

**Independent Auditor’s Report on the Consolidated Annual Financial Results of Speciality Restaurants Limited Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended**

**To  
The Board of Directors of  
Speciality Restaurants Limited**

**Opinion**

We have audited the accompanying consolidated annual financial results of **Speciality Restaurants Limited** (hereinafter referred to as “the Holding Company”) and its subsidiaries, (the Holding Company and its Subsidiaries together referred to as “ the Group”) and its share of losses in the joint ventures for year ended 31 March, 2021 (“Statement”), attached herewith, being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the “Listing Regulations”).

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of other auditor on separate audited financial information of the subsidiary, the Statement:

- i. includes the results of the following entities:
  - a. Speciality Hospitality UK Limited (Subsidiary-UK)
  - b. Caterland Hospitality Limited (Joint venture of subsidiary-UK)
  - c. Speciality Hospitality US Inc (Subsidiary-US).
  - d. Foodland Ventures LLC (Joint venture of subsidiary-US).
  - e. Mainland China Restaurant and Indigrill Restaurant LLC (Joint venture of the Holding Company).
- ii. is presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
- iii. gives a true and fair view in conformity with the applicable accounting standards and other accounting principles generally accepted in India, of the consolidated net loss and total comprehensive loss for the year ended 31 March 2021 and other financial information of the Group.



## **Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013, as amended (“the Act”). Our responsibilities under those Standards are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Results” section of our report. We are independent of the Group and its joint ventures 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 consolidated 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 obtained by us is sufficient and appropriate to provide a basis for our opinion.

## **Emphasis of matter**

We draw attention to Note 4 to financial results, which describes the possible effect of uncertainties relating to COVID-19 pandemic on the Group’s financial performance and impact on the carrying value of its assets as at 31 March 2021 as assessed by the management. The consequential impact may be different from that estimated as at the date of approval of these financial statements and the Group will continue to closely monitor any material changes based on future economic conditions as a result of the COVID-19 pandemic.

Our opinion is not modified in respect of the above matters.

## **Management’s Responsibilities for the Consolidated Financial Results**

The Statement has been prepared on the basis of the consolidated annual financial statements. The Holding Company’s Board of Directors are responsible for the preparation and presentation of the Statement that gives a true and fair view of the net loss and other comprehensive loss of the Group and other financial information of the Group in accordance with the applicable accounting standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. The respective Board of Directors of the Companies included in the group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Statement, the Management and the respective Board of Directors of the Companies included in Group and of its joint ventures are responsible for assessing the ability of the Group and of its joint ventures 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 Group and its joint ventures or to cease operation or

has no realistic alternative but to do so.

The respective Board of Directors of Companies included in Group and of its joint ventures are also responsible for overseeing the financial reporting process of Group and its joint ventures.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Results**

Our objectives are to obtain reasonable assurance about whether the Statement as a whole is 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 the Statement.

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 Statement, 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 Group 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 made by the Board of Directors.
- Conclude on the appropriateness of the 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 Group 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 results 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 group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represents the underlying transactions and events in a manner that achieves fair presentation.



# Singhi & Co.

## Chartered Accountants

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- Obtain sufficient appropriate audit evidence regarding the Financial Results / Information of the entities within the Group and its joint ventures to express an opinion on the Annual Consolidated Financial Results. We are responsible for the direction, supervision and performance of the audit of financial information of the Holding Company included in the Consolidated Financial Results of which we are the independent auditor. The financial information of other entities, included in the Consolidated Financial Results has not been audited and these unaudited financial results/ statements have been approved and furnished by the management. We remain solely responsible for our audit opinion.

Materiality is the magnitude of the misstatement in the statement that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the statement may be influenced. We consider quantitative materiality and qualitative factors in; (i) planning the scope of our audit work and evaluating the results of our work; and (ii) to evaluate the effects of any identified misstatements in the statement.

We communicate with those charged with governance of Holding Company and 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.

We also performed procedures in accordance with the Circular issued by the SEBI under Regulation 33 (8) of the Listing Regulations, as amended, to the extent applicable.

### Other Matter

1. The Statement includes the results for the quarter ended March 31, 2021 being the balancing figure between the audited figures in respect of the full financial year ended March 31, 2021 and the published unaudited year-to-date figures up to the third quarter of the current financial year, which were subjected to a limited review by us, as required under the Listing Regulations.
2. The Statement includes the unaudited financial results of two subsidiaries which have not been reviewed / audited whose financial statements / financial results / financial information reflect Group's share of total assets of Rs. 995 lakhs as at March 31, 2021 and total revenues of Nil and Nil for the quarter and year ended March 31, 2021, respectively, total comprehensive profit (comprising of profit and other comprehensive income) of Rs 14 lakhs and Rs 13 lakhs for the quarter and year ended March 31, 2021, respectively and net cash outflow of Rs 10 lakhs for the year ended March 31, 2021, before giving effect to the consolidation adjustments, as considered in the Statement. The Statement also includes the Group's share of net loss after tax of Rs. 3 lakhs and Rs. 14 lakhs and total comprehensive loss of Rs. 3 lakhs and Rs. 14 lakhs for the quarter and year ended March 31, 2021 respectively, in respect of 3 joint venture companies of the Company / wholly owned

KOLKATTA (HO)

NEW DELHI

CHENNAI

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subsidiaries located outside India, based on its interim financial result / financial information which have not been reviewed / audited. These financial information are unaudited and have been approved and furnished to us by the Management and our opinion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and joint venture is based solely on such unaudited financial information. These financial information are not material to the Group.

Our opinion on the Statement is not modified in respect of the above matters.

**For Singhi & Co.**  
Chartered Accountants  
Firm Reg. No. 302049E



A handwritten signature in blue ink, appearing to read "Milind Agal".

**Milind Agal**  
Partner  
Membership No. 123314

Place: Mumbai  
Date: 23 June, 2021

UDIN: 21123314AAAAAF9970

**SPECIALITY RESTAURANTS LIMITED**

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 CIN: L55101WB1999PLC090672. Tel No. (91 33) 2283 7964/65/66. Fax No. (91 33) 2280 9282  
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**Statement of Consolidated Audited Financial Results for the quarter and year ended 31st March 2021**

Sr. No.	Particulars	Quarter Ended			Year Ended	
		31.03.2021	31.12.2020	31.03.2020	31.03.2021	31.03.2020
		(Audited) Note 9	(Unaudited)	(Audited) Note 9	(Audited)	(Audited)
						₹ In Lakhs (Except per share data)
1	Revenue from operations	6,542	5,681	7,541	15,014	35,779
2	Other Income	975	267	333	1,680	1,044
3	<b>Total Revenue</b>	<b>7,517</b>	<b>5,948</b>	<b>7,874</b>	<b>16,694</b>	<b>36,823</b>
4	<b>Expenses</b>					
	(a) Cost of food and beverages consumed	1,964	1,736	2,463	4,520	11,348
	(b) Employee benefits expense	1,295	1,036	1,710	3,383	8,202
	(c) Finance costs	403	424	520	1,650	2,115
	(d) Depreciation/amortisation/impairment	800	818	1,179	3,224	5,749
	(e) Lease rent	341	697	571	1,981	1,206
	(f) Other expenses	1,851	1,602	2,395	5,275	9,342
	<b>Total Expenses</b>	<b>6,654</b>	<b>6,313</b>	<b>8,838</b>	<b>20,033</b>	<b>37,962</b>
5	Profit/(Loss) before exceptional Items & tax (3 - 4)	863	(365)	(964)	(3,339)	(1,139)
6	Exceptional Gain/(Loss) (Refer Note no. 5)	-	-	(2,738)	436	(2,738)
7	Profit/(Loss) before Share of Joint Venture & tax (5 - 6)	863	(365)	(3,702)	(2,903)	(3,877)
8	Share of Profit/(Loss) in Joint venture Company	(3)	(4)	(9)	(14)	(13)
9	Profit/(Loss) before tax (7 - 8)	860	(369)	(3,711)	(2,917)	(3,890)
10	<b>Tax expense</b>					
	a) Current tax	-	-	-	-	-
	b) Deferred tax	-	-	-	-	-
	c) (Excess)/Short provision for tax relating to prior years	17	-	-	17	(90)
		17	-	-	17	(90)
11	Profit/(Loss) after tax for the period (9 - 10)	843	(369)	(3,711)	(2,934)	(3,800)
12	<b>Other comprehensive income (OCI) (Net of tax)</b>					
	Items that will not be reclassified to profit or loss	70	(19)	(31)	26	(69)
	Items that will be reclassified to profit or loss	(3)	52	5	60	27
13	<b>Total comprehensive income for the period (11 - 12)</b>	<b>910</b>	<b>(336)</b>	<b>(3,737)</b>	<b>(2,848)</b>	<b>(3,842)</b>
14	Paid-up equity share capital (Face value of ₹ 10/- per share)	4,696	4,696	4,696	4,696	4,696
15	Other Equity	-	-	-	8,837	11,685
16	<b>Earnings per equity share (of ₹ 10/- each) (not annualised for quarters)</b>					
	(a) Basic	1.80	(0.79)	(7.90)	(6.25)	(8.09)
	(b) Diluted	1.80	(0.79)	(7.90)	(6.25)	(8.09)
	See accompanying notes to the financial results					

  




**Notes:**

- 1 The above financial results have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on 23rd June, 2021.
- 2 The Group is engaged in the food business, which in the context of Ind AS 108 on Operating Segment, constitutes a single reportable business segment.
- 3 The Group's financial performance for the quarter and year ended has been impacted by Covid 19 related developments. Given the unprecedented circumstances, the results for the quarter and year ended are not comparable with that of the corresponding quarter and year ended of the previous year.
- 4 The operations recommenced as permitted by local regulations and as on date most of our restaurants and confectionery stores are operational. Selectively at the local level, various restrictions continue to apply and consequently impact operating performance. Nevertheless, the trajectory of revenues have continued to improve month on month post reopening.

The Group has considered the possible effects that may result from the COVID-19 pandemic on the carrying value of assets. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of the pandemic, the Group has used external and internal information to assess the expected future performance of the Group. The Group has performed sensitivity analysis on the assumptions and based on the current estimates, the Group Company that the carrying value of the assets as at 31st March, 2021 is fully recoverable. The consequential impact may be different from that estimated as at the date of approval of these financial statements and the Group will continue to closely monitor any material changes based on future economic conditions as a result of the COVID-19 pandemic.

Consequent to Covid-19 pandemic, the company has been in discussion with most of the Landlords for its restaurant and confectionery properties for waiver/discounts on rent and common area maintenance expenses during the lockdown period and also for the period thereafter. The Group has received various concession/rebates from the Landlords with few of them still under discussion, the company following a prudent accounting practice has/will recognize these concessions/rebates in accordance with the applicable accounting standard.

- 5 During the year ended 31st March, 2021 some units which were terminated as on 31st March, 2020 recommenced operations post re-negotiation of rentals with the property owners, hence the impairment gain has been shown as exceptional item. In the previous year ended 31st March, 2020 the Group had decided to close certain restaurants due to financial unviability because of Covid -19 pandemic. Due to this the Group had carried out Impairment Testing as per Ind AS 36 of the assets as at 31st March, 2020 and had recognized impairment loss under the head Exceptional item. Right of Use Asset and Lease Liability recognized as per Ind AS 116 had been reversed for units closed and the balance is recognized as an Exceptional gain. Relevant details are as under:

Particulars	₹ in Lakhs	
	31 March,2021	31 March,2020
i) Impairment of Property, Plant and Equipment	436	(2,545)
ii) Impairment of Right of Use Asset	-	(1,645)
iii) Gain on lease modification/ termination	-	1,452
<b>Total</b>	<b>436</b>	<b>(2,738)</b>

- 6 Other income for the quarter and year ended 31st March, 2021 includes net effect of de-recognition of related right of use assets and lease liabilities for closed units amounting to Rs. 712 lakhs and Rs. 803 lakhs respectively.
- 7 Trading operations in the Joint Venture Companies of the Wholly Owned Subsidiaries is yet to commence operations as on 31st March, 2021.
- 8 The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Group will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.
- 9 The results of the quarter ended 31st March 2021 and 31st March 2020 are the balancing figure between audited results in respect of full financial year and published year to date results up to third quarter of relevant financial year.
- 10 Previous period / year figures have been regrouped, wherever necessary.

For and on behalf of the Board

For Speciality Restaurants Limited



Anjan Chatterjee  
Chairman & Managing Director  
(DIN : 00200443)

Place: Mumbai  
Date: 23rd June, 2021

Speciality Restaurants Limited  
Statement of Consolidated Cash Flows for the Year Ended 31st March 2021

₹ In Lakhs

Particulars	Notes	For the year ended 31 March, 2021	For the year ended 31 March, 2020
<b>Cash flow from Operating Activities</b>			
Loss before tax		(2,917)	(3,890)
<b>Adjustments for:</b>			
Depreciation, amortisation and impairment - property plant and equipment		1,304	1,906
Depreciation right of use asset		1,920	5,295
Exceptional item		(436)	2,738
Loss/(Gain) on sale of Property, plant and equipment (net)		74	(2)
Gain On Disposal Of Right Of Use Asset		(803)	(1,514)
Profit on sale of investments (net)		(57)	(599)
Gain on fair value of investments (net)		(260)	178
Finance costs		1,650	2,115
Interest income from banks/others		(13)	(72)
Interest on income tax refund		(16)	(15)
Unwinding effect of security deposits		(233)	(365)
Sundry balances written off		103	175
Sundry balances written back		(145)	(168)
Effect of exchange rates on translation		60	-
Share in loss of associate		14	13
Provision for doubtful debts and advances		166	19
Payable on account of gratuity (net)		147	87
<b>Operating Profit before working capital changes</b>		<b>558</b>	<b>5,900</b>
<b>Adjustments for (increase)/decrease in operating assets:</b>			
Inventories		157	(69)
Trade receivables		(253)	289
Other current financial assets		220	(22)
Other non-current financial assets		240	(1,556)
Current loans		1,084	(1,695)
Non-current loans		(255)	1,133
Other current assets		(176)	358
Other non-current assets		(31)	(12)
<b>Adjustments for increase/(decrease) in operating liabilities:</b>			
Trade payables		46	(766)
Other current liabilities		(134)	31
Other non-current financial liabilities		26	(47)
Other current financial liabilities		96	2,457
Non - current provision		-	69
<b>Cash generated from operations</b>		<b>1,579</b>	<b>6,070</b>
Net income tax (paid)/refund		541	(83)
<b>A. Net cash generated from operating activities (A)</b>		<b>2,120</b>	<b>5,987</b>
<b>B. Cash flow from Investing Activities</b>			
Capital expenditure on property, plant and equipment		(396)	(1,913)
Proceeds from sale of property, plant and equipment		55	28
Investment in subsidiary company		(148)	(759)
Proceeds/ (Investment) in corporate bond		501	(7)
Investment in mutual funds		(1,962)	(6,254)
Proceeds from sale of mutual fund		1,466	7,355
Interest received		13	72
<b>B. Net cash used in Investing Activities (B)</b>		<b>(471)</b>	<b>(1,478)</b>
<b>C. Cash flow from Financing Activities</b>			
Repayment of long-term borrowings		-	-
Payment of Lease liability		(1,092)	(5,441)
<b>C. Net cash used in Financing Activities (C)</b>		<b>(1,092)</b>	<b>(5,441)</b>
<b>Net increase in cash and cash equivalents (A+B+C) = (D)</b>		<b>557</b>	<b>(932)</b>
<b>Cash and cash equivalents at the beginning of the year (E)</b>		<b>167</b>	<b>1,099</b>
<b>Cash and cash equivalents at the end of the year (D) +(E)</b>		<b>724</b>	<b>167</b>

  
