	370.38	419.18

\*includes building constructed on leasehold land

#### Note :

The Company has created a first part-passu charge on moveable property, plant and equipment (present and future) for availing loan facility with banks.





# Hardcastle Restaurants Private Limited

## Notes to the financial statements (Continued) as at March 31, 2021

(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 had rented out an identifiable part of its restaurant zone in earlier years and had recognised it as investment property. However, w.e.f. April 1, 2020, it has started using that investment property for its own business occupation, pursuant to which the carrying value of investment property has been reclassified to property, plant and equipment.

#### Investment property

#### Reconciliation of carrying amount

Cost	Amount
Balance as at April 1, 2019	8.03
Balance as at April 1, 2020	8.03
Transfer to property, plant and equipment	(8.03)
Balance as at March 31, 2021	-
Accumulated depreciation	
Balance as at April 1, 2019	2.12
Additions (refer note 25)	0.66
Balance as at April 1, 2020	2.78
Transfer to property, plant and equipment	(2.78)
Balance as at March 31, 2021	-
Carrying amounts (net)	
Balance as at March 31, 2019	5.91
Balance as at March 31, 2020	5.25
Balance as at March 31, 2021	-



# Hardcastle Restaurants Private Limited

## Notes to the financial statements (Continued) as at March 31, 2021

(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, 2021	For year ended March 31, 2020
Rental income derived from investment properties	-	4.32
Less : Direct operating expenses (including repairs and maintenance)	-	1.58
Profit arising from investment properties before depreciation and indirect expenses	-	2.74
Less : Depreciation	-	0.66
Profit arising from investment properties before indirect expenses	-	2.08

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

Particulars	Valuation technique (See note below)	Fair value March 31, 2021	March 31, 2020
Building	Stamp duty reckoner rate	-	41.28

The above valuation of the investment property is 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, 2021

(Rs. in millions)

### 5 Investments

Non trade	Non-Current As at March 31, 2021	As at March 31, 2020	Current As at March 31, 2021	As at March 31, 2020
<b>Investments in mutual funds (quoted) (valued at FVTPL)</b>				
Nil (March 31, 2020: 5,000,000) units of HDFC FMP 1309D September 2016 (1) Series 37 Regular Plan Growth	-	-	-	79.58
Nil (March 31, 2020: 10,000,000) units of HDFC FMP 1188 D March-2017-Series 38- Regular Plan- Growth	-	-	-	126.11
1,985,474 (March 31, 2020: 400,502) units of HDFC Equity Savings Fund- Direct Plan- Growth Option	-	-	91.31	69.93
Nil (March 31, 2020: 100) units of IIFL Wealth Finance Ltd	-	126.74	-	-
10,000,000 (March 31, 2020: 10,000,000) units of HDFC Fixed Maturity Plan - Direct Plan - Growth	-	114.47	127.53	-
Nil (March 31, 2020: 140) units of India Infoline Finance Limited SR C-12	-	-	-	159.37
Nil (March 31, 2020: 100) units of Zero Coupon Aditya Birla Finance Limited G2 NCD	-	-	-	114.00
14,519 (March 31, 2020: 14,519) units of Axis Banking & PSU Debt- Growth	-	-	29.90	27.75
9,462,932 (March 31, 2020: 3,949,363) units of IDFC Banking & PSU Debt Regular- Growth	-	-	182.02	70.07
2,246,949 (March 31, 2020: 2,246,949) units of ICICI Prudential Banking and FSU Debt-Growth	-	52.04	56.13	-
Nil (March 31, 2020: 548,706) units of ICICI Prudential Bluechip-Growth	-	19.44	-	-
2,982,593 (March 31, 2020: Nil) units of Nippon India Floating Rate-Growth	-	-	103.37	-
5,449,467 (March 31, 2020: Nil) units of L&T Banking and PSU Debt-Growth	-	-	105.74	-
2,994 (March 31, 2020: Nil) units of HDFC Liquid-Growth	-	-	12.03	-
726,183 (March 31, 2020: Nil) units of ICICI Pru Liquid-Growth	-	-	220.06	-
1,161,204 (March 31, 2020: Nil) units of HDFC Medium Term Debt-Growth	-	-	50.34	-
18,748 (March 31, 2020: Nil) units of HDFC Money Market Direct-Growth	-	-	83.88	-
2,273,395 (March 31, 2020: Nil) units of L&T Triple Ace Bond-Growth	-	-	129.13	-
<b>Investments in bonds (quoted) (valued at FVTPL)</b>				
430 (March 31, 2020: Nil) units of IIFL Wealth Finance Ltd	51.12	-	-	-
148 (March 31, 2020: 148) units of 0.00% Embassy Office Parks	182.43	160.69	-	-
100 (March 31, 2020: 100) units of Axis Finance Ltd	117.94	105.78	-	-
128 (March 31, 2020: 128) units of Kotak Mahindra Investments Limited Series 024 NCD	121.78	110.86	-	-
137 (March 31, 2020: 137) units of 0.00% HDB Financial Services Ltd	-	161.79	175.50	-
500 (March 31, 2020: Nil) units of Liquid Gold Series 2	50.22	-	-	-
	523.49	851.81	1,366.94	646.81
Aggregate amount of quoted investments and market value thereof	523.49	851.81	1,366.94	646.81
Aggregate amount of impairment in value of investments	-	-	-	-



# Hardcastle Restaurants Private Limited

## Notes to the financial statements (Continued)

as at March 31, 2021

(Rs. in millions)

### 6 Loans

Particulars	Non-current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Security deposits to lessors*				
Unsecured, considered good	390.53	389.68	5.61	2.40
Credit impaired	7.00	7.00	-	-
Less: Impairment loss allowance	(7.00)	(7.00)	-	-
	390.53	389.68	5.61	2.40
Security deposits to others	47.44	46.52	-	-
Loan to others (refer note 46)	7.80	12.07	17.56	14.16
<b>Total</b>	<b>445.77</b>	<b>448.27</b>	<b>23.17</b>	<b>16.56</b>

\*Security deposits to lessors include Rs. 39.13 million (March 31, 2020: Rs. 37.00 million) deposit given to related party (refer note 32)

### 7 Other financial assets

Particulars	Non-current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
(Unsecured, considered good)				
Bank deposits with original maturity beyond 12 months	1.11	1.11	-	-
Leasehold improvements contributions receivable	-	-	24.30	23.58
Other receivables	-	41.81	12.81	39.42
<b>Total</b>	<b>1.11</b>	<b>42.92</b>	<b>37.11</b>	<b>63.00</b>

### 8 Other assets

Particulars	Non-current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
(Unsecured, considered good)				
Capital advances	21.18	69.13	-	-
Advances other than capital advances				
Prepaid expenses	7.82	28.15	133.36	66.55
Advance to employees	-	-	0.42	2.32
Advance to suppliers**	-	-	34.15	36.05
Balances with government authorities	199.58	160.67	-	-
	228.58	257.95	167.93	104.92

\*\*Advance to suppliers includes Rs. 8.51 million (March 31, 2020: Rs. 0.00 million) advance given to related party (refer note 32).





## Hardcastle Restaurants Private Limited

### Notes to the financial statements (Continued)

as at March 31, 2021

(Rs. in millions)

#### 9 Inventories

(Valued at lower of cost and net realisable value)

Particulars	Current	
	As at March 31, 2021	As at March 31, 2020
Raw materials		
Food items (includes goods in transit Rs. 0.09 million (March 31, 2020: Rs. 1.15 million))	241.58	175.95
Paper Products (includes goods in transit Rs. 0.02 million (March 31, 2020: Rs. 0.31 million))	85.42	90.76
Toys & Premiums	84.29	85.61
Stores, spares & consumables (includes goods in transit Rs. * (March 31, 2020: Rs. 0.26 million))	54.00	59.04
<b>Total</b>	<b>465.29</b>	<b>411.36</b>

\* Amount is less than 5,000

For inventories secured against borrowings, refer note 17

Note: Inventories written off due to obsolescence Rs. 2.01 million (March 31, 2020: Nil). Refer note 26

#### 10 Trade receivables

Particulars	Current	
	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good	87.88	47.26
Credit impaired	2.84	-
Impairment loss allowance	(2.84)	-
<b>Total</b>	<b>87.88</b>	<b>47.26</b>

For Trade receivables secured against borrowings, refer note 17

#### 11 Cash and bank balances

Particulars	Current	
	As at March 31, 2021	As at March 31, 2020
<b>Cash and cash equivalents</b>		
Balances with banks:		
– On current accounts	64.05	11.03
Cash on hand	31.04	15.25
	<b>95.09</b>	<b>26.28</b>
<b>Other bank balances</b>		
– Deposits with remaining maturity for less than 12 months**	1.36	1.32
<b>Total</b>	<b>96.45</b>	<b>27.60</b>

\*\* includes fixed deposits with lien in favour of statutory authorities Nil (March 31, 2020: Rs. 0.04 million).

#### 12 Income tax assets (net)

Particulars	As at March 31, 2021	As at March 31, 2020
Advance tax including tax deducted at source (net of provision for tax of Rs. 107.61 million (March 31, 2020: Rs. 103.32 million))	75.49	111.77
	<b>75.49</b>	<b>111.77</b>



# Hardcastle Restaurants Private Limited

## Notes to the financial statements (Continued)

as at March 31, 2021

(Rs. in millions)

### 13 Share capital

	As at March 31 2021	As at March 31 2020
<b>Authorised</b>		
1,765,000 (March 31, 2020 : 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>
<b>Issued, subscribed and fully paid-up</b>		
1,747,628 (March 31, 2020 : 1,747,628) equity Shares of Rs. 1,000 each fully paid up	1,747.63	1,747.63
	<u>1,747.63</u>	<u>1,747.63</u>

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

	March 31, 2021		March 31, 2020	
Equity shares of Rs. 1,000 each fully paid up	No. of shares	Amount	No. of shares	Amount
At the beginning of the year	1,747,628	1,747.63	1,747,628	1,747.63
Add : Issued during the year	-	-	-	-
Outstanding at the end of the year	<u>1,747,628</u>	<u>1,747.63</u>	<u>1,747,628</u>	<u>1,747.63</u>

#### ii) Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of Rs 1,000 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pay dividends in Indian rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

\* 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 earlier 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.

#### iii) Shares held by the holding company

	March 31, 2021		March 31, 2020	
Equity shares of Rs. 1,000 each fully paid up	No. of shares	Amount	No. of shares	Amount
Westlife Development Limited ( WDL)	1,747,627	1,747.63	1,747,627	1,747.63
<b>Total</b>	<u>1,747,627</u>	<u>1,747.63</u>	<u>1,747,627</u>	<u>1,747.63</u>

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

	March 31, 2021		March 31, 2020	
Equity shares of Rs 1,000 each fully paid up	No. of shares	% Holding	No. of shares	% Holding
Westlife Development Limited (Holding Company)	1,747,627	99.99%	1,747,627	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, 2021

(Rs. in millions)

### 14 Other financial liabilities

Particulars	Non-current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Security deposits	2.97	1.83	1.41	1.84
Liability for capital expenditure	-	-	173.07	314.22
Interest accrued	-	-	3.28	3.38
Employee related liabilities	-	-	365.95	342.40
Loan from landlord	-	-	5.34	8.00
<b>Total</b>	<b>2.97</b>	<b>1.83</b>	<b>549.05</b>	<b>669.84</b>

### 15 Provisions

Particulars	Non-current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits (refer note 31)	40.22	25.42	63.77	74.16
<b>Total</b>	<b>40.22</b>	<b>25.42</b>	<b>63.77</b>	<b>74.16</b>

### 16 Deferred tax assets / (liabilities) (net)

Deferred tax assets / (liabilities) are as follows :

Particulars	As at March 31, 2021	As at March 31, 2020
<i>Deferred tax assets</i>		
Employee benefits	46.79	53.57
Other expenses	28.56	40.06
ESOP amortisation at fair value	2.17	2.17
Lease arrangements	132.32	108.00
Net impact of fair valuation of security deposits	3.32	13.97
Excess of depreciation provided in the books over depreciation allowable under income tax laws	78.19	26.67
Accumulated losses	215.89	-
<i>Deferred tax liabilities</i>		
Investment carried out at fair value	(50.96)	(24.71)
Net impact of fair valuation of loan given	(6.14)	(6.14)
<b>Total</b>	<b>510.24</b>	<b>213.54</b>



## Hardcastle Restaurants Private Limited

### Notes to the financial statements (Continued)

as at March 31, 2021

(Rs. in millions)

#### 17 Borrowings

Particulars	Current	
	As at March 31, 2021	As at March 31, 2020
<b>At amortised cost</b>		
<b>Secured</b>		
Short-term loan from banks (refer note i, ii, iii and vi below)	1,542.01	1,190.00
<b>Unsecured</b>		
Short-term loan from bank (refer note iv below)	609.82	630.00
Bank overdrafts (refer note ii and v below)	-	17.17
<b>Total</b>	<b>2,151.83</b>	<b>1,837.17</b>

- i The Company had availed a total facility of Rs. 1,151 million (March 31, 2020: 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 and for balance pari-passu charge on movable fixed assets. Interest charged at 5.00% p.a.- 9.20% p.a. (March 31, 2020: 8.50% 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, 2021 the amount outstanding in respect of the said facility is Rs. 392.01 million (March 31, 2020: Rs. Nil).
- ii The Company has availed a revolving short term loan facility of Rs. 2,000 million (March 31, 2020: Rs. 2,000 million) from Australia and New Zealand Banking Group Limited (ANZ Bank) for the purpose of financing operating capital expenditure. Interest on short term loan facility is charged at 6% p.a. to 7.65% p.a. (March 31, 2020: 7% p.a. to 8.60% p.a.). The loan is repayable within 180 days from the date of any drawdown. Interest on overdraft facility is charged at 5.50% p.a. to 7.25% p.a. (March 31, 2020: 7.05% p.a. to 8.70% p.a.). As at March 31, 2021 the amount outstanding in respect of the said facility is Rs. 400 million (March 31, 2020: Rs. 1,190 million) and amount outstanding in respect of the overdraft facility was Rs. Nil (March 31, 2020: Rs. 9.23 million). To avail these short term loan and overdraft facility, the Company has created a first pari passu charge on the movable assets.
- iii The Company has availed a revolving short term loan facility of Rs. 600 million (March 31, 2020: Rs. 600 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 5.30% p.a. to 7.95% p.a. (March 31, 2020: 8.30% p.a. to 8.40% p.a.). The loan is repayable on demand. As at March 31, 2021 the amount outstanding in respect of the said facility is Rs. 350 million (March 31, 2020: Rs. Nil).
- iv The Company has availed a loan facility of Rs. 750 million (March 31, 2020: Rs. 750 million) with Kotak Mahindra Bank Ltd. which is mutually interchangeable into short term and overdraft facility. The short term loan facility was availed at an interest rate of 5.10% p.a. to 8.00% p.a. (March 31, 2020: 7.05% p.a. to 8.30% p.a.). This facility is for financing the working capital requirement and is repayable on demand. As at March 31, 2021 the amount outstanding in respect of the said facility is Rs. 609.82 million (March 31, 2020: Rs. 630 million).
- v The Company has also availed an overdraft facility with Kotak Mahindra Bank Ltd. at an interest rate of 8.00% p.a. - 8.10% p.a. (March 31, 2020: 9.00% p.a. to 9.55% p.a.). This overdraft facility is for financing the working capital requirement and is repayable on demand. As at March 31, 2021, the Company has utilised Rs Nil. (Previous Year Rs 7.94 million) under this facility.
- vi During the year, the Company has availed a short term loan facility of Rs. 500 million (March 31, 2020: Nil) with ICICI Bank Ltd. This facility includes an overdraft facility of Rs 100 million (March 31, 2020: Rs Nil). Interest is charged at 5.00% p.a. to 5.25% p.a. (March 31, 2020: Nil). To avail this short term loan and overdraft facility, the Company has created a first pari passu charge on all current assets and exclusive charge on debit/credit card receivables to the extent of Rs 0.10 billion. As at March 31, 2021, the amount outstanding in respect of the short term loan facility as at March 31, 2021 is Rs. 400 million (March 31, 2020: Rs. Nil).
- vii During the year, the Company has availed a combined working capital facility of Rs. 10 million (March 31, 2020: Nil) from IDFC First Bank Ltd. As at March 31, 2021 the amount outstanding in respect of the said facility is Nil (March 31, 2020: Nil).

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





# Hardcastle Restaurants Private Limited

## Notes to the financial statements (Continued)

as at March 31, 2021

(Rs. in millions)

### 18 Trade payables

Particulars	Current	
	As at March 31, 2021	As at March 31, 2020
Trade payables		
Total dues to micro enterprises and small enterprises (refer note 38)	64.66	13.93
Total outstanding dues other than to micro enterprises and small enterprises (refer note 32)	1,778.14	1,257.50
<b>Total</b>	<b>1,842.80</b>	<b>1,271.43</b>

### 19 Other liabilities

Particulars	Current	
	As at March 31, 2021	As at March 31, 2020
Statutory dues	85.19	92.86
Other payables (refer note 32)	204.30	112.34
<b>Total</b>	<b>289.49</b>	<b>205.20</b>



## Hardcastle Restaurants Private Limited

### Notes to the financial statements (Continued)

for the year ended March 31, 2021

(Rs. in millions)

#### 20 Revenue from operations

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Sales (refer note 20.1 below)	9,752.52	15,383.43
<b>Other operating revenue</b>		
a) Conducting fees	0.66	2.18
b) Franchising income	1.72	6.20
c) Scrap sales	15.46	23.39
d) Space rental & alliances income	2.86	13.88
e) Miscellaneous provisions written back	82.78	43.83
<b>Total</b>	<b>9,856.00</b>	<b>15,472.91</b>
<b>20.1 Details of sales</b>		
Food	7,176.83	10,279.65
Beverages, Desserts, Others	2,575.69	5,103.78
<b>Total</b>	<b>9,752.52</b>	<b>15,383.43</b>

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, 2021	For the year ended March 31, 2020
Contract price	9,752.52	15,383.43
Less : Trade discount, volume rebates etc.	-	-
	<b>9,752.52</b>	<b>15,383.43</b>

#### Impact of COVID-19

While the Company believes strongly that it has a rich portfolio of products and service offering to be made available to the customers through various channels, 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 have dine-out experience, customer can, place order through delivery platform
- 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, 2021	For the year ended March 31, 2020
Interest income at amortised cost		
- Bank deposits	0.04	0.21
- Interest on investment	1.20	-
- Others	52.60	28.19
Profit on sale of investments	82.62	8.81
Gain on investments carried at fair value through statement of profit and loss	74.57	89.47
Profit on sale of property, plant and equipment	1.81	-
Gain on lease modification, concession and termination (net)	230.19	-
Miscellaneous income	-	3.32
<b>Total</b>	<b>443.03</b>	<b>130.00</b>





# Hardcastle Restaurants Private Limited

## Notes to the financial statements (Continued) for the year ended March 31, 2021

(Rs. in millions)

### 22 Cost of materials consumed

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Inventory at the beginning of the year	458.43	381.52
Add: Purchases during the year	3,435.68	5,459.32
	3,894.11	5,840.84
Less: Inventory at end of the year	(411.29)	(458.43)
<b>Total</b>	<b>3,482.82</b>	<b>5,382.41</b>
<b>22.1 - Details of cost of materials consumed</b>		
Food	3,038.63	4,706.99
Paper	408.31	600.64
Toys & Premiums	35.88	74.78
<b>Total</b>	<b>3,482.82</b>	<b>5,382.41</b>

### 23 Employee benefits expense

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries, wages and bonus	1,516.69	1,813.96
Contribution to provident and other funds (refer note 31)	136.04	175.90
Employee stock compensation expense (refer note 39)	6.42	8.63
Gratuity (refer note 31)	23.59	18.71
Staff welfare expenses	99.15	174.81
<b>Total</b>	<b>1,781.89</b>	<b>2,192.01</b>

### 24 Finance cost

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest on		
- Borrowings at amortised cost	157.87	142.30
- Leases (refer note 43)	675.71	659.65
- Bank overdraft at amortised cost	6.04	3.86
- Others	0.61	-
Bank charges	5.01	2.39
<b>Total</b>	<b>845.24</b>	<b>808.20</b>

### 25 Depreciation and amortisation expense

Particulars #	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation on property, plant and equipment	799.79	801.46
Depreciation on ROU assets (refer note 43)	528.82	518.14
Depreciation on investment properties	-	0.66
Amortisation of intangible assets	67.81	63.34
<b>Total</b>	<b>1,396.42</b>	<b>1,383.60</b>

# Refer Note 4 and 43



## Hardcastle Restaurants Private Limited

### Notes to the financial statements (Continued)

for the year ended March 31, 2021

(Rs. in millions)

#### 26 Other expenses

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Electricity utilities	637.65	982.45
Gas utilities	95.39	157.02
Other utilities	40.47	61.62
Conducting charges	367.19	660.80
Logistics service charges	92.22	143.25
Marketing and promotions	447.94	744.60
Royalty fee	447.61	706.00
Maintenance & repairs - restaurant equipments	150.83	271.60
Maintenance & repairs - others	259.40	231.31
Operating supplies at stores	141.47	189.04
Travelling and conveyance	22.30	69.12
Legal and professional fees (refer note 26.1 below)	124.05	134.98
Rent	69.14	58.15
Bad debts and write offs	4.01	11.31
Inventories written off	2.01	-
Impairment loss allowance on trade receivables	2.84	-
Property, plant and equipment written off (refer note 45)	140.49	47.23
Training and development expenses	2.95	38.12
Communication costs	44.39	49.97
Rates & taxes	17.52	29.36
Insurance	15.97	14.11
Exchange differences (net)	0.10	1.14
Miscellaneous expenses	991.91	1,153.88
<b>Total</b>	<b>4,117.85</b>	<b>5,755.06</b>
<b>Note 26.1 :</b>		
<b>Payment to auditors</b>		
As auditor *		
Audit fees	4.94	6.18
<b>In other capacity</b>		
Certification matters	0.02	0.02
Reimbursement of expenses	0.30	0.13
<b>Total</b>	<b>5.27</b>	<b>6.40</b>



# Hardcastle Restaurants Private Limited

## Notes to the financial statements (Continued)

for the year ended March 31, 2021

(Rs. in millions)

### 27 Tax expense

#### A Amount recognised in statement of profit and loss

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(a) Current tax		
Current year	-	129.33
Prior years	4.29	-
(b) Deferred tax charge / (credit)		
Attributable to:		
Employee benefits	6.53	13.58
Other expenses	11.50	(30.71)
ESOP amortisation at fair value*	-	-
Lease arrangements	(84.92)	(108.00)
Net impact of fair valuation of security deposits	10.65	9.58
Excess of depreciation provided in the books over depreciation allowable under income tax laws	(51.52)	(47.71)
Accumulated losses and unabsorbed depreciation	(215.89)	-
Investment carried out at fair value	26.25	21.67
Net impact of fair valuation of loan given*	-	(1.96)
Net deferred tax credit	(297.40)	(143.55)
Total tax (credit)	(293.11)	(14.22)

\* Denotes amount less than Rs 5,000

#### B Amount recognised in other comprehensive income

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Income tax related to items recognised in Other Comprehensive Income during the year		
Re-measurements of defined benefit plan	(0.70)	3.37
Total income tax recognised in other comprehensive income	(0.70)	3.37

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

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(Loss) before tax	(1,283.33)	(84.68)
Applicable income tax rate (refer note below)	25.17%	25.17%
Expected income tax expense (a)	(323.01)	(21.31)
Effects of:		
Non-deductible expenses		
Minimum Bonus	11.49	-
Provision for write off	7.38	-
Others	0.14	1.09
Adjustment related to tax of prior years	1.10	-
Sub-total (b)	29.90	7.09
Total charge as per statement of profit and loss (a) + (b)	(293.11)	(14.22)

#### Note:

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





# Hardcastle Restaurants Private Limited

## Notes to the financial statements (Continued)

for the year ended March 31, 2021

(Rs. in millions)

### D Movement in temporary differences

Particulars	Balance as at April 01, 2020	Recognised in profit or loss during 2020-21	Recognised in OCI during 2020-21	Utilisation	Balance as at March 31, 2021
Employee benefits	53.52	(6.53)	(0.70)	-	46.29
Other expenses	40.06	(11.50)	-	-	28.56
ESOP amortisation at fair value	2.17	-	-	-	2.17
Lease arrangements	108.00	84.92	-	-	192.92
Net impact of fair valuation of security deposits	13.97	(10.65)	-	-	3.32
Excess of depreciation provided in the books over depreciation allowable under income tax laws	26.67	51.52	-	-	78.19
Accumulated losses and unabsorbed depreciation	-	215.89	-	-	215.89
Investment carried out at fair value	(24.71)	(26.25)	-	-	(50.96)
Net impact of fair valuation of loan given	(6.14)	-	-	-	(6.14)
<b>Total</b>	<b>213.54</b>	<b>297.40</b>	<b>(0.70)</b>	<b>-</b>	<b>510.24</b>

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	63.73	(13.58)	3.37	-	53.52
Other expenses	9.35	30.71	-	-	40.06
ESOP amortisation at fair value	2.17	-	-	-	2.17
Lease arrangements	-	108.00	-	-	108.00
Net impact of fair valuation of security deposits and loan given	15.45	(7.62)	-	-	7.83
Excess of depreciation provided in the books over depreciation allowable under income tax laws	(21.04)	47.71	-	-	26.67
Investment carried out at fair value	(3.04)	(21.67)	-	-	(24.71)
<b>Total</b>	<b>66.62</b>	<b>143.55</b>	<b>3.37</b>	<b>-</b>	<b>213.54</b>



# Hardcastle Restaurants Private Limited

## Notes to the financial statements (Continued)

for the year ended March 31, 2021

(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, 2021 were as follows:

Particulars	Amortised cost	Fair Value Through Profit or Loss	Total carrying value
<b>Assets:</b>			
Cash and cash equivalents	95.09	-	95.09
Bank balances other than above	1.36	-	1.36
Investments	-	1,890.43	1,890.43
Trade receivables	87.88	-	87.88
Loans	468.94	-	468.94
Other financial assets	38.22	-	38.22
<b>Total</b>	<b>691.49</b>	<b>1,890.43</b>	<b>2,581.92</b>
<b>Liabilities:</b>			
Borrowings	2,151.83	-	2,151.83
Lease Liabilities	7,528.11	-	7,528.11
Trade payables	1,842.80	-	1,842.80
Other financial liabilities	552.02	-	552.02
<b>Total</b>	<b>12,074.76</b>	<b>-</b>	<b>12,074.76</b>

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
<b>Assets:</b>			
Cash and cash equivalents	26.28	-	26.28
Bank balances other than above	1.32	-	1.32
Investments	-	1,498.62	1,498.62
Trade receivables	47.26	-	47.26
Loans	464.83	-	464.83
Other financial assets	105.92	-	105.92
<b>Total</b>	<b>645.61</b>	<b>1,498.62</b>	<b>2,144.23</b>
<b>Liabilities:</b>			
Borrowings	1,837.17	-	1,837.17
Lease Liabilities	7,822.10	-	7,822.10
Trade payables	1,271.43	-	1,271.43
Other financial liabilities	671.67	-	671.67
<b>Total</b>	<b>11,602.37</b>	<b>-</b>	<b>11,602.37</b>

Carrying amounts of cash and cash equivalents, other financial assets and trade payables as at March 31, 2021 and March 31, 2020 approximate the fair value. Fair value measurement of lease liabilities is not required.



**Notes to the financial statements (Continued)**  
for the year ended March 31, 2021

(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, 2021	Fair value measurement at end of the reporting year		
		Level 1	Level 2	Level 3
<b>Assets</b>				
Investments in mutual funds	1,191.44	1,191.44	-	-
Investments in bonds	698.99	698.99	-	-

Particulars	As at March 31, 2020	Fair value measurement at end of the reporting year		
		Level 1	Level 2	Level 3
<b>Assets</b>				
Investments in mutual funds	959.50	959.50	-	-
Investments in bonds	539.12	539.12	-	-

**Measurement of fair values**

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

**Financial instruments measured at fair value**

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

There have been no transfers between Level 1, Level 2 and Level 3 for the years ended March 31, 2021 and March 31, 2020.





# Hardcastle Restaurants Private Limited

## Notes to the financial statements (Continued)

for the year ended March 31, 2021

(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. 87.88 millions as at March 31, 2021 (March 31, 2020 - Rs. 47.26 millions). There are no significant amounts due by more than 180 days and not provided for. Management believes that these are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk.

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

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

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



# Hardcastle Restaurants Private Limited

## Notes to the financial statements (Continued)

for the year ended March 31, 2021

(Rs. in millions)

### 29 Financial risk management (Continued)

#### A Credit risk (Continued)

	Amount
As at March 31, 2021	506.05
As at March 31, 2020	569.64

(Refer note 6)

Loans, security deposits and other receivables:

Expected credit loss for loans, security deposits and other receivable

Particulars		Year Ended	Asset Company	Gross carrying amount	Expected probability of default	Expected credit losses	Carrying amount, net of impairment provision
Loss allowance measured at 12 month expected credit loss	Financial assets for which credit risk has not increased significantly since initial recognition	3/31/2021	Loans	25.36	0%	-	25.36
			Security Deposits	443.58	0%	-	443.58
			Leasehold improvements contributions	24.30	0%	-	24.30
			Other receivable	12.81	0%	-	12.81
Loss allowance measured at 12 month expected credit loss	Financial assets for which credit risk has not increased significantly since initial recognition	3/31/2020	Loans	26.23	0%	-	26.23
			Security Deposits	438.60	0%	-	438.60
			Leasehold improvements contributions	23.58	0%	-	23.58
			Other receivable	81.23	0%	-	81.23

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

	March 31, 2021	March 31, 2020
Balance as at April 1	-	-
Loss allowance	2.84	-
Balance as at March 31	2.84	-



# Hardcastle Restaurants Private Limited

## Notes to the financial statements (Continued)

for the year ended March 31, 2021

(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 2021	Carrying Amount	Less than 1 year	1 year - 2 years	2 years to 3 years	3 years and above	Total
Borrowings	2,151.83	2,151.83	-	-	-	2,151.83
Trade payables	1,842.80	1,842.80	-	-	-	1,842.80
Lease liabilities (refer note 43(iv))	7,528.11	779.39	790.66	819.28	13,065.75	15,455.08
Other financial liabilities	552.02	549.05	2.97	-	-	552.02
<b>Total</b>	<b>12,074.76</b>	<b>5,323.08</b>	<b>793.63</b>	<b>819.28</b>	<b>13,065.75</b>	<b>20,001.73</b>

As at 31 March 2020	Carrying Amount	Less than 1 years	1 year - 2 years	2 years to 3 years	3 years and above	Total
Borrowings	1,837.17	1,837.17	-	-	-	1,837.17
Trade payables	1,271.43	1,271.43	-	-	-	1,271.43
Lease liabilities (refer note 42 (iv))	7,822.10	811.04	799.84	814.43	13,936.92	16,362.23
Other financial liabilities	671.67	669.84	1.83	-	-	671.67
<b>Total</b>	<b>11,602.37</b>	<b>4,589.48</b>	<b>801.67</b>	<b>814.43</b>	<b>13,936.92</b>	<b>20,142.50</b>

#### C Market risk

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

- i) Currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to any currency risk is provided in the table below. The currencies in which the transactions are denominated is Indian Rupees.

Particulars	As at March 31, 2021	As at March 31, 2020
Advances recoverable in cash / kind Nil (March 31, 2020: 0.03 USD million @ Rs.75.38)	-	2.01





# Hardcastle Restaurants Private Limited

## Notes to the financial statements (Continued)

for the year ended March 31, 2021

(Rs. in millions)

### 29 Financial risk management (Continued)

#### C Market risk (Continued)

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

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

Particulars	Effect on loss before tax	
	Year ended March 31, 2021	Year ended March 31, 2020
Increase / decrease in 150 basis points	32.28	27.56

iii) Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company's investment in mutual funds and corporate bonds is exposed to pricing risk. Other financial instruments held by the company does not possess any risk associated with trading. An increase of 5 percent in Net Assets Value (NAV) of mutual funds and corporate bonds would decrease the loss before tax by approximately Rs 94.52 million (March 31, 2019 - Rs 74.93 million). A similar percentage decrease would have resulted equivalent opposite impact.

### 30 Capital management

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

The Company monitors capital using a ratio of 'net debt' to 'equity'. For this purpose, net debt is defined as total interest bearing loans and borrowings less cash and cash equivalents. Equity comprises all components of equity. The Company's debt to equity ratio as at March 31, 2021 and March 31, 2020 was as follows :

Particulars	As at	
	March 31, 2021	March 31, 2020
Total borrowings	2,151.83	1,837.17
Less : Cash and cash equivalents	95.09	26.28
Net debt	2,056.74	1,810.89
Equity	4,193.86	5,182.01
Debt to equity ratio	0.49	0.35

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, 2021

(Rs. in millions)

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

#### a) Defined contribution plan:

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

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Provident fund	108.14	136.41
Employees State Insurance Scheme (ESIC)	27.52	39.00
Labour welfare fund	0.38	0.49
<b>Total</b>	<b>136.04</b>	<b>175.90</b>

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

Assumptions	As at March 31, 2021	As at March 31, 2020
Expected rate of return on plan assets	5.18%	5.45%
Discount rate	5.18%	5.45%
Salary escalation	6.50%	6.50%
Attrition rate:		
Crew	30.00%	30.00%
Others	12.00%	12.00%
Average expected future service	3 years	3 years
Retirement age	58 years	58 years

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, 2021	As at March 31, 2020
Present value of projected benefit obligation at the beginning of the year	109.45	88.74
Interest cost	5.97	6.00
Current service cost	18.16	13.33
Past service cost	-	-
Benefits paid directly by employer	-	-
Benefits paid from fund	(14.88)	(10.39)
Actuarial (gains)/losses on obligations - due to change in demographic assumptions	-	-
Actuarial (gains)/losses on obligations - due to change in financial assumptions	1.57	7.21
Actuarial losses on obligations - due to experience	(5.49)	4.56
<b>Present value of projected benefit obligation at the end of the year</b>	<b>114.78</b>	<b>109.45</b>

#### (iii) Tables of fair value of plan assets:

Particulars	As at March 31, 2021	As at March 31, 2020
Fair value of plan assets at the beginning of the year	9.87	9.23
Interest income	0.54	0.62
Contributions by employer	16.41	12.00
Benefits paid	(14.88)	(10.38)
Expected return on plan assets, excluding interest income	(1.15)	(1.60)
<b>Fair value of plan assets at the end of the year</b>	<b>10.79</b>	<b>9.87</b>



# Hardcastle Restaurants Private Limited

## Notes to the financial statements (Continued)

for the year ended March 31, 2021

(Rs. in millions)

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

#### b) Defined benefit plan: (Continued)

##### (iv) Amount recognised in the balance sheet

Particulars	As at March 31, 2021	As at March 31, 2020
Present value of benefit obligation at the end of the year	(114.78)	(109.45)
Fair value of plan assets at the end of the year	10.79	9.87
Funded status (surplus/(deficit))	(103.99)	(99.58)
Net (liability) / asset disclosed in the balance sheet	(103.99)	(99.58)

##### (v) Net interest cost for the year

Particulars	As at March 31, 2021	As at March 31, 2020
Present value of projected benefit obligation at the beginning of the year	109.45	88.74
Fair value of plan assets at the beginning of the year	(9.87)	(9.24)
Net liability/ (assets) at the beginning of the year	99.58	79.50
Interest cost	5.97	6.00
Interest income	(0.54)	(0.62)
Net interest cost for current year	5.43	5.38

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

Particulars	2020-21	2019-20
Current service cost	18.16	13.33
Net interest cost	5.43	5.38
Past service cost	-	-
Expenses recognised in the statement of profit & loss	23.59	18.71

##### (vii) Expenses recognised in the other comprehensive income

Particulars	2020-21	2019-20
Actuarial (gain) / loss on obligation for the year	(3.92)	11.77
Return on plan assets, excluding interest income	1.15	1.60
Net (income)/expense for the year recognized in OCI	(2.77)	13.37

##### (viii) Balance Sheet reconciliation

Particulars	As at March 31, 2021	As at March 31, 2020
Opening net liability	99.58	79.50
Expenses recognized in statement of profit or loss	23.59	18.71
Expenses recognized in OCI	(2.77)	13.37
Benefits paid directly by employer	-	-
Employers contribution	(16.41)	(12.00)
Amount recognised in the balance sheet	103.99	99.58

##### (ix) Category of assets

Particulars	As at March 31, 2021	As at March 31, 2020
Insurer managed funds	10.79	9.87





# Hardcastle Restaurants Private Limited

## Notes to the financial statements (Continued)

for the year ended March 31, 2021

(Rs. in millions)

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

#### b) Defined benefit plan: (Continued)

##### (x) Other details

Particulars	As at March 31, 2021	As at March 31, 2020
Expected contribution in the next year	63.77	74.16
Weighted average duration of the projected benefit obligation	6 years	7 years

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

Particulars	As at March 31, 2021	As at March 31, 2020
Projected benefits payable in future years from the date of reporting		
1st following year	14.51	12.84
2nd following year	16.61	13.12
3rd following year	14.03	14.77
4th following year	14.67	12.34
5th following year	12.88	12.60
Sum of years 6 to 10	40.02	41.82
Sum of years 11 and above	45.53	49.02

##### (xii) Sensitivity analysis

Particulars	As at March 31, 2021	As at March 31, 2020
Projected benefit obligation on current assumptions	114.78	109.45
Delta effect of +1% change in the rate of discounting	(5.58)	(5.60)
Delta effect of -1% change in the rate of discounting	6.27	6.30
Delta effect of +1% change in the rate of salary increase	5.60	5.57
Delta effect of -1% change in the rate of salary increase	(5.15)	(5.11)
Delta effect of +1% change in the rate of employee turnover	(0.95)	0.88
Delta effect of -1% change in the rate of employee turnover	1.01	0.93

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.

##### (xiii) Risk exposure

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

###### a) Investment risk

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

###### b) Interest rate risk

A decrease in bond interest rate will increase the plan liability. However, this shall be partially off-set by increase in return as per debt investments.

###### c) Longevity risk

The present value of the defined plan liability is calculated by reference to the best estimate of the mortality of plan participants. An increase in the life expectancy will increase the plan's liability

###### d) Salary risk

Higher than expected increase in salary will increase the defined benefit obligation.



# Hardcastle Restaurants Private Limited

## Notes to the financial statements (Continued) for the year ended March 31, 2021

(Rs. in millions)

### 32 Related party disclosures

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

#### Related party and their relationships

##### (A) Related party where control exists

Holding Company

Westlife Development Limited

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

###### 1) Key Management Personnel

Mr. B.L. Jatia, Director

Mr. Sanjay Soni, Director (with effect from August 31, 2019)

Mrs. Namrata V. Athur, Director (with effect from February 09, 2021)

Mrs. Seena Arora Nambiar, Director (resigned with effect from September 30, 2020)

Mr. Suresh Lakshminarayanan, Chief Financial Officer (resigned with effect from March 31, 2020)

Mr. Pankaj Roongta, (Chief Financial Officer with effect from May 04, 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. E.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 Petroffer Private Limited

Ronald McDonald House Charities Foundation India (RMHC India)

Concept Highlard Business Private Limited

Vandeep Trade Links Private Limited

Subh Ashish Exm Private Limited

Horizon Impex Private Limited

Hardcastle and Vaud Manufacturing Company Ltd.



# Hardcastle Restaurants Private Limited

## Notes to the financial statements (Continued) for the year ended March 31, 2021

(Rs. in millions)

### 32 Related party disclosures(Continued)

#### Related party transactions

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

Particulars	Westlife Development Limited	Hardcastle and Waud Manufacturing Company Limited	Concept Highland Business Private Limited	Hardcastle Petrofer Private Limited	Vishwas Investment & Trading Company Private Limited	Vandeep Trade Links Private Limited	Subh Ashish Exim Pvt Ltd	Horizon Impex Pvt Ltd	Ronald McDonald House Charities Foundation India (RMHC India)
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21
Rent expense	-	0.01	0.05	3.07	4.40	-	-	-	-
Electricity Charges	-	-	-	1.55	2.54	-	-	-	-
Common Area Maintenance Charges	-	-	-	-	-	-	-	-	-
Water Charges	-	-	-	-	-	-	-	-	-
Purchase consideration of Property	-	-	-	110.00	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
Rent Income	-	-	-	-	-	-	0.75	-	-
Reimbursement of Employee Stock Option Compensation expenses paid	5.42	8.63	-	-	-	-	-	-	-
Outstanding balance included in loans and other assets	-	-	-	2.00	2.00	-	-	-	8.54
Outstanding balance included in other current liabilities	53.28	56.16	-	-	-	2.13	-	-	-
Outstanding balance included in trade payables	-	-	-	0.08	-	-	0.12	0.15	-

#### (b) Transactions with key management personnel

Particulars	Sanjay Soni	Seema Arora Nambiar	Namrata Mathur	Others #
	2020-21	2019-20	2020-21	2019-20
Remuneration*	3.38	12.35	3.13	12.36
	-	-	-	4.91
	-	-	-	17.33
	-	-	-	8.81

# includes remuneration of Chief Financial Officer and Company Secretary





# Hardcastle Restaurants Private Limited

## Notes to the financial statements (Continued)

for the year ended March 31, 2021

(Rs. in millions)

### 32 Related party disclosure(Continued)

#### Related party transactions (Continued)

##### (c) Transactions with relatives of key management personnel

Particulars	Amit Jatin		Smriti Jatin		B. L. Jatin		Akshay Jatin	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
Remuneration*	49.95	52.92	30.81	43.29	20.00	-	12.80	7.78

#### 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, 2021

(Rs. in millions)

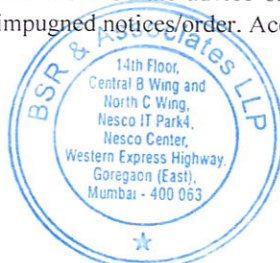
### 33 Contingent liabilities not provided for in the accounts:

Particulars	March 31, 2021	March 31, 2020
<b>Claims against the Company not acknowledged as debts</b>		
Sales tax/ VAT related matters (refer note i, ii, iii)	655.15	655.15
Goods and Services tax related matter (refer note v)	74.93	-
	<b>730.08</b>	<b>655.15</b>

- 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 by the Company and the Company had filed an appeal before Tribunal against the order of Appellate Deputy Commissioner. Based on the advice of external counsel, the Company believes it has good ground for the appeal to be decided in its favour. Accordingly, no provision is considered necessary in this matter.
- iii 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 Act, 2003. The Company accordingly preferred an appeal before the Joint Commissioner of Commercial Tax, Appeals-1 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, 2021

(Rs. in millions)

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

- iv The proposed Social Security Code, 2019, when promulgated, would subsume labour laws including Employees' Provident Funds and Miscellaneous Provisions Act and amend the definition of wages on which the organisation and its employees are to contribute towards Provident Fund. The Company believes that there will be no significant impact on its contributions to Provident Fund due to the proposed amendments. Additionally, there is uncertainty and ambiguity in interpreting and giving effect to the guidelines of Hon. Supreme Court vide its ruling in February 2019, in relation to the scope of compensation on which the organisation and its employees are to contribute towards Provident Fund. The Company will evaluate its position and act, as clarity emerges.
- v The Company had received notice for intimation of investigation under Rule 129 of the Central Goods and Services Tax Rules, 2017 from the Directorate General of Anti-Profitteering (DGAP). The subject-matter of the investigation was after the rate of GST on the services provided by the Company was reduced with effect from 15.11.2017, whether the Company passed on the benefit of such reduction to the recipients of services in terms of section 171 of Central Goods and Services Tax Act, 2017. The said investigation is for the period of 15th November 2017 to 31st January 2018. The Company had objected to the invocation of anti-profitteering provisions under the GST statute on both constitutional grounds and factual grounds, only some of which are listed below:

#### The constitutional grounds:

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





# Hardcastle Restaurants Private Limited

## Notes to the financial statements (Continued)

for the year ended March 31, 2021

(Rs. in millions)

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

#### The factual grounds:

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

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

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

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



# Hardcastle Restaurants Private Limited

## Notes to the financial statements (Continued)

for the year ended March 31, 2021

(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.
- iii) The Company has a process whereby periodically all long-term contracts are assessed for material foreseeable losses. At the yearend, the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iv) Regarding the amounts disclosed above, it is not practicable to disclose information on the possibility of any reimbursements as it is determinable only on the occurrence of uncertain future events.

### 34 Capital and other commitments

Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for is Rs. 157.53 million (March 31, 2020: 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, 2021

(Rs. in millions)

### 36 Un-hedged foreign currency exposure

Un-hedged foreign currency exposure as at Balance Sheet date

Particulars	As at March 31, 2021	As at March 31, 2020
Advances receivable in cash or kind	-	2.01 (0.03 USD million @ Rs. 75.38 )

### 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 2021 or 31 March 2020.

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

Particulars	March 31, 2021	March 31, 2020
Principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year:		
- Principal	64.66	13.93
- Interest	1.87	-
Amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprises Development Act, 2006 along with amounts of payment made to supplier beyond the appointed day during accounting year.	-	-
Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006.	-	-

\* Based on confirmation / information available with the Company

### 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, 2021, 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 WDL, 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	Graded vesting – 20% every year (granted upto 2013) Graded vesting – 25% every year (granted post 2013)
Exercise period	9 years





# Hardcastle Restaurants Private Limited

## Notes to the financial statements (Continued) for the year ended March 31, 2021

(Rs. in millions)

### 39 Employee Stock Option Scheme (Continued)

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

Vesting period	March 31, 2021		March 31, 2020	
	No of Options	Weighted average exercise price (Rs)	No of Options	Weighted average exercise price (Rs)
Outstanding at the beginning of the year	522,480	211.83	607,045	206.43
Granted during the year	65,000	345.57	-	-
Forfeited during the year	46,750	230.48	19,500	245.92
Exercised during the year	134,200	214.47	65,065	147.81
Expired during the year	-	-	-	-
Outstanding at the end of the year	406,530	230.43	522,480	211.83
Exercisable at the end of the year	299,530	204.38	378,105	200.79

For options exercised during the year, the weighted average share price at the exercise date was Rs. 402.87 per share (March 31, 2020: Rs 392.98 per share).

The weighted average remaining contractual life for the stock options outstanding as at March 31, 2021 is 3.86 years (March 31, 2020: 4.66 years). The range of exercise prices for options outstanding at the end of the year was Rs. 100 to Rs. 400 (March 31, 2020: 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, 2021	March 31, 2020
Total employee compensation cost pertaining to share option plans (including taxes)	6.42	8.63

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. 6.42 million (inclusive of taxes) (March 31, 2020 Rs. 8.63 million (inclusive of taxes)) from the Company towards compensation cost pertaining to the share based payment. The ESOP cost is included in Note 23 "Employee Benefits Expense".

d) The fair value 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, 2021	March 31, 2020
Weighted average fair value (Rs)	164.23	151.51
Dividend yield (%)	0%	0%
Expected volatility (%)	40.75%	54.49%
Risk free interest rate (%)	3.83%	0.10%
Weighted average share price (Rs)	346	238
Exercise Price (Rs)	346	238
Expected life of options, granted in years	5.64	5.76

e) Options granted but not eligible for exercise at end of the year is 107,000 (March 31, 2020: 144,375)



## Hardcastle Restaurants Private Limited

### Notes to the financial statements (Continued)

for the year ended March 31, 2021

(Rs. in millions)

#### 40 Earnings per share

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

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(Loss) for the year attributable to equity holders	(990.22)	(70.46)
Number of equity shares at the beginning of the year (refer note 13)	1,747,628	1,747,628
Add : Weighted average number of equity shares issued during	-	-
Number of equity shares considered for calculation of basic and diluted earning per share	1,747,628	1,747,628
Earnings per share (Rs.)		
- Basic and Diluted	(566.61)	(40.32)

Note: No dilutive shares outstanding as at balance sheet date

#### 41 Going Concern

For the year ended March 31, 2021 the Company has incurred a net loss of Rs. 990.22 million, however the Company has generated net cash from operating activities of Rs. 1,291.54 million. As on March 31, 2021 the Company had cash and cash equivalents of Rs. 95.09 million and investments of Rs. 1,890.43 million, however the borrowings of the Company was at Rs. 2,151.83 million. The Company has established an ongoing source of revenue through its various business models including delivery and take away to cover its operating costs and fund its working capital requirements. 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

The current financial year was a year of COVID-19 pandemic that brought economies, businesses and lives around the world to a standstill, and the Company was no exception. India witnessed high number of cases and strict restrictions during first half of the year with gradual release of restrictions in the second half of the year driven by drop in number of positive cases and increased awareness in people to take precautions. At the same time, starting January 2021, the Government launched its vaccination drive and gradually accelerated it across India which helped in positive consumer sentiment.

The Company witnessed softer revenues due to lockdown imposed during the first six months of the year during which period the restaurants were operated with limited capacity. With the unlocking of restrictions during the latter half of the year, all the Company's restaurants were re-opened and the Company's business had improved across western and southern regions of the country. The Company adopted adequate safety measures in re-opening of its restaurants, in compliance with the directives issued by the authorities for opening of and permitting dine-in in restaurants, in a phased manner. The Company's priorities have been to serve safe and hygienic food to its customers with focus on convenience and recovery of dine-in.

The Company believes that it is much better placed, both operationally and financially to navigate and handle the crisis resulting from the second wave of COVID-19 that started towards the end of the quarter ended 31 March 2021. Considering this unprecedented and ever evolving situation, the Company has considered the possible impact of COVID-19 pandemic in the preparation of these financial statements including the assessment of going concern and recoverability of assets. Given the uncertainties associated with the nature, condition and duration of COVID -19 pandemic, the impact assessment on the Company's financial statements will be continuously made and provided for as required.



# Hardcastle Restaurants Private Limited

## Notes to the financial statements (Continued)

for the year ended March 31, 2021

(Rs. in millions)

### 43 Disclosure on Ind-AS 116

#### Leases

#### Company as lessee

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

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

Category of ROU asset	Buildings	Leasehold Land	Total
As at 1st April, 2019	7,226.66	7.62	7,234.28
Additions	1,033.88	-	1,033.88
Termination	(28.38)	-	(28.38)
Depreciation expenses	(517.96)	(0.18)	(518.14)
As at March 31, 2020	7,714.20	7.44	7,721.64

Category of ROU asset	Buildings	Leasehold Land	Total
As at 1st April, 2020	7,714.20	7.44	7,721.64
Additions	260.70	-	260.70
Modification	(27.49)	-	(27.49)
Termination	(417.59)	-	(417.59)
Depreciation expenses	(528.65)	(0.17)	(528.82)
As at March 31, 2021	7,001.17	7.27	7,008.44

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

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

\*\* includes provision of lease rentals of Rs. 11.05 million.

Particulars	As at March 31, 2021
As at April 1, 2020#	7,924.70
Additions	246.15
Lease modification other than rent concession	(27.49)
Rent concession	(225.98)
Termination	(421.80)
Accretion of interest	675.71
Payments	(643.18)
As at March 31, 2021	7,528.11
Current	786.39
Non-current	6,741.72

# Inclusive of accrued lease liabilities of Rs 102.60 million classified in trade payables as at March 31, 2020.





# Hardcastle Restaurants Private Limited

## Notes to the financial statements (Continued)

for the year ended March 31, 2021

(Rs. in millions)

### 43 Disclosure on Ind-AS 116 (Continued)

#### Leases (Continued)

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

Particulars	March 31, 2021	March 31, 2020
Depreciation expense of right-of-use assets	528.82	518.14
Interest expense on lease liabilities	675.71	659.65
Expense relating to short-term leases	34.52	16.00
Expense relating to low value	9.78	22.51
Variable lease payments*	234.78	486.66
Gain on lease modification, concession and termination	240.37	-

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

iv) The undiscounted maturity analysis of lease liabilities at 31 March 2021 and 31 March 2020 is as follows:

Particulars	March 31, 2021	March 31, 2020
Less than one year	779.39	811.04
One to five years	3,312.87	3,330.88
More than five years	11,362.82	12,220.31
<b>Total</b>	<b>15,455.08</b>	<b>16,362.23</b>

#### Company as lessor

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

Rental income on stores given on sub lease to third parties was Rs. 2.86 million for the year ended March 31, 2021 (March 31, 2020 Rs.13.88 million)

#### Impact of COVID-19

In response to Covid-19, MCA issued interpretative guidance that provides an option for entities to make a policy election for lease concessions as a result of Covid-19. The amount recognized in profit or loss for the reporting period to reflect changes in lease payments that arise from rent concessions to which the lessee has applied the practical expedient is Rs. 225.98 million.

### 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 prevailing situation of COVID-19 and continuous lock down at the end of March 31, 2020, the Company expected reduce demand and lower footfalls. Accordingly, the Company had created a provision of Rs. 166.31 million for food inventory and related various commitment in previous year. During the current year company has written back Rs. 41.86 million as these provisions are no longer required.

45 In view of the economic situation emanating from the outbreak of COVID 19 pandemic, the Company has undertaken an exercise of reviewing its restaurant network with the objective of network optimization and has closed 19 restaurants during the year ended March 31,2021. Pursuant to such closure, the Company has made a provision of Rs. 115.23 million for the year ended March 31,2021 towards carrying value of property plant and equipment located at the closed restaurants.



# Hardcastle Restaurants Private Limited

## Notes to the financial statements (Continued) for the year ended March 31, 2021

(Rs. in millions)

### 46 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, 2021	March 31, 2020
Sangdatta Lodge, interest free, due on August 20, 2021	11.41	19.28

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

- 47 The Company has evaluated subsequent events from the balance sheet date through May 13, 2021, the date at which the financial statements were available to be issued, and determined that there are no items to report.
- 48 The disclosures regarding details of specified bank notes held and transacted during the 8 November 2016 to 30 December 2016 has not been made in these Standalone Financial Statements since the requirement does not pertain to the financial year ended 31 March 2021.

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

Shabbir Readymadewala  
Partner  
Membership No: 100060

Mumbai  
13 May 2021

For and on behalf of the Board of Directors of  
Hardcastle Restaurant Private Limited  
CIN: U55101MH1995PTC091422

Banwari Lal Jatia  
Director  
DIN: 00016823

Namrata Mathur  
Director  
DIN: 0009059288

Pankaj Roongta  
Chief Financial Officer

Mumbai  
May 13, 2021

Dr. Shatadru Sengupta  
Company Secretary  
Membership No: A28006

