

Independent Auditor's Report on the Standalone 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 standalone annual financial results of **Speciality Restaurants Limited** (the "Company") for the year ended 31 March 2023 ("Statement"), attached herewith, being submitted by the 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, the Statement:

- (i) is presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
- (ii) gives a true and fair view in conformity with the recognition and measurement principles laid down in the applicable accounting standards prescribed under Section 133 of the Companies Act, 2013 (the "Act") and other accounting principles generally accepted in India, of the net profit and total comprehensive income and other financial information of the Company for the year ended 31 March 2023.

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") and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Standalone Financial Results" 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 obtained by us is sufficient and appropriate to provide a basis for our opinion on the Statement.

Emphasis of matter

Attention is invited to:

1. Note 3 (a) of the standalone financial results, which describes the reversal of provision for impairment (net off depreciation/amortization) of an amount of Rs 839 lakhs on account of reassessment of impairment test towards the right of use assets and property, plant and equipment and improved profitability situation, which was recognised earlier.
2. Note 9 to the standalone financial results, which describes the recognition of deferred tax asset of Rs 3,339 Lakhs.

Our opinion is not modified in respect of the above matters



Management's Responsibilities for the Standalone Financial Results

The Statement has been prepared on the basis of the standalone annual financial statements. The Board of Directors of the Company are responsible for the preparation and presentation of the Statement that gives a true and fair view of the net profit and other comprehensive income of the Company and other financial information of the Company in accordance with the recognition and measurement principles laid down in the Indian 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. 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 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 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 are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone 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 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 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 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 standalone 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 Company 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.

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 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.

Other Matters

The Statement includes the results for the quarter ended 31 March, 2023 and the corresponding quarter ended in the previous year as reported in the Statement are the balancing figure between the audited figures in respect of the full financial year ended on 31 March 2023/ 31 March 2022 and the published unaudited year-to-date figures up to the third quarter of the current and previous financial year respectively, which were subjected to a limited review by us, as required under the Listing Regulations.

Our opinion is not modified in respect of above matter.

For Singhi & Co.
Chartered Accountants
Firm's Registration No.: 302049E



Milind Agal
Partner

Membership No.123314
UDIN:23123314BGWIID5758

Place: Mumbai
Date : 29 May 2023



SPECIALITY RESTAURANTS LIMITED

Registered Office: Uniworth House 3A Gurusaday Road, Kolkata - 700019

CIN: L55101WB1999PLC090672. Tel No. (91 33) 2283 7964

Email: corporate@speciality.co.in

Website: www.speciality.co.in

Statement of Standalone Audited Financial Results for the quarter and year ended 31st March 2023

Sr. No.	Particulars	Quarter Ended			Year Ended	
		31.03.2023 (Audited) Note 10	31.12.2022 (Unaudited)	31.03.2022 (Audited) Note 10	31.03.2023 (Audited)	31.03.2022 (Audited)
1	Revenue from operations	8,751	10,371	7,178	37,497	25,293
2	Other Income (Refer Note no. 4)	1,011	186	754	2,374	1,362
3	Total Revenue	9,762	10,557	7,932	39,871	26,655
4	Expenses					
	(a) Cost of food and beverages consumed	2,771	3,115	2,172	11,399	7,551
	(b) Employee benefits expense	1,871	1,917	1,430	7,319	4,640
	(c) Finance costs	352	355	362	1,391	1,454
	(d) Depreciation/amortisation/impairment	881	840	734	3,172	2,735
	(e) Lease rent	270	415	327	1,401	1,417
	(f) Other expenses	2,468	2,447	2,411	9,725	7,440
	Total Expenses	8,613	9,089	7,436	34,407	25,237
5	Profit before exceptional items & tax (3 - 4)	1,149	1,468	496	5,464	1,418
6	Exceptional items (Refer Note no. 3)	839	-	(66)	759	(66)
7	Profit before tax (5 + 6)	1,988	1,468	430	6,223	1,352
8	Tax expense					
	a) Current tax	(163)	(27)	-	6	-
	b) Deferred tax (Refer Note no. 9)	(3,341)	-	-	(3,341)	-
		(3,504)	(27)	-	(3,335)	-
9	Profit after tax for the period (7 - 8)	5,492	1,495	430	9,558	1,352
10	Other comprehensive Income (OCI)					
	Items that will not be reclassified to profit or loss	1	(7)	30	9	122
	Income tax (expense)/benefit on remeasurement of defined benefit plans (Refer Note no. 9)	(2)	-	-	(2)	-
11	Total comprehensive income for the period (9 + 10)	5,491	1,488	460	9,565	1,474
12	Paid-up equity share capital (Face value of ₹ 10/- per share)	4,696	4,696	4,696	4,696	4,696
13	Other Equity	-	-	-	23,542	10,478
14	Earnings per equity share (of ₹ 10/- each)*					
	(a) Basic	11.69	3.18	0.92	20.35	2.88
	(b) Diluted	11.63	3.18	0.92	20.24	2.88

See accompanying notes to the financial results
*not annualised for quarters



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 29th May, 2023. The results for the year ended 31st March, 2023, were audited by the statutory auditors of the Company.
The above results has been prepared in accordance with the Indian Accounting Standards notified under Section 133 of the Companies Act 2013, as amended, read with relevant rules thereunder and in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) 2015, as amended.
- 2 The Company is engaged in the food business, which in the context of Ind AS 108 on Operating Segment, constitutes a single reportable business segment.
- 3 Exceptional item:
 - a) During the quarter and year ended March, 2023 includes reversal of impairment charge (net off depreciation/amortisation) taken on account of Covid - 19 pandemic, as the uncertainties with regards to Cash Flow's of operating units no longer exists.
 - i) Right of use asset amounting to Rs. 545 Lakhs
 - ii) Property, plant and equipment amounting to Rs. 294 Lakhs
 - b) During the year ended March, 2023 includes Impairment of investment in subsidiary Company amounting to Rs. 80 Lakhs (previous year amounting Rs. 66 Lakhs in year ended March, 2022).
- 4 Other income for the year ended 31st March, 2023:
 - a) Includes an amount of Rs. 767.60 Lakhs received during quarter ended June, 2022 from the Goods and Service Tax Department towards refund of reversal of Cenvat credit under rule 6(3) of Cenvat Credit Rules , 2004 pertaining to the period April, 2016 to June, 2017.
 - b) Includes gain on sale of property developed under Joint Development Agreement amounting to Rs. 664.44 Lakhs during the quarter ended March, 2023.
- 5 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 Company 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.
- 6 The Board of Directors ("the Board") of the Company at its meeting held on 20th October, 2022 has inter alia, subject to requisite approvals/consents, considered and approved the scheme of Demerger of Asset by and between Speciality Restaurants Limited (the "Transferee Company" or "Company") and the wholly owned subsidiary namely Speciality Hotels Private Limited ("Transferor Company") under section 230 to 232 of the Companies Act, 2013 ("Scheme"). Appointed date for demerger is 01-10-2022 and the asset has been classified as "Assets held for Sale".
- 7 On 2nd February, 2023 the Company had allotted 60,00,000 warrants convertible into Equity Shares, each convertible into one equity share of face value of Rs.10/- each, on preferential basis, at an issue price of Rs. 212.05 each amounting to Rs. 127.23 crores.

Application money of Rs. 53.02 per warrant equivalent to 25% of the issue price as warrant subscription money, amounting to Rs. 31.81 crores was received by the Company and the balance 75% of the issue price of Rs. 159.03 per warrant, amounting to Rs. 95.42 crores was to be received from the warrant holders on or before 30th April, 2023 which was extended to 31st October, 2023 by the Board of Directors in the meeting held on 29th April, 2023.

However, on or before to the Board Meeting on 29th April, 2023 after the year end, an amount of Rs.9.54 crores as balance 75% of Warrant Exercise Price for 6,00,000 warrants was received for conversion and 6,00,000 shares are allotted by the Company on 29th April, 2023. The balance amount of Rs. 85.88 crores with respect to 54,00,000 warrants shall be payable by the warrant holders on or before 31st October, 2023 after receipt of a written notice from the company.

The Board of Directors of the Company in its meeting on 29th May, 2023 recommended a dividend of Rs. 2.50 per equity share (at the rate of 25% on face value of Rs. 10 per share) of the Company for the year ended 31st March, 2023 which will be paid subject to the approvals of the shareholders in the annual general meeting of the Company, to those shareholders whose names appear in the register of members as on the date of the book closure in proportion to the paid up value of the equity shares and if approved and would result in a net cash outflow of Rs. 1,188.94 Lakhs.
- 8
- 9 During the year, the Company has earned taxable profits and pursuant to which it was able to recoup its unabsorbed losses / depreciation. Hence, now the Company is recognising net deferred tax assets of Rs. 3,339 Lakhs on all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference will be utilized.
- 10 The results of the quarter ended 31st March, 2023 and 31st March, 2022 are the balancing figure between audited results in respect of full financial year and published year to date results upto third quarter of relevant financial year.
- 11 Previous periods figures have been regrouped/ reclassified wherever necessary.



For and on behalf of the Board

For Speciality Restaurants Limited


Indranil Chatterjee
Deputy Managing Director
(DIN : 00200577)

Place: Mumbai
Date: 29th May, 2023



Particulars	Standalone		Consolidated	
	As at 31 March, 2023	As at 31 March, 2022	As at 31 March, 2023	As at 31 March, 2022
	Audited	Audited	Audited	Audited
ASSETS				
Non-current assets				
a. Property, plant and equipment	5,361	4,403	5,361	4,403
b. Right of use asset	10,101	9,104	10,101	9,104
c. Capital work-in-progress	2,751	2,825	2,751	2,825
d. Other intangible assets	86	114	86	114
e. Goodwill on consolidation	-	-	3	-
f. Financial assets				
i. Investments	1,168	1,165	550	530
ii. Loans	158	154	158	154
iii. Other financial assets	2,373	2,256	2,373	2,256
g. Income tax assets (net)	467	135	467	135
h. Deferred Tax Assets (Net)	3,339	-	3,335	-
i. Other non-current assets	1,208	1,484	1,208	1,484
Total non-current assets	27,012	21,640	26,393	21,005
Current assets				
a. Inventories	684	524	684	524
b. Financial assets				
i. Investments	16,456	9,759	16,456	9,759
ii. Trade receivables	651	480	651	480
iii. Cash and cash equivalents	497	113	643	180
iv. Bank balances other than (iii) above	8	8	8	8
v. Loans	60	67	60	67
vi. Other financial assets	826	527	826	608
c. Other current assets	1,562	922	1,577	937
Total current assets	20,744	12,400	20,905	12,563
Assets classified as held for sale	53	85	53	85
	53	85	53	85
Total Assets	47,809	34,125	47,351	33,653
EQUITY AND LIABILITIES				
Equity				
a. Equity share capital	4,696	4,696	4,696	4,696
b. Other equity	23,542	10,478	22,965	9,768
Total equity	28,238	15,174	27,661	14,464
Liabilities				
Non-Current Liabilities				
a. Financial Liabilities				
i. Lease liabilities	11,272	11,432	11,272	11,432
ii. Other financial liabilities	-	227	-	227
b. Provisions	373	323	373	323
Total non-current liabilities	11,645	11,982	11,645	11,982
Current liabilities				
a. Financial liabilities				
i. Lease liabilities	2,914	2,444	2,914	2,444
ii. Trade payables				
- total outstanding dues of micro enterprises and small enterprises	5	68	5	67
- total outstanding dues of creditors other than micro enterprises and small enterprises	3,195	2,882	3,197	2,925
iii. Other financial liabilities	1,332	957	1,332	1,036
b. Other current liabilities	480	286	597	403
Total current liabilities	7,926	6,637	8,045	6,875
Liabilities directly associated with assets held for sale	-	332	-	332
	-	332	-	332
Total Liabilities	19,571	18,951	19,690	19,189
	19,571	18,951	19,690	19,189
Total Equity and Liabilities	47,809	34,125	47,351	33,653
	47,809	34,125	47,351	33,653



For and on behalf of the Board

For Speciality Restaurants Limited A

Indranil Chatterjee
Deputy Managing Director
(DIN : 00200577)

Date: 29th May, 2023



Speciality Restaurants Limited
Statement of Standalone Cash Flows for the year ended 31st March 2023

₹ In Lakhs

Particulars	Notes	For the year ended 31 March, 2023	For the year ended 31 March, 2022
Cash flow from Operating Activities			
Profit / (Loss) before tax		6,223	1,352
Adjustments for:			
Depreciation, amortisation and impairment - property, plant and equipment		1,015	1,100
Depreciation and Impairment - right of use asset		2,157	1,634
Exceptional item		(759)	66
Gain on sale of property, plant and equipment (net)		(669)	42
Gain on lease modification / termination		(15)	(211)
Profit on sale of investments (net)		(59)	(214)
(Gain)/loss on fair value of investments (net)		(502)	(174)
Finance costs		1,391	1,455
Impairment charge on property, plant, equipment		65	110
Interest income from banks/others		-	(2)
Interest on income tax refund		(4)	(46)
Dividend on current investments		(20)	(6)
Unwinding effect of security deposits		(266)	(279)
Sundry balances written off		43	281
Sundry balances written back		(22)	(392)
Provision for doubtful debts and advances		(36)	(40)
Payable on account of gratuity (net)		101	138
Deferred Rent amortisation		245	-
Operating Profit before working capital changes		8,888	4,814
Adjustments for (increase)/decrease in operating assets:			
Inventories		(159)	57
Trade receivables		(177)	(124)
Other current financial assets		(299)	509
Other non-current financial assets		(2)	310
Current loans		7	(67)
Non-current loans		(3)	67
Other current assets		(671)	(342)
Other non-current assets		253	19
Adjustments for increase/(decrease) in operating liabilities:			
Trade payables		274	88
Other current liabilities		194	(157)
Other non-current financial liabilities		(227)	17
Other current financial liabilities		358	343
Non - current provision		(42)	(302)
Cash generated from operations		8,394	5,232
Net income tax (paid)/refund		(334)	85
A. Net cash generated from operating activities (A)		8,060	5,317
B. Cash flow from Investing Activities			
Capital expenditure on property, plant and equipment		(1,002)	(253)
Proceeds from sale of property, plant and equipment		26	34
Investment in subsidiary company		(83)	(205)
Proceeds/ (Investment) in current investment other than mutual fund		-	(2,124)
Investment in mutual fund		(6,405)	(3,143)
Proceeds from sale of mutual fund		270	2,350
Interest received		-	2
Dividend received		20	6
B. Net cash used in Investing Activities (B)		(7,174)	(3,333)
C. Cash flow from Financing Activities			
Payment of Lease liability		(4,001)	(2,582)
Share Warrants issued		3,499	-
C. Net cash used in Financing Activities (C)		(502)	(2,582)
Net increase in cash and cash equivalents (A+B+C) = (D)		384	(598)
Cash and cash equivalents at the beginning of the year (E)		113	711
Cash and cash equivalents at the end of the year (D)+(E)		497	113

