

# ANNUAL REPORT 2011-12



Serving the global indian gourmet



SPECIALITY  
RESTAURANTS LTD.

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## Our mission

2011-12



To consistently provide world class cuisine and experience at an affordable price.

To create a dining experience whose uniqueness lies in its elegance and refinement which is brought alive by caring and personalized service in a warm and vibrant environment.

## Chairman's message

There is probably no restaurant chain in India that has blazed such an astonishing trail of innovation and growth as Speciality Restaurants. From its humble beginnings as Only Fish, a parlour in Mumbai's Dadar area, specializing in fish entrées, to one of India's best known and best-loved fine dining chains, Speciality Restaurants history is a record of its ability to build compelling gourmet brands and turn them into household names over time. Speciality Restaurants IPO in

May 2012, was oversubscribed 2.54 times during adverse economic situations, attests to investors' perception about the company's solidity, strengths and vision.



By the end of June, 2012, after 20 years of steady and remarkable growth, Speciality Restaurants' portfolio stood at 55 owned and operated restaurants, 19 franchisees and 12 confectionary outlets spread across 22 cities in India and one city in Bangladesh. Speciality Restaurants' flagship brand is Mainland China, with 42 outlets serving Chinese cuisine in a fine dining setting. Our other high profile core brand, Oh! Calcutta, encompasses seven restaurants across India and one in Bangladesh, and is built around the exquisite cooking of West Bengal, including Bengali, Nawabi, British and Continental cuisines. The other fast-growing restaurant chains are Sigree, Flame & Grill, Haka, Just Biryani, Kibbeh, Kix, Machaan, Shack, as well as the popular confectionary brand, Sweet Bengal.

### *Introducing the Global Indian Gourmet*

In parallel with Speciality Restaurants' trend-setting growth in India, the Indian gourmet has evolved in pace with India's emergence as a global economic powerhouse and its open embrace and assimilation of a global culture. This has raised the bar, changed customer expectations of high quality and service and also created new sensibilities about cuisines, what constitutes genuine innovation, and what is acceptable on the plate as truly gourmet in a fine dining setting. A significant part of Speciality Restaurants' success has been its ability to anticipate this trend and stay one step ahead of the global Indian customer.

The company's motto, Atithi Devo Bhava (the Customer is God), has given it a single-minded focus and rationale, and re-envision its administrative and service structure to guarantee the same

world-class standards whether it be in a major Indian metropolis like Mumbai, a state capital like Hyderabad or an economic hub like Nashik. Every Speciality restaurant serves quality food, backed by cutting edge food preparation technology and storage and cold chain facilities. The freshest of ingredients are sourced from a carefully vetted, select pool of suppliers to ensure full flavors, freshness, nutrition and taste. This meticulous attention to the quality of what reaches the customer on the plate has been acknowledged again and again in the innumerable awards won by the company.

From time to time, the company engages a third party auditor to anonymously inspect the restaurants' premises and make recommendations for improvements. Food samples from each restaurant and confectionary are routinely sent to third party laboratories for microbiological testing to ensure exacting hygiene standards.

Personal touch and attentiveness by every staff member of our restaurants ensures a brand loyalty amongst our customers and in turn leads to addition of new visitors.

### *Institutionalizing global standards*

Speciality Restaurants enjoyed steady growth in sales during 2012 despite an economic climate that was overall unfavorable. Part of this may be attributed to higher same-restaurant sales growth and the launch of rapidly growing new restaurants. But even more than these, Speciality Restaurants success is a testimonial to a vast and surging base of loyal return customers who attest to the high global standards of quality, hygiene, customer care and good taste that the company has now institutionalized in every one of its outlets. Speciality Restaurants today is perhaps one of the pioneers in the forefront of bringing global cuisine and service standards to the Indian gourmet.

The journey is just beginning. By 2015, Speciality Restaurants intends to expand to over 45 new restaurants. Such scaling up is unprecedented in India, especially in hand-made cuisines where there is a limit to mechanization and where the chef is still king. The challenges to such growth are well known. In today's environment, competition comes not only from local restaurants from the unorganized sector but also from diverse cuisines. Other key challenges include obtaining regulatory permissions in a climate marked by food price fluctuations, high cost of real estate and lack of skilled manpower.

Two decades of experience have taught Speciality Restaurants how to tailor menus to suit the tastes of guests in diverse cultural and geographical settings, who come rightfully expecting variety, value and freshness to match their culinary preferences. The art of Speciality Restaurants has been in knowing when to curb adaptation in order to preserve the unique essence of the cuisine, be it Chinese, Grill or Bengali.

The reason why I believe Speciality Restaurants faces a bright future is that in the future as in its past, the company's focus and strength will remain in beating and besting the very same



benchmarks it has introduced to the industry. Nothing is more important than delighting the gourmet global customer in India, a vast base that has now expanded to include our shareholders and the international Indian in India.

I take this opportunity to thank each and every one of our stakeholders who have placed their faith in us and look forward to making our future one filled with — Speciality.

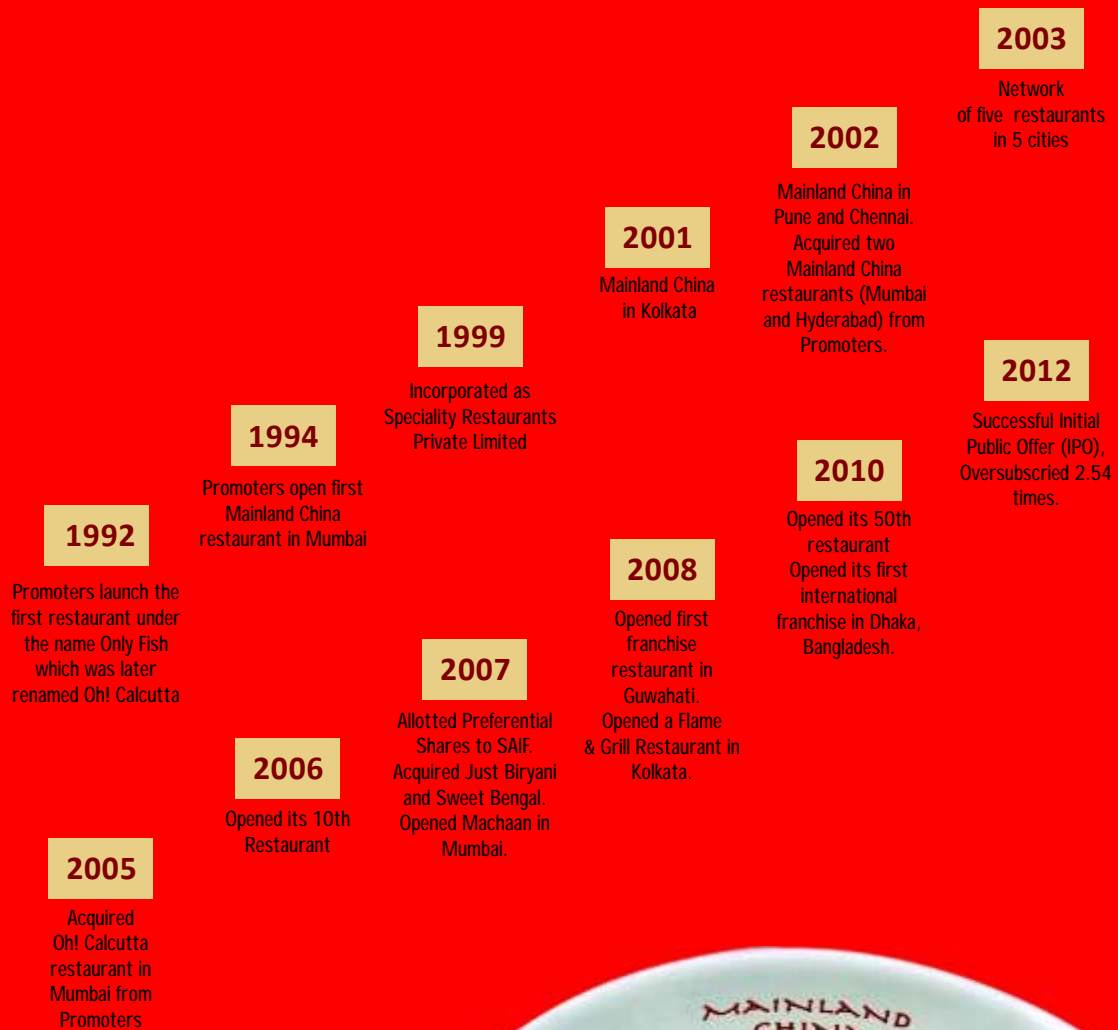


Susim Mukul Datta  
Chairman





## Milestones



## From the Managing Director's desk

### The Legacy of Atithi Devo Bhava

The Indian spirit and heritage of Atithi Devo Bhava is translated into the food, service and warm hospitality that Speciality Restaurants provides to each and every customer who visits us at over 83 of the company-owned and franchised restaurants and confectionaries every day.



### Dear fellow shareholders

As we have entered FY 2013 buoyed by the momentum created by success of our Initial Public Offering earlier this year, I thank every applicant and subsequent investor who has reposed faith in our Business Model and shares our drive for delivering excellence.

During FY 2012, the restaurant industry was faced with difficult macroeconomic conditions, flagging consumer confidence and high unemployment rates. Although navigation through this uncertain environment was challenging, Speciality Restaurants ("SRL") has continued to execute multi-dimensional strategies designed to drive better value for shareholders, positively impact the operational results and further improve the overall dining experience of every guest.

### ***Beyond numbers***

The Indian restaurant industry is growing at the rate of 5 to 10 percent per annum, and the size of the fine dining segment in India is estimated to be between Rs 7,000 and Rs 8,500 crores. The growing urban class with higher disposable incomes strengthens the prospects of our industry.

In this environment, SRL recorded revenues of Rs. 1,989 million, reflecting growth of 13%. Notably, SRL have increased the number of restaurants and confectionaries to 83 during the year. EBITDA



stood at Rs. 402 million, an increase of 1.27%. Profit after tax was Rs. 172 million, reflecting an increase of 7.61%.

However, these numbers must be seen in light of the fact that we follow stringent accounting norms and the fact that whereas SRL recognize the costs for setting up a new restaurant as soon as we launch it, it takes around four months to launch and another six months to break even thereafter. This leads to a predictable revenue lag effect.

### *Reaching for the global Indian gourmet*

Our brands stand resolute in their desire to drive guest satisfaction, team member engagement, and positive sales and traffic in the upcoming fiscal year and beyond. We believe in the strength of Mainland China, a heavyweight brand in the fine dining Chinese cuisine segment. It pleases me to inform you that FY 2012 also witnessed Oh! Calcutta and Sigree recording fair growth.

In the period from the successful launch of the IPO, upto August 15, 2012 we have launched four Mainland China outlets and one Machaan outlet; three of these are franchisees. Seven more outlets are in the works in different locations in India.

### *Expanding the Indian gourmet experience*

In a step towards further expanding our brand portfolio, we plan to launch our first pilot all-day bar and dining restaurant serving Italian/Mediterranean cuisine in Pune, christened Mizuna.

This restaurant is targeted at an audience in the age group of 19-35 using innovative marketing strategies. We also expect to see higher margins here as 35-40% of the revenue will come from liquor sales.

To ensure smooth execution, we have on board, consultant from UK and recruitments from top Indian hotels. Consistency across brands, in terms of taste, service, décor and the overall experience across locations, whether company-owned or franchised, is one of our key differentiators.



With our increasing brand portfolio, ensuring consistent quality, service and delivery standards in all brands becomes a key area of focus. We place considerable emphasis on procuring high-quality raw materials and equipment, enabling us to provide high quality gourmet products to our guests. We centrally control the supplier selection process to promote consistent quality and timely delivery of raw materials to our restaurants. Our restaurant managers are empowered and authorized to oversee regular restaurant maintenance and maintaining brand standards.

### *Institutionalizing high quality across brands*

At the restaurant level, our staff at all levels maintain and enhance service. At the corporate level, we actively manage our service standards with our strong emphasis on guest reviews and feedback. The company's core values are instilled in all recruited staff through rigorous training at the company's training centre in Kolkata. A newly opened restaurant will generally be manned by staff from existing restaurants to ensure the transfer of our core values from the beginning of operations.

We also place high emphasis on staff welfare including offering our staff regular training and skill enhancement, free meals, housing facilities, transportation to and from work and annual bonuses. In addition, we decided not to implement staff redundancy measures during the recent economic downturn, which we believe has resulted into an increase in our staff retention rates.

To promote guest loyalty, we launched our loyalty programme, Speciality Preferred, in 2008, which had over 97,000 members as of March 31, 2012. Our guest relations team regularly tracks restaurant patronage by our Speciality Preferred members.

### *Securing our strategies*

The main contributor to the brand affinity of our Core Brands has been word of mouth referrals by our guests. Based on the experience in our restaurants, our quality gourmet dishes at affordable prices, the contemporary sophistication of our restaurants and the personal and attentive service of our staff, first-time guests easily convert to repeat visitors, often introducing their friends and relatives to the fine dining experience.

Another core growth strategy includes increasing covers that is the number of rotations of people on our tables. For this, we intend including a snack menu and keeping our restaurants open through the day, especially in Malls. We have successfully offered periodic promotional offers during time slots where footfalls were on a decline and it has worked well for us. Our operational results are monitored using specific operational and financial Key Performance Indicators at restaurant, brand and senior management levels. We use these to check that our restaurants are operating efficiently and minimizing wastage.

Concurrently, we will focus on innovative and emerging trends in the industry like the 'takeaway market' which is one of the fastest growing in the restaurant business segment. Ready to eat and one meal packages will be integrated with our existing business model.

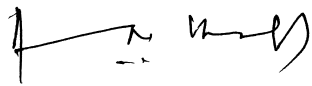
We believe that there is a high correlation between the quality of restaurant management and the long-term success of a brand. Our process-oriented delivery model increases the institutionalization of our standards, enabling us to have consistency across brands, which promotes guest satisfaction.

Our roll out plan as promised at the time of the IPO is well on track. As on June 30, 2012, we had 55 Company owned and operated restaurants, 19 franchisee and 12 confectionary outlets spread across 22 cities in India and one city in Bangladesh.

In a crowded and rapidly growing marketplace, the industry is often affected by changing consumer tastes, economic conditions, population and traffic patterns. Our long standing track record and an able management should enable us to overcome these challenges. Our priority remains increasing profitability and growth over time across our brands and outlets. We have designed both operational and financial strategies to achieve this goal and in our opinion, improve shareholder value.

We remain confident about the long-term prospects of the industry as well as our ability to perform effectively in not just a competitive marketplace, but also across a variety of economic environments.

In this special journey, we look forward to your continued support and blessings.



Anjan Chatterjee  
Managing Director



## Geographies where we serve the Indian gourmet





## Financial highlights and brands

### Net Revenue

**1989.40**  
(Rs. in Million)

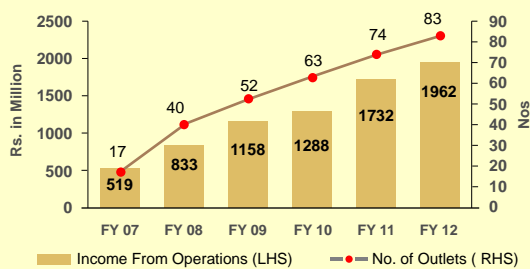
### EBITDA

**402.08**  
(Rs. in Million)

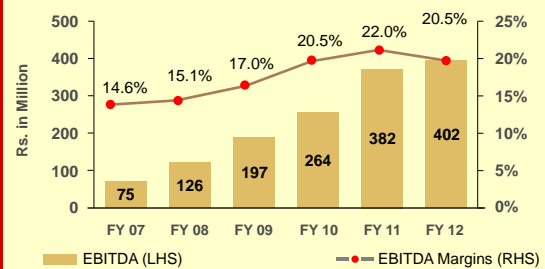
### Profit for the year

**172.43**  
(Rs. in Million)

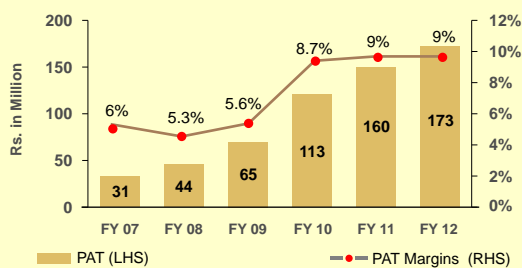
#### Income From Operations and Outlets



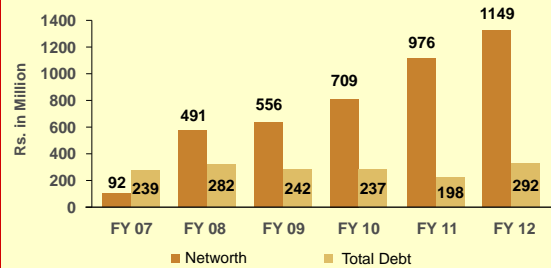
#### EBITDA and EBITDA Margins



#### PAT and PAT Margins



#### Net worth and Total Debt



No. of restaurants as of March 2012.

EBITDA : Earnings before interest, tax, depreciation and amortisation





## MAINLAND CHINA



### Mainland China

This flagship brand of Speciality Restaurants has grown from 1 restaurant in 1994 to 42 in 2012, across 22 cities in India and one in Bangladesh. The menu features authentic Chinese cuisine embracing the principle of “harmony in contrast,” which stems from the Chinese concept of yin and yang. Food is served in a relaxing ambience created using earth tones, minimalist décor and soft lighting.

## Oh! Calcutta



### Oh! Calcutta

Launched in 1992 as Only Fish, it was rebranded as Oh! Calcutta and has eight branches today. The menu features the cuisines of West Bengal comprising colonial, Nawabi, Continental and traditional Bengali including old family recipes in Kolkata. The ambience resembles a British colonial club in Kolkata, with nostalgic black and white pictures of films, books and artwork from that period.

## sigree



### Sigree

Five restaurants operate under this brand in Pune, Chennai, Kolkata, Hyderabad and Mumbai. The restaurant serves Northwest Indian cuisine with emphasis on fresh, delicate flavours. Seasonal ingredients, herbed and spiced lightly and blended over the slow fire bring back many authentic Indian recipes. The ambience exudes warmth in ochre red, wood and bronze.

## MACHAAN



### Machaan

After its launch in Mumbai, Machaan now serves Mumbai, Kolkata, Guwahati, Nashik and Surat, with two company owned and operated restaurants and three franchisees .

Popular Indian dishes are cooked traditionally to retain wholesomeness in delicately cooked vegetables and meats, seasoned with local herbs and spices. The ambience at Machaan has tropical themes with jungle motifs that draw children and families.

## Flame & grill



### Flame & Grill

After eliciting a successful response in Kolkata, the company has launched seven Flame & Grill outlets in Kolkata, Hyderabad, Nashik, Ludhiana, Aurangabad and Bengaluru, five of them company owned and operated and two franchisees.

Flame & Grill offers an array of kebabs seasoned with our special spices as starters as well as in fixed buffets. The ambience at each Flame & Grill is modern and vibrant with grills on each table.

HAKA



### Haka

Positioned as an ideal place for guests on the go or for a family outing combined with other leisure activities such as shopping or the cinema, there are three Haka restaurants, two in Kolkata and one in Bhubneshwar.

The Haka menu features modern Chinese cuisine with small dishes including dim sum and other snacks typically found in modern Chinese casual diners in Hong Kong and Shanghai city streets.

The contemporary ambience of each Haka restaurant is created by red walls and modern impressionist artwork. The design and construction emphasizes efficiency and functionality in layout.

### Sweet Bengal



### Sweet Bengal

The Sweet Bengal outlets feature Bengali sweets and snacks prepared in the confectionary by chefs recruited from West Bengal. Sweet Bengal also supplies sweets to certain of our restaurants in Mumbai.



### Our other brands include:

KIX

**Kix:** Launched Kix in 2007 as a bar with a dance floor and music, targeted at the young professional segment of the Indian population.

JUST BIRYANI

**Just Biryani:** Acquired Just Biryani from indranil Chatterjee, one of our Directors, in 2007. It serves flavored Indian rice preparations and is a take-away and delivery format restaurant.

SHACK

**Shack:** Launched Shack in 2009 as a bar lounge with a beach theme targeted at the young Indian professional segment.

kibbeh

**KIBBEH:** Launched KIBBEH in May 2010 as a Lebanese bar and lounge targeted at the young Indian professional segment.



## Key success drivers

In a freewheeling recent in-house interview, our COO, Indraneil Palit, shared his vision and future growth strategy for the company. Hereunder are a few key excerpts therefrom.

### In this competitive landscape, what is the USP of Speciality Restaurants?

Speciality Restaurants Ltd. (SRL) is the only multi brand fine dining restaurant chain which has been operating in India for the past 18 years. No other restaurant chain has such a long history and the invaluable experience. SRL has expanded its operations to 22 cities across the country and that has provided the knowledge of diversity. The core team of SRL is led by experienced professionals who have built the Company from day one. Values and visions are therefore well entrenched in each and every leaders in the frontend as well as backend. The Company has developed time tested processes and systems to control every aspect of business to provide stability during high growth. SRL has large employee base which provides for the necessary bench strength during high growth without compromising the quality.

### Kindly elaborate on your business model.

### How do you propose to strengthen the same?

Our key revenue source is sales of food items and the key revenue drivers encompass number of rollouts, covers and pricing. We review the performance of each restaurant on a monthly basis using a variety of Key Performance Indicators including, guests served per day, Average per Cover, raw material costs, staff costs and electricity costs. We also review the sales performance of each restaurant against the budgeted sales on a daily basis. We take corrective action, such as additional local marketing activities, if the results differ from the budgeted figures. We compare and analyse operational indicators of our restaurants so as to share best practices among our restaurants and enhance the results of low performing units.

We track the gross profits made at each restaurant on a monthly basis to monitor the performance of each restaurant. Standards and processes are reviewed regularly at the corporate level.

### The Restaurant business requires immense expertise and precision in the area of operations. How do you manage this?

We follow standardized operations, as Menu offerings for each brand and related restaurant concept are made from standardised recipes, making use of common ingredients. Further, common point-of-sale and back-office restaurant management IT systems are in place across each of our company owned and operated restaurants.

All restaurant personnel, including restaurant managers, waiting personnel and chefs, participate in training programmes directed at maintaining consistent service standards. However, we do not allow our standardisation to compromise our quality, which is key to the growth of our business. Central support extends to most aspects of payroll, training, property management and supplier liaison, and gives restaurant managers more time to focus on guest service. Our internal server allows us to monitor daily revenues from our company owned and operated restaurants.

## Can you throw some light on maintenance of Quality and Service standards?

Each and every process including cooking as well as service are controlled by experienced professionals who monitor quality and train the staff on a day-to-day basis for development which is tactical and strategic.

The backend operations by way of ERP, Central Purchase, Central and Regional Maintenance Dept have been established which is the backbone of the frontend operations.

The complexity of vendor management, liasioning, payroll, HR etc. are developed support functions which keeps the operational managers at ease so that they can concentrate on delivery of food and services.

We have intranet which ensures real-time feedback to control all aspects of business on a daily basis which includes revenue as well as guest satisfaction.

## Your Restaurant staff is the face of the organization to your customers.

### What efforts are made to maintain high service standards?

Our Restaurant staff is a critical link for us as they are in direct interaction with the customers. Being in the service industry, it is our team members at all levels within the organization who create memorable experiences for our guests, day-in and day-out. We seek to recognise staff members who show potential early and to train and promote staff within the organisation. Any restaurant staff member who demonstrates impressive performance results has opportunities to progress over time from a junior level staff member to a chef or restaurant manager, or senior position.

We believe in developing in-house talent organic growth, having promoted a number of our staff who joined our Company as trainees to chefs or management ranks based on their performance which we believe is a motivating factor towards continued staff engagement. We focus a great deal on improving our workforce and achieving very high motivational levels for our staff through training and skill upgradation.

Our staff benefits also include free meals, housing facilities, organisation of staff transportation and bonuses during festivals. In addition, we decided not to implement staff redundancy measures during the recent economic downturn which we believe has led to an increase in our staff retention rates and higher motivational levels. Our efforts are geared towards aligning the goals of our staff with our vision of strengthening staff engagement.

## How do you go about having checks and balances in place to ensure high customer satisfaction and brand loyalty?

High quality service and a pleasant dining experience are crucial to our success. Hence, we lay tremendous emphasis on guest reviews and feedback, which we obtain through various channels. Corrective action is taken in the shortest period of time, normally within 24 hours. We have a dedicated guest relations team which typically contacts relevant guests promptly to first understand the nature of the feedback requiring corrective action, which is then escalated to the Director of Operations and our Managing Director, for appropriate action with respect to the guests concerned and/or the restaurants themselves.

In addition, we conduct regular third-party anonymous and internal audits to evaluate service levels both in the dining areas and the kitchen operations. Any lapses in service are immediately reported to corporate management and efforts are undertaken to address or rectify such lapses as soon as possible. This tried and tested process has enabled us to achieve 97,000 members under the Speciality Preferred Guest programme.



## How do you go about the Menu and Food Preparation activities which is the essence of your service?

In order to promote consistent quality at all of our restaurants, we apply best practices to monitor all the steps of food delivery, from the creation and maintenance of the approved products list to supplier selection, menu item approval and the training of our chefs and staff. We commit resources to the development of a standard menu for each brand. All menu items are evaluated on taste, ease of preparation and whether they could be introduced to the menu profitably.

As part of the menu development process, most new recipes and ingredients are tested prior to launch through taste tests or restaurant trials at selected restaurants. Our menu is regularly revised in anticipation of consumer preferences. We visit specific regions to understand their cuisines too.

Minimising time lapse between stovetop preparation and serving of food to guests at the tables based on the vast experience of our chefs and restaurant managers has ensured high quality.

## Pricing is one of your key growth metrics. What is your policy on the same?

Our pricing policy is generally based on the costs of operation and raw materials, marketing analysis, including analysis of guest needs and our competitive position. Our marketing department evaluates a reasonable price range in light of cost of sales required for a particular dish.

We have limited price variations between restaurants belonging to a brand in various locations. However, our Core Brands and other key brands are differentiated in terms of prices: we price Mainland China and Oh! Calcutta offerings higher than Sigree, Flame & Grill and Machaan offerings.

Haka offerings are priced at the lowest end of our pricing spectrum. We review our menu pricing across our restaurants from time to time, including when prompted by price fluctuations of our raw materials. We have historically been able to pass on increased raw material and operating costs to our guests in the form of increased menu prices and generally undertake price hikes twice a year.

## The road ahead

Seeking to serve  
more global Indian gourmets

### *Our rollout plan*

#### New Restaurants Development

Our Roll-Out plan envisages the setting up of 45 new restaurants by FY 2015.

Our expansion efforts are primarily targeted at the Metros and Tier I cities, and to a lesser extent, Tier II cities. Our expansion efforts in Tier II cities have been mainly through franchise arrangements. In Fiscal Years 2013 and 2014, we plan to continue our focus on the Metros and Tier I cities while opportunistically expanding into Tier II cities.

We propose to continue to roll-out primarily company owned and operated outlets while opportunistically franchising operations in India and certain international destinations.

When entering a new geography, our goal is to open multiple restaurants to achieve meaningful market share, enhance local recognition of our key brands and achieve critical mass and economies of scale, while at the same time focusing on consistency in the quality of our foods and services.

Sr.No.	Brand	Location	Launch Date
OPERATIONS COMMENCED (COCO)			
1	Mainland China	Aundh, Pune	17-Apr-12
2	Mainland China	Orion Mall, Bengaluru	20-Apr-12
3	Mainland China	OMR, Chennai	22-Apr-12
4	Mainland China	Kandivali, Mumbai	28-Jun-12
5	Mainland China	Amanora, Pune	8-Aug-12
OPERATIONS COMMENCED (FOCO)			
1	Mainland China	Baker Gunj, Patna	1-Aug-12
2	Mainland China	Avani Mall, Howrah	3-Aug-12
3	Machaan	Avani Mall, Howrah	10-Aug-12

We have a central team of personnel and resources at the corporate level committed to developing and opening new locations. Generally, the process consists of identifying the right location, reviewing the technical and financial feasibility followed initiation for lease agreements and commencing the interiors. Typically experienced staff is transferred to a new location to ensure high customer experience.

## Board of Directors

### Susim Mukul Datta

#### Chairman

Mr. Susim Mukul Datta holds a Post Graduate in Science and Technology, Chartered Engineer and Fellow of The Institute of Engineers (India), Fellow of The Indian Institute of Chemical Engineers and honorary fellow of All India Management Association. His vast experience of over fifty years in various industries has seen him as chairman of various companies including Castrol India Limited, Phillips Electronics India Limited and IL&FS Investment Managers Limited, as former president of Bombay Chamber of Commerce & Industry, ex-chairman of Indian Institute of Management, Bengaluru and as former chairman of Hindustan Lever Limited. He is a Member of Court of Governors of Administrative Staff College of India, Hyderabad and Indian Institute of Management, Kolkata.

### Anjan Chatterjee

#### Managing Director

With a Bachelor's Degree in Science, Mr. Anjan Chatterjee is the Promoter-Director of the Company. He has topped it with a diploma in hotel management, catering technology and applied nutrition and his experience spans over 30 years in the advertising and hospitality industry. With a hands on management style, he is responsible for spearheading the company's expansion strategy.

### Suchhanda Chatterjee

#### Director

Mrs. Suchhanda Chatterjee is also the Promoter Director of the company and holds a Bachelor's Degree in Arts with over 11 years of experience in the hospitality industry. She can be accredited with bringing in uniformity and quality of food and services for different restaurants under the same brand within Speciality Restaurants, which is the trend internationally.

### Indranil Ananda Chatterjee

#### Director

Mr. Indranil Chatterjee holds a Bachelor's Degree in Commerce and a post graduate diploma in business management with close to 30 years of experience in finance and marketing. He brings to the table his well rounded management skills and strategic inputs for the company's growth and expansion plans.



## Tara Sankar Bhattacharya

### Independent Director

Mr. Tara Sankar Bhattacharya's experience in banking and finance goes back to more than 41 years. He holds a Masters Degree in Physics from Jadavpur University, a Diploma in Management Studies and is an Associate of Saha Institute of Nuclear Physics. He is also a former Managing Director of State Bank of India.

## Jyotin Mehta

### Independent Director

Mr. Jyotin Mehta has over 28 years of experience in finance, secretarial, legal, quality management and general management. He holds a Bachelor's Degree in Commerce, is a Fellow Member of the Institute of Chartered Accountants of India, the Institute of Company Secretaries of India and the Institute of Cost Accountants of India.

## Dushyant Rajnikant Mehta

### Independent Director

Mr. Dushyant Mehta has spent over 30 years in leading advertising and marketing campaigns for major brands and holds a Masters Degree in Business Administration. He is an Independent Director of the Company.

## Vishal Satinder Sood

### Non-Independent Director

Mr. Vishal Sood has over 15 years of experience in software, investment banking and private equity. He holds a Bachelor's Degree in Computer Science and Post Graduate Diploma in Management from Indian Institute of Management, Ahmedabad.

**COMPANY INFORMATION****BOARD OF DIRECTORS**

SUSIM MUKUL DATTA  
ANJAN CHATTERJEE  
SUCHHANDA CHATTERJEE

INDRANIL CHATTERJEE

DUSHYANT MEHTA

JYOTIN MEHTA

T.S.BHATTACHARYA

VISHAL SOOD

**MANAGEMENT TEAM**

ANJAN CHATTERJEE  
SUCHHANDA CHATTERJEE

INDRANIL CHATTERJEE

INDRANEIL PALIT

PHIROZ SADRI

JAYANTA CHATTERJEE

RAJESH DUBEY

RAJESH KUMAR MOHTA

SANJAY GOYAL

CHAIRMAN

MANAGING DIRECTOR

WHOLE-TIME DIRECTOR  
(DIRECTOR-INTERIOR& AESTHETICS)

WHOLE-TIME DIRECTOR  
(EXECUTIVE DIRECTOR)

NON-EXECUTIVE DIRECTOR

NON-EXECUTIVE DIRECTOR

NON-EXECUTIVE DIRECTOR

NON-EXECUTIVE DIRECTOR

MANAGING DIRECTOR

WHOLE-TIME DIRECTOR  
(DIRECTOR-INTERIOR & AESTHETICS)

WHOLE-TIME DIRECTOR  
(EXECUTIVE DIRECTOR)

CHIEF OPERATING OFFICER

DIRECTOR OPERATIONS & BRAND STANDARDS

DIRECTOR-BUSINESS DEVELOPMENT& PLANNING

DIRECTOR-FOOD PRODUCTION

CHIEF FINANCIAL OFFICER

ASSOCIATE VICE-PRESIDENT-  
MATERIALS MANAGEMENT & CONTROL

**COMPANY SECRETARY**

V.S.SATYAMOORTHY

**AUDITORS**

DELOITTE HASKINS & SELLS

CHARTERED ACCOUNTANTS, MUMBAI.

**REGISTRAR & SHARE TRANSFER AGENTS**

LINK INTIME INDIA PRIVATE LIMITED

**BANKERS**

STATE BANK OF INDIA

KOTAK MAHINDRA BANK LIMITED

HDFC BANK LIMITED

STANDARD CHARTERED BANK

**REGISTERED OFFICE**

UNI WORTH HOUSE,  
3A, GURUSADAY ROAD  
KOLKATA 700 019.

**13<sup>TH</sup> ANNUAL GENERAL MEETING AT**  
CONFEDERATION OF INDIAN INDUSTRY  
SURESH NEOTIA CENTRE OF EXCELLENCE FOR LEADERSHIP  
DC-36, SECTOR-I, SALT LAKE, KOLKATA 700 064.  
ON FRIDAY, 28TH SEPTEMBER, 2012 AT 3.00 P.M.





## NOTICE

Notice is hereby given that the 13th Annual General Meeting of the Members of **SPECIALITY RESTAURANTS LIMITED** will be held on Friday, the 28th September, 2012 at 3.00 p.m at Confederation of Indian Industry, Suresh Neotia Centre of Excellence for Leadership, DC-36, Sector-I, Salt Lake, (Behind City Centre I), Kolkata- 700 064 to transact the following business:-

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March, 2012 and the Audited Balance Sheet as on that date and the Report of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Susim Mukul Datta who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Jyotin Mehta who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint M/s. Deloitte Haskins & Sells, Chartered Accountants, (ICAI Registration No.117366W) as Statutory Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

### SPECIAL BUSINESS:

5. To consider, and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:-

**"RESOLVED THAT** Mr. Vishal Sood, who was appointed as an Additional Director on the Board of the Company with effect from 1st August, 2012, in terms of Section 260 of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force) (the "**Companies Act**") read with Article 101 of the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and is eligible for appointment as a Director of the Company, and in respect of whom a notice has been received from a member in writing under Section 257 of the Companies Act be and is hereby appointed as a Director of the Company, liable to retire by rotation."

6. To consider, and if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution:-

**"RESOLVED THAT** pursuant to the provisions of Section 31 of the Companies Act, 1956 and other applicable provisions, if any, the existing set of Articles of Association of the Company, be and is hereby substituted with new set of Articles of Association as placed before the Meeting and the same be approved as new Articles of Association of the Company.

**RESOLVED FURTHER THAT** Mr. Anjan Chatterjee, Managing Director and Mr. Indranil Chatterjee, Executive Director and Mr. V.S. Satyamoorthy, Company Secretary be and are hereby severally authorised to file the necessary forms and do all such acts, deeds, matters that may be required to give effect to the amendments to the Articles of Association of the Company in accordance with this Resolution."

7. To consider, and if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of **Section 81(1A)**, and all other applicable provisions, if any, of the Companies Act 1956, the Memorandum and Articles of Association of the Company, Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended (hereinafter referred to as "SEBI ESOP Guidelines") the Listing Agreements entered into by the Company with the stock exchanges where shares of the Company are listed, and in accordance with any rules, guidelines and regulations and clarification thereof issued by the Reserve Bank of India, the Securities and Exchange Board of India ("SEBI") and any other competent authorities and any other applicable law for the time being in force and as may be amended from time to time and subject to such other approvals, permissions and sanctions as may be necessary from RBI, SEBI or any other relevant competent authorities in this regard and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the Board which term shall be deemed to include any Committee, constituted/to be constituted by the Board for exercising the powers conferred on the Board by this resolution), to introduce and implement the Speciality Restaurants Limited - Employee Stock Option Scheme 2012 (hereinafter referred as the "**Scheme**") the salient features of which are detailed in the Explanatory Statement annexed to this Notice and to create, grant, offer, issue and allot at any time to or to the benefit of such person(s) who are in permanent employment of the Company including any whole time Director of the Company, (selected on the basis of criteria decided by the Board or a committee thereof) under this Scheme, such number of equity shares of face value of Rs. 10 each (the "Equity Shares") or employee stock options convertible into such number of Equity Shares not exceeding, in aggregate, three percent of the paid-up Equity Share capital of the Company as of date i.e. upto 1,408,730 Equity Shares fully paid-up on payment of the requisite exercise price to the Company in such manner during such period, in one or more tranches and on such terms and conditions as may be decided by the Board in accordance with the provisions of the SEBI ESOP Guidelines and other provisions of law or guidelines issued by the relevant authorities prevailing at the time.

**RESOLVED FURTHER THAT** the Equity Shares issued and allotted in the manner aforesaid shall rank pari passu in all respects with the existing Equity Shares of the Company.

**RESOLVED FURTHER THAT** in case of any corporate action (s) such as rights issues, bonus issues, merger and sale



of division and others, if any additional equity shares are issued by the Company for the purpose of making a fair and reasonable adjustment to the options granted earlier, the above ceiling of **3 % of the Issued Equity Share Capital as of date (i.e. upto 1,408,730 Equity Shares)** shall be deemed to be increased to the extent of such additional equity shares issued.

**RESOLVED FURTHER THAT** in case the equity shares of the Company are either sub-divided or consolidated, then the number of shares to be issued and allotted on exercise of options granted under the Scheme and the exercise price of options granted under the Scheme shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present face value of Rs. 10 per Equity Share bears to the revised face value of the Equity Shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the employees who have been granted options under the Scheme.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised on behalf of the Company to evolve, decide upon and bring into effect the Scheme and determine the detailed terms and conditions thereof, including but not limited to the options to be granted per employee, the exercise period, the vesting period, instances where such options shall lapse and to grant such number of options, to the employees, at par or at such other price, at such time and on such terms and conditions as the Board may in its absolute discretion think fit and to vary, modify, alter or revise the terms of the Scheme as it may deem fit or to suspend, withdraw or revive the Scheme from time to time in its sole and absolute discretion in conformity with the provisions of the Companies Act, the SEBI ESOP Guidelines, the Memorandum and Articles of Association of the Company and in accordance with any other applicable laws and to do all such acts, deeds, matters and things as it may deem fit, necessary or desirable without requiring the Board to secure any further consent(s) or approval(s) of the members of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution unless such variation modification or alteration is detrimental to the interest of the employees.

**RESOLVED FURTHER THAT** for the purpose of giving effect and implementing the Scheme or in relation to any issue, allotment or listing of shares and for the purposes of giving effect to this resolution the Board be and is hereby authorized to do all such acts, deeds, matters and things as the Board may, in its absolute discretion, consider necessary, proper, expedient, desirable or appropriate for making the said issue as aforesaid and with power on behalf of the Company to settle any question, query, doubt or difficulty that may arise in this in its absolute discretion and without being required to seek any further consent or approval of the members.

**By Order of the Board  
For Speciality Restaurants Limited**

Place: Mumbai  
Date : 1st August, 2012

Regd Office:  
"Uniworth House"  
3A, Gurusaday Road, Kolkata-700 019.

**V.S.Satyamoorthy  
Company Secretary**

### Notes:

- a. The Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 setting out all material facts in respect of Item Nos. 5 to 7 of the Notice set out above are annexed hereto.
- b. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY IN ORDER TO BE EFFECTIVE, SHOULD BE DULY STAMPED, COMPLETED, SIGNED AND MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE TIME FIXED FOR COMMENCEMENT OF THE MEETING.**
- c. Corporate Members intending to depute their authorised representative to attend the 13th Annual General Meeting are requested to send a duly certified copy of the board resolution/power of attorney authorising their representatives to attend and vote on their behalf at the meeting.
- d. Profile of Directors seeking appointment/reappointment at the 13th Annual General Meeting as required in terms of Clause 49 of the Listing Agreement entered into with the Stock Exchange(s) is annexed to this Notice.
- e. The Register of Members and Share Transfer Books of the Company shall remain closed from 19th September, 2012 to 28th September, 2012 (both days inclusive).
- f. As a responsible corporate citizen we support the Green Initiative and Shareholders are also requested to support the initiative by registering their e-mail with Link-Intime India Private Limited (Registrar and Share Transfer Agents of the Company) by sending a request letter duly signed by the first/sole shareholder in order to receive all the communications/documents including the notice calling the Annual General Meeting, audited financial statements, directors' report, auditors' report etc. via electronic mode.
- g. The Annual Report of the Company for the year 2011-12 is also uploaded on the Company's website [www.speciality.com](http://www.speciality.com) in the Investor Relations Section.
- h. Members holding shares in dematerialized form are requested to intimate any change in their address, e-mail address and signature to their respective depository participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to intimate such changes to the Registrar and Share Transfer Agents of the Company, Link Intime India Private Limited.
- i. All documents referred to in the Notice are open for inspection at the Registered Office of the Company on all days except Sundays and public holidays between 11.30 a.m to 1.00 p.m upto the date of the Annual General Meeting.

- j. Members/ Proxies are requested to bring duly filled attendance slip sent herewith alongwith the copy of the Annual Report at the meeting.
- k. Members desirous of asking any questions at the 13th Annual General Meeting are requested to send in their questions to the Company atleast 7 days in advance so as to enable the Company to provide suitable replies at the meeting.

## Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956

### Item No. 5

Mr. Vishal Sood was appointed as an Additional Director of the Company with effect from 1st August, 2012, pursuant to Section 260 of the Companies Act, 1956, as amended (the "Companies Act"), read with Article 101 of the Articles of Association of the Company, at the meeting of the Board of Directors held on 1st August, 2012. He holds the office up to the date of this Annual General Meeting. The Company has received a notice in writing from a Member along with a deposit of Rs. 500 proposing the candidature of Mr. Vishal Sood for the office of Director, liable to retire by rotation, under Section 257 of the Companies Act, at this Annual General Meeting.

The Board of Directors recommends the passing of the Resolution set out at Item No. 5 of this Notice.

Except Mr. Vishal Sood, none of the Directors of the Company are concerned or interested in the Resolution.

### Item No. 6

The existing Articles of Association of the Company comprises of two parts. Part II of the Articles of Association comprise of special rights that were available to certain investors prior to listing of the equity shares of the Company on the stock exchanges. With effect from the day of filing of the Prospectus of the Company, Part II of the Articles of Association have terminated and have ceased to have any force and effect and accordingly are required to be deleted from the Articles of Association of the Company.

Further on account of changes in law, such as circulars issued by Ministry of Corporate Affairs allowing companies to hold board and shareholders meetings through video conferencing facilities and service of documents through electronic mode, the Company proposes to insert Articles 81 A, 118A and modify Articles 119 and 167 of the Articles of Association of the Company as indicated in the table below.

The proposed alterations (modification, addition, deletion) in the Articles of Association are given below.

Sr. No	Article No	New Article
1	81 A (New Inserted)	81. A Participation through video conferencing
		Notwithstanding anything contrary contained in the Articles of Association, the Company may provide video conference facility and/or other permissible electronic or virtual facilities for communication to enable the Shareholders of the Company to participate in General Meetings or other Meetings of the Company. Such participation by the Shareholders at General Meetings or other Meetings of the Company through video conference facility and/or use of other permissible electronic or virtual facilities for communication shall be governed by such legal or regulatory provisions as applicable to the Company for the time being in force.
2	118 A (New Inserted)	118 A. Participation through video conferencing
		Notwithstanding anything contrary contained in the Articles of Association, the Director(s) may participate in meetings of the Board and committees thereof, through video conference facility and/or other permissible electronic or virtual facilities for communication. Such participation by the Director(s) at Meetings of the Board and committees thereof, through Video Conference facility and/or use of other permissible electronic or virtual facilities for communication shall be governed by such legal or regulatory provisions as applicable to the Company for the time being in force.
3	119 (Original article substituted)	119. Quorum: The quorum for a meeting of the Board shall be one-third of its total strength (any fraction contained in that one-third being rounded off as one) or two Directors whichever is higher, provided that where at any time the number of interested Directors is equal to or exceeds two-thirds of total strength, the number of remaining Directors, that is to say the number of Directors who are not interested, present at the meeting being not less than two, shall be the quorum during such time. The total strength of the Board shall mean the number of Directors actually holding office as Directors on the date of the resolution or meeting, that is to say, the total strength of Board after deducting there from the number of Directors, if any, whose places are vacant at the time. Provided further that a Director participating in a meeting of the Board and committees thereof, through use of video conference or any other permissible electronic mode of communication shall be counted for the purpose of quorum, notwithstanding anything contrary contained in the Articles of Association.



4	167 (Original article substituted)	<p>167. How Document is to be served on members :</p> <p>a) A document (which expression for this purpose shall be deemed to have included and include any summons, notice requisition, process order, judgment or any other document in relation to or in winding up of the Company) may be served or sent to the Company on or to any member either personally or by sending it by post to his registered address or (if he has no registered address in India) to the address, if any, within India supplied by him to the Company for the service of notice to him.</p> <p>b) All notices shall, with respect to any registered share to which persons are entitled jointly, be given to whichever of such persons is named first in the Register and the notice so given shall be sufficient notice to all the holders of such share.</p> <p>c) Where a document is sent by post:</p> <p>(i) Service thereof shall be deemed to be effected by properly addressing, paying and posting a letter containing the notice provided that where a member has intimated to the Company in advance that documents should be sent to him under a certificate of posting or by registered post without acknowledgement due and has deposited with the Company a sum sufficient to defray expenses of doing so, service of the documents shall not be deemed to be effected unless it is sent in the manner intimated by the member, and</p> <p>(ii) Unless the contrary is provided, such service shall be deemed to have been effected</p> <p>a. In the case of a notice of a meeting, at the expiration of forty-eight hours the letter containing the notice is posted; and</p> <p>b. In any other case, at the time at which the letter would be delivered in ordinary course of post.</p> <p>Notwithstanding anything contrary contained in the Articles of Association, a document may be served by the Company or any Member by any electronic mode of communication and in such manner and is/may be permitted by any law. Where a document is served by any such electronic mode, the service thereof shall be deemed to be effected in the manner as is/may be provided by any law.</p>
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The new set of Articles of Association of the Company proposed to be adopted has been finalized after giving effect to the modification specified hereinabove.

Copy of the existing Articles of Association and the revised Articles of Association will be made available for inspection at the registered office of the company on all days except Sundays and public holidays between 11.30 a.m. to 1.00 p.m. up to the date of the Annual General Meeting.

None of the directors of the Company is deemed to be concerned or interested in the proposed resolutions.

The resolutions are placed for the consideration and approval of the members.

#### Item No 8

The objective of the Speciality Restaurants Limited - Employee Stock Option Scheme 2012 (hereinafter referred as the "Scheme") is to build a strong organization founded on engaging critical employees and providing opportunities for wealth creation for employees besides building strong emotional connect. The Company also intends to use this Scheme to retain talent in the organization. The Company views employee stock options as instruments that would enable the Employees to share the value they create for the Company in the years to come. The scheme has been formulated in accordance with Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended ("SEBI ESOP Guidelines") and other applicable laws.

#### The main features of the Scheme are as under:

##### 1. Total number of options to be granted:

Options up to 3 % of the paid-up Equity Share capital of the Company (which is **1,408,730** options convertible into **1,408,730 equity** shares of face value of Rs. 10 each ("**Equity Shares**") of the Company) would be available for being granted to employees of the Company as may be decided by the Board (or any other Committee Constituted/to be constituted by the Board in this behalf in accordance with the SEBI ESOP Guidelines, hereinafter referred to as the "**Committee**") from time to time under the Scheme. Each option when exercised would be converted into one Equity share of Rs. 10 each fully paid-up.

Vested options lapsed due to non-exercise and/or unvested options that get cancelled due to resignation of the employees or otherwise, would be available for being re-granted at a future date. The Board/ Committee is authorized to re-grant such lapsed / cancelled options as per the Scheme.

SEBI guidelines require that in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division and others, a fair and reasonable adjustment needs to be made to the options granted. Accordingly, if any additional equity shares are issued by the Company for making such fair and reasonable adjustment, the ceiling of 3% of the paid-up Equity Share capital of the Company as of date (i.e. upto 1,408,730



Equity Shares) as stated above from time to time shall be deemed to be increased to the extent of such additional equity shares issued.

2. **Identification of classes of employees entitled to participate in the Employee Stock Option Scheme(s):**

All permanent employees of the Company including the whole time Directors as may be decided by the Board/Committee from time to time, are eligible to be entitled to be granted stock options under the Scheme.

An employee who is a promoter or belongs to the promoter group or a director who either by himself or through his relative or through any body corporate, directly or indirectly holds more than 10 per cent of the outstanding equity shares of the Company at the time of granting of option shall not be eligible to participate in the Scheme.

3. **Transferability of employee stock options**

The stock options granted to an employee will not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner. However, in the event of the death of an employee stock option holder while in employment, the right to exercise all the options granted to him till such date shall be transferred to his legal heirs or nominees.

4. **Requirements of vesting and period of vesting:**

Vesting period under the scheme would **not be less than one year and not more than six years** or such other period as the Board/Committee may determine from the date of grant of options. The vesting schedule and the vesting requirement, if any, would be determined by the Board/Committee, subject to the minimum vesting period of one year from the date of grant of options.

5. **Exercise Price:**

The Equity Shares would be issued at such exercise price, as may be determined by the Board/Committee.

6. **Exercise Period and the process of Exercise:**

The Exercise period would be a maximum of 3 years or such other period as may be decided by the Board/Committee, from the date of vesting of options. The shares arising out of exercise of vested options would not be subject to any lock-in period after such exercise.

The options will be exercisable by the Employees by a written application to the Board/Committee to exercise the options in such manner and on execution of such documents, accompanied with the payment of exercise price as may be prescribed by the Board/Committee from time to time. The options will lapse if not exercised within the specified exercise period.

7. **Appraisal Process for determining the eligibility of the employees to ESOP:**

The appraisal process for determining the eligibility of the employee will be specified by the Board/Committee, and will be based on criteria such as role / designation/grade of the employee, length of service with the Company, past performance record, future potential of the employee and/or such other criteria that may be determined by the Board/Committee at its sole discretion.

8. **Maximum number of options to be issued per employee and in aggregate:**

The number of options that may be granted to any specific employee under the Scheme during any one year, shall not exceed 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant of options.

9. **Disclosure and Accounting Policies:**

The Company shall comply with the disclosure and the accounting policies prescribed as per any guidance note on accounting issued by The Institute of Chartered Accountants of India and the SEBI ESOP guidelines.

10. **Method of option valuation**

To calculate the employee compensation cost, the Company shall use the Intrinsic Value Method for valuation of the options granted. The difference between the employee compensation cost computed using the Intrinsic Value method and the cost that shall have been recognized if it had used the fair value of the options, shall be disclosed in the Directors' report and also the impact of this difference on profits and on EPS of the Company shall also be disclosed in the Directors' report.

As the employee stock option schemes provide for issue of shares to be offered to persons other than existing shareholders of the company, consent of the members is being sought pursuant to Section 81(1A) and all other applicable provisions, if any, of the Act and as per clause 6 of the SEBI Guidelines.

None of the Directors of the Company are in any way, concerned or interested in the resolution, except to the extent of the options that may be granted to them under the Scheme.

The Board recommends Resolution No. 8 for approval.

**By Order of the Board**  
**For Speciality Restaurants Limited**  
**V.S.Satyamoorthy**  
**Company Secretary**

Place: Mumbai

Date : 1st August, 2012

Regd Office:

"Uniworth House"

3A, Gurusaday Road, Kolkata-700 019.

## Details of the Directors seeking appointment/re-appointment at the Annual General Meeting (Pursuant to Clause 49 of the Listing Agreement)

Particulars	Appointment/Re-appointment		
Name of the Director	Mr. Vishal Sood	Mr. Susim Mukul Datta	Mr. Jyotin Mehta
Date of Birth	February 23, 1972	July 1, 1936	February 16, 1958
Date of Appointment	August 1, 2012	February 9, 2011	February 9, 2011
Qualifications	Bachelor's Degree in Computer Science ; M.B.A.	Post Graduate Degree in Science and Technology. Chartered Engineer. Fellow of The Institute of Engineers (India), Fellow of The Indian Institute of Chemical Engineers and Honorary Fellow of All India Management Association.	B.Com. FCA, FCS, FCMA.
Expertise in specific functional areas	16 years of experience in software, investment, banking and private equity.	50 years of experience in various industries including manufacturing, marketing, banking, finance, automobiles healthcare and hotel.	30 years of experience in Finance, Secretarial, Legal, Quality Management and General Management.
Directorship in other Companies.*	1. Pennar Industries Limited	1. Atul Limited 2. Bhoruka Power Corporation Limited. 3. Castrol India Limited. 4. Door Sabha Nigam Limited. 5. IL& FS Investment Managers Limited. 6. Kansai Nerolac Paints Limited 7. Peerless Developers Limited. 8. Peerless General Finance and Investment Company Limited. 9. Peerless Hotels Limited. 10. Philips Electronics India Limited. 11. Rabo India Finance Limited. 12. Tata Trustee Company Limited. 13. Transport Corporation of India Limited. 14. Zodiac Clothing Company Limited.	1. BOC India Limited.
Membership of Committees in other Public Limited Companies (includes only Audit & Investors' Grievance Committee)	None	1. Bhoruka Power Corporation Limited-Audit Committee-Chairman. 2. Castrol India Limited-Shareholders/Investors Grievances Committee-Chairman. Audit Committee-Member. 3. IL & FS Investment Managers Limited-	BOC India Limited-Audit Committee-Chairman. Shareholders/Investors Grievance Committee-Member.





		Shareholders/Investors Grievance Committee-Member. Audit Committee-Member. 4. Peerless Gen.Fin & Inv.Co. Ltd- Audit Committee-Member. 5. Peerless Developers Limited-Audit Committee- Member. 6. Rabo India Finance Limited- Audit Committee- Member. 7. Tata Trustee Company Limited-Audit Committee- Chairman. 8. Transport Corporation of India Limited- Audit Committee-Member.	
No. of Shares held in the Company	Nil	Nil	Nil

Note: 1. Pursuant to Clause 49 of the Listing Agreement, only two committees viz. Audit Committee and Shareholders Grievance Committee have been considered.

\* Excludes Directorships in Private Limited Companies, Foreign Companies and Government Bodies.

## DIRECTORS' REPORT

To,

The Members of

Speciality Restaurants Limited.

Your Directors are pleased to present the Thirteenth Annual Report together with the audited financial statements of the company for the financial year ended 31st March, 2012.

### 1. Financial Results:

The financial results of your Company for the financial year ended 31st March, 2012 are summarised below:

(Rs. in millions)

Particulars	31st March, 2012	31st March, 2011
Revenue from operations	1962.30	1731.05
Other Income	27.10	18.42
<b>Total Income</b>	<b>1989.40</b>	<b>1749.47</b>
Earnings before Interest, Depreciation and Amortization	402.08	397.03
Less:		
Interest Expenses	26.64	13.21
Depreciation and Amortization	128.66	143.03
<b>Net Profit for the year before Taxes</b>	<b>246.78</b>	<b>240.79</b>
<b>Less: Provision for Taxes</b>		
Current Tax	93.56	98.89
Deferred Tax Liability/ (Asset)	(19.21)	(18.33)
<b>Profit after tax (which is carried forward to Balance Sheet)</b>	<b>172.43</b>	<b>160.23</b>
Add: Balance Brought Forward from Previous Year	455.81	295.58
Cumulative Profit	628.24	455.81

### 2. Financial Performance:

Total income of your company increased to Rs. 1989.40 million from Rs. 1749.47 million in the previous year, thus a growth of 13.71% over the previous year.

The Profit before Depreciation, Interest and Tax (PBDIT) amounted to Rs 402.08 million (20.49 % of the revenue) as against Rs. 397.03 million (22.94% of revenue) in the previous year.

The Net Profit after tax was Rs. 172.43 million as against Rs.160.23 million in the previous year registering a growth of 7.61%.

### 3. Dividend on Equity Shares.

Your Directors do not recommend any dividend on Equity Shares for the year under review in order to conserve resources and for funding ongoing projects.

### 4. Share Capital:

During the year under review, the Company had allotted 6,687,500 equity shares against conversion of 6,405,755 compulsorily convertible preference shares held by SAIF III Mauritius Company Limited and Glix Securities Private Limited by capitalizing a sum of Rs. 2.82 million from the share premium account.

During the current year your Company had successfully launched its initial public offer ("IPO") and allotted 11,739,415 equity shares of Rs. 10 each at a premium of Rs. 140 per share. After the allotment, the Share Capital of the company stood at Rs. 469.58 million.

### 5. Awards & Recognition:

Your Company's brand initiative have been recognized and appreciated across forums. During the year under review your Company has won following awards:

### 6. Operations:

The operations of your Company are elaborated in the annexed Management Discussion and Analysis Report.

Year	Awards
2012	Mainland China brand won the "Times Food Award" in the category of Best Chinese for the year 2012.
2012	Mainland China brand wins the "Images Most Admired Retailer of the Year in East India: Food Service (National Chain)
2012	The restaurant "Mainland China" located at Hyderabad was awarded the "Best Chinese Restaurant" of the year 2011 at the '2nd Epicurus Hospitality Awards'.
2012	Mainland China won the 'Coco Cola Golden Spoon Award for the most admired food service retailer of the year-dine-in international cuisine.
2012	Oh! Calcutta brand won the 'Times Food Award' in the category of 'Best Bengali' for the year 2012.
2012	Sigree Brand won the 'Times Food Award' in the category of Best North Indian for the year 2012.

**7. Directors:**

The Board of Directors in their meeting held on 1st August, 2012, accepted the withdrawal of nomination of Mr. Vishal Sood as a Director of the company pursuant to the letter received from SAIF III Mauritius Company Limited. The Board wishes to place on record its high appreciation of the significant and valuable services rendered by Mr. Vishal Sood during his tenure.

The Board of Directors in their meeting held on 1st August, 2012 has appointed Mr. Vishal Sood as Additional Director. As per the provisions of Section 260 of the Companies Act, 1956 he holds office upto the date of the ensuing Annual General Meeting.

You Company has received a notice under Section 257 of the Companies Act, 1956 together with the requisite deposit, from a member proposing the appointment of Mr. Vishal Sood as a Director on the Board of the Company. Resolution seeking the approval of the members for the appointment of Mr. Vishal Sood as a Director of the Company has been incorporated in the Notice of the Annual General Meeting together with a brief resume.

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, two Directors of the Company, namely Mr. Susim Mukul Datta and Mr. Jyotin Mehta, retire from office by rotation, and being eligible offer themselves for re-appointment at the ensuing Annual General Meeting of the Company. The Board recommends their re-appointment as Directors.

Brief particulars of the Directors proposed to be appointed / re-appointed as required under Clause 49 of the listing agreement are annexed to the Notice convening the 13th Annual General Meeting forming part of this Annual Report.

**8. Directors' Responsibility Statement:**

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, it is hereby confirmed that:

- i) the financial statements are prepared in conformance with the accounting standards issued by the Institute of Chartered Accountants of India and the requirements of the Companies Act, 1956, to the extent applicable to the company on the historical cost convention; as a going concern and on the accrual basis.  
There are no material departures from prescribed accounting standards in the adoption of the accounting standards. The accounting policies used in the preparation of the financial statements have been consistently applied except as otherwise stated in the notes on accounts;
- ii) the Directors have selected such accounting policies and applied them consistently and made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2012 and of the profit of the company for the year ended on that date;
- iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) the Directors have prepared the annual accounts on a going concern basis.

**9. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo:**

The Particulars required as per the provisions of Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 regarding conservation of energy and technology absorption are not given as the Company has not undertaken any manufacturing activity.

(Rs. in million)

Foreign Exchange Earnings and Outgo:	2011-12	2010-11
Foreign Exchange Earned	3.27	2.91
Foreign Exchange Used:	4.74	7.79

**10. Information pursuant to Section 217 (2A) of the Companies Act, 1956:**

During the year under review, none of the employees of the company, whether employed for the whole year, or part thereof, was in receipt of remuneration aggregating to or in excess of the limits specified under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended and hence,



no particulars are required to be furnished in connection with the same.

**11. Management Discussion and Analysis:**

A detailed review of operations, performance and future outlook of your Company and its business is given in the Management Discussion and Analysis which forms part of this Report.

**12. Corporate Governance:**

Your Company was not a listed company as on 31st March, 2012. Your Company's Equity Shares got listed on May 30, 2012 both on BSE Ltd. (BSE) & National Stock Exchange of India Limited (NSE). Though strictly not necessary a detailed report on the Corporate Governance in compliance with Clause 49 of the Listing Agreement formed as a part of the Annual Report. A Certificate from the Practising Company Secretary on the compliance with Corporate Governance requirements by your Company is attached to the Report on Corporate Governance.

**13. Auditors:**

The Statutory Auditors of the Company, M/s Deloitte Haskins & Sells, Chartered Accountants, Mumbai retire at the conclusion of the ensuing Annual General Meeting. The Statutory Auditors have confirmed their eligibility and willingness to accept the office on re-appointment.

**14. Acknowledgement:**

The Board thanks the customers, vendors, investors and bankers for their continued support during the year and wish to place on record its appreciation of the contribution made by the employees at all levels. The consistent growth was made possible by their hard work, solidarity, cooperation and support.

The Board also thanks various Government regulatory authorities for their support and look forward to their continued support in the future.

The Board of Directors also expresses their sincere thanks to the members for the support and the confidence reposed by them in the Company.

For and on behalf of the Board  
**Speciality Restaurants Limited**

**Susim Mukul Datta**  
Chairman

Date: 1st August, 2012.  
Place: Mumbai



## MANAGEMENT DISCUSSION AND ANALYSIS

### Overview of Indian Economy

Economic growth in India slowed down to 6.5% in fiscal 2011-12 from an annual growth rate of 8.4% in the previous two fiscal years. During the same period, the Indian economy withstood several shocks, such as the global economic crisis and delay in economic reforms back home.

India witnessed considerable pressure on account of inflationary conditions and rising interest rates during the year and consequently, for fiscal 2012-13, the RBI has projected economic growth at 6.5%. Inflationary pressures coupled with rising fiscal deficit are expected to continue. Globally, the Euro zone continues to pose a risk while slower than expected growth in the US appears more certain.

Despite this, the long term prospects for India remain strong. India is poised for growth (measured at factor cost) increasing to 6.9%, 7.2% and 7.4% in fiscal years 2012-13, 2013-14 and 2014-15 respectively, according to World Bank estimates.

It is expected that the benefits of India's buoyant economic growth will not be restricted to the major metros, and a more inclusive growth is likely to be more sustainable in the long run. This translates into greater opportunities for companies as they enter new, untapped markets and those having an established presence in the leading metros.

### The Fine Dining Industry

The overall Indian restaurant industry is growing at a rate of 5 to 6% per annum with estimated revenues amounting to a sizeable Rs. 43,000 crores (organized and unorganized industry). The relatively new organized segment of the industry is estimated to be between Rs. 7,000 crores and Rs 8,500 crores. ([www.fnbnews.com](http://www.fnbnews.com)).

Within this, the industry is broadly classified as fine dining, casual dining, bars and lounges, quick service restaurants, food courts, cafes and kiosks.

Your company operates in the Fine Dining segment and offers patrons the finest in food, service and atmosphere. It may also, in the near future, offer authentic cuisines of the world and have highly trained staff members.

Due to the burgeoning middle-class population in cities, the fine dining culture is fast evolving. It has been increasingly paying utmost attention to the quality of food served as well as the ambience which is in line with the changing lifestyle and high standards of living.

Industry trend has been on spending more resources on branding, improving efficiencies and growing economies of scale in order to maintain competitiveness and increase market presence by the industry players.

### Opportunities

India is witnessing a changing demographic profile with more people willing to eat at restaurants. The working class and youngsters are increasingly visiting restaurants to have a good time which enhances the prospects of your Company. Further, rising income levels have resulted in more disposable incomes, with more people going out and spending at restaurants, thus creating opportunities in Tier II as well as Tier III cities.

Integration of economies and the emergence of India as a leading economic hub have resulted in Indians being exposed to global cuisines and the restaurant industry. This has led to an increase in demand for variety of cuisines and rise in overall industry standards.

Increasing high density locations such as shopping malls, travel terminals, office complexes and medical institutions have resulted in rising opportunities for restaurant businesses.

### Challenges

Your Company's business is highly sensitive to changes in guest traffic. Increase in guest traffic typically drives higher sales, which improve the leverage of our fixed operating costs and thus enable us to achieve higher operating margins whereas reduction in guest traffic works vice-versa.

Changes in discretionary spending patterns, economic conditions and consumer tastes have an impact on the restaurant industry. In recent times, due to increased economic pressures, many consumers have changed their discretionary spending patterns. Frequency or spending on meals while dining out by guests has reduced than in the past. We continuously update our menu offerings, have food festivals across brands and employ marketing initiatives designed to improve our value-to-price proposition, increase brand awareness and help drive guest traffic.

### Your Company's Competitive Positioning

The promoters and management of the company have close to two decades of experience in the Industry with a strong track record of scaling its operations. Your Company also has an experienced and well qualified second line management to support execution capabilities.

Your Company's leading portfolio of core brands are well recognized fine dining brands in India with Mainland China and Oh! Calcutta having a presence for over 17 years in an industry characterized by high brand mortality.

Your company also has a basket of other brands serving different cuisines or having different formats which will enable it to cater to a wider target audience. This is also helped by the fact that your Company has restaurants spread across various locations including both geographic spread and location type. Our unique propositioning lies in the consistency and brand standards we have maintained across these locations for each of our brands.

The brand building and operational standards for each brand are controlled centrally to promote consistent food quality and service standards throughout our network of restaurants. In September 2010, as part of a measure to ensure high-level supervision of quality, the company had recruited an additional corporate chef with 10 years of experience in flight kitchens. This is in addition to senior chefs who inspect restaurants regularly. In cities with multiple speciality restaurants, your Company has appointed city chefs who maintain strict vigil to ensure high quality.

Your Company follows an "asset light model" as it leases all the properties occupied by the company owned and



operated restaurants, which facilitates optimal utilization of capital for growth. With such diverse presence, we have over a period of time, developed an efficient and process-oriented delivery model and resultantly institutionalized its business facilitating consistent brand standards across each brand, leading to high levels of customer satisfaction and loyalty.

Adapting early on to changing tastes and preferences is a part of this process to ensure the company's competitive positioning. To keep quality and service standards steady even as it grows, your Company runs a catering college in Kolkata to generate a steady supply of manpower oriented to a strong global customer-service culture and high standards of quality in every aspect of the business. In the long run, this will ensure sustainable domain dominance for your Company in a field where rapid growth has usually been incompatible with exacting standards.

### **Risk Mitigation**

#### **Inflation and Cost Pressures**

Inflation has resulted in increased food as well as labor costs, but your Company has placed strong emphasis on sustaining operational efficiencies. We try to pass on the increased costs by raising menu prices, or by reviewing and implementing alternative processes thereby facilitating cost control.

Competition may adversely affect our operations and financial results.

The restaurant business is highly competitive as to price, service, restaurant location, nutritional and dietary trends and food quality, and is often affected by changes in consumer tastes, economic conditions and traffic patterns. Your Company competes within each region with local restaurants as well as national and regional restaurant chains. Maintaining brand standards and consistency over the years has enabled your Company to carve a niche for itself.

#### **Continuous Marketing for Brand Recall**

We use a 360 degree marketing effort comprising of various modes of media and also use promotional offers, periodically. Further we have an agreement with Pepsi Foods Private Limited under which your Company has agreed to purchase and Pepsi Foods has agreed to provide their beverages as our preferred beverage supplier at our restaurants during the term of the agreement. Under this agreement, Pepsi Foods pays a specified amount to your Company annually, for the purpose of carrying out joint marketing and promotional activities.

Supply Chain and Quality Control Optimum supply-outsourcing opportunities that increase productivity are crucial for the success of any restaurant business. Your Company places considerable emphasis on ensuring that it procures high-quality raw materials and equipment, enabling it to provide quality products to its guests. The supplier selection process is centrally controlled to promote consistent quality and timely delivery of raw materials to our restaurants and adherence to strict product and safety specifications.

#### **Availability of Skilled Manpower**

This is an extremely important aspect of the restaurant business and our ability to attract, motivate and retain sufficient number of qualified employees for our restaurants (company owned and operated and franchise), including restaurant managers, chefs, kitchen and waiting staff is a key success determinant. In addition to setting up its own catering college your Company has put in place several HR initiatives like free meals, housing facilities, organization of staff transportation and bonuses during festivals to ensure staff retention and maintain service standards.

Internal Control Systems and their Adequacy Across industries, internal processes, controls and systems play a critical role in the health of a company. An effective system of internal controls forms a keystone necessary for building, maintaining and improving shareholder value and helps to enhance the overall quality of the business and enterprise. We have our own internal control systems in place to ensure that all assets are protected. Your company is adequately insured.

### **Financial Performance**

#### **Accounting policy**

The Company follows the Generally Accepted Accounting Principles (GAAP) in India, applicable accounting standards and other necessary requirements of the Companies Act, 1956 for the preparation of its financial statements. The Company uses accrual basis of accounting except in cases of assets for which provision for impairment is made.

#### **The Year 2011-12**

##### **Revenues**

Revenues and other income for the year ended 31st March 2012 stood at Rs. 1989.40 million as compared to Rs. 1749.47 million, during the previous year registering a growth of 13.71%

##### **Expenses**

The expenses for the year ended 31st March 2012 stood at Rs. 1742.62 million as compared to Rs. 1508.68 million. The main components of the expenses were cost of materials consumed 25.65%, Employee Benefit expense 21.27%, Finance Cost 1.34%, other Expenses 32.87% and Depreciation/amortization 6.47%.

##### **Profit and Taxes**

Profit before tax for the year ended 31st March, 2012 stood at Rs. 246.78 million as compared to Rs.240.79 million for the previous year representing a growth of 2.49%. The profit for the year after taxes stood at Rs. 172.43 million as compared to Rs. 160.23 million for the previous year representing a growth of 7.61%

##### **Balance Sheet**

During the year, the paid-up share capital of the increased by Rs. 2.82 million due to conversion of compulsorily convertible preference shares held by SAIF III Mauritius Company Limited and Glis Securities Private Limited.

The Gross Block and Net Block (including Capital Work-in-progress) stood at Rs. 1237.68 million and Rs.879.35 million respectively, as on 31st March, 2012.

## REPORT ON CORPORATE GOVERNANCE

Your Company's equity shares have been listed on National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE) with effect from May 30, 2012. Though strictly not necessary, the Company, to demonstrate its commitment to highest principles of governance has chosen to present the Report on Corporate Governance along with the Directors' Report.

### 1. Company's Philosophy on Corporate Governance

Your Company believes that good Corporate Governance is essential to achieve long-term corporate goals, enhance shareholders' value and attain highest level of transparency. Your Company is committed to adopt the highest standard of Corporate Governance, accountability and equity in all facets of its operations and in all interaction with stakeholders. Your Company believes that all its operations and actions must serve the underlined goal of enhancing customers' satisfaction and shareholders' value over a sustained period of time as also meet other stakeholders' aspirations and societal expectations.

### 2. Board of Directors:

#### 2.1. Composition of the Board:

The Company has an optimum combination of Executive Directors and Non-Executive Directors. The Board comprises 8 Directors, of whom four are independent Directors with the Chairman as Non-Executive Independent Director, one Non-Executive Non-Independent Director and 3 Executive Directors.

The Directors possess experience and specialization in diverse fields, such as hoteliering, project management, legal, banking, finance, administration, etc.

During the financial year ended 31st March, 2012, there has been no change in the Board of Directors of the Company. The Particulars of Directors retiring by rotation and seeking re-appointment by the Members have been included in the Notice of the Annual General Meeting.

The Composition of the Board as on 31st March, 2012 and category of Directors are as follows:-

Category	Name of the Directors	Designation 31st March, 2012	No. of Shares held as on
Promoter Directors	Mr. Anjan Chatterjee	Managing Director	16,529,905
	Mrs. Suchhanda Chatterjee	Whole-time Director (Director-Interior & Aesthetics)	11,970,000
Executive Director	Mr. Indranil Chatterjee	Whole-time Director (Executive Director)	19
Non-Executive Non-Independent Director	Mr. Vishal Sood	Director	NIL
Independent Directors	Mr. Susim Mukul Datta	Non Executive Chairman	NIL
	Mr. Jyotin Mehta	Director	NIL
	Mr. Tara Sankar Bhattacharya	Director	NIL
	Mr. Dushyant Mehta	Director	NIL

#### 2.2 Meeting of the Board of Directors:

The Board of Directors had met 5 times during the year on 28th June, 2011, 26th August, 2011, 8th October, 2011, 21st November, 2011 and 14th March, 2012 and as required the gap between two Board Meetings did not exceed four calendar months. The Agenda for the Board Meetings containing the relevant information/supporting data as required are distributed well in advance to all the Board Members from time to time in a structured manner to enable the Board to take informed decisions.

#### 2.3 Board General Meetings and Attendance:

Attendance of each Directors at the Board Meetings and the last Annual General Meeting (AGM) and the number of Companies and Committees where they are Directors/Members are given below:-



Name of the Director	Category	Attendance Particulars		Directorship/Membership in other Public Limited Companies.		
		Board Meeting	AGM (held on 21.07.2011)	No. of other Directorships held as at 31.03.2012	Chairman	Member
Mr. Susim Mukul Datta	Non Executive Chairman	4	No	14	3	5
Mr. Anjan Chatterjee	Managing Director	4	Yes	-	-	-
Mrs. Suchhanda Chatterjee	Whole time Director	-	No	-	-	-
Mr. Indranil Chatterjee	Executive Director	1	No	-	-	-
Mr. Jyotin Mehta	Independent Director	5	No	1	1	
Mr. Tara Sankar Bhattacharya	Independent Director	3	No	10		
Mr. Dushyant Mehta	Independent Director	5	No	1	-	-
Mr. Vishal Sood	Non-Executive Non-Independent Director	3	Yes	1	-	-

None of Directors of the Board serves as a member of more than ten committees nor is Chairman of more than five committees across all companies in which he/she is a Director ("Committees" considered for this purpose are those specified in Clause 49 of the Listing Agreement i.e. Audit Committee and Shareholders/Investors Grievance Committee.)

None of the Directors is related to any other except Mr. Anjan Chatterjee and Mrs. Suchhanda Chatterjee.

The Company pays its Non-executive Directors sitting fees of Rs. 10,000 per meeting of the Board of Directors and Rs. 7,500/- per meeting of the Committee of Directors attended by them.

### 3. Audit Committee:

#### 3.1 Details of Composition of the Audit Committee and attendance of the members are as follows:

The Audit Committee of the Company comprises four Directors of whom three are Non-Executive independent directors. The Chairman of the Audit Committee is an independent director. Members have varied experience in banking, finance, legal, secretarial and accounting matters. The Chief Financial Officer is a permanent invitee for the meetings. The statutory auditors are also invited to the meeting. The Company Secretary acts as Secretary to the Audit Committee. The Committee oversees the work carried out by management, internal auditors on the financial reporting process, the safeguards employed them and such relevant matters as it finds necessary to entrust.

During the year under review the Audit Committee met three times on 28th June, 2011, 8th October, 2011, and 14th March, 2012.

The particulars of members and their attendance at the meetings are given below:-

Name of the Director	Designation	Category of Directorship	No. of meetings during the year	
			Held	Attended
Mr. Tara Sankar Bhattacharya	Chairman	Non-Executive Independent Director	3	1
Mr. Anjan Chatterjee	Member	Managing Director	3	3
Mr. Jyotin Mehta	Member	Non-Executive Independent Director	3	3
Mr. Dushyant Mehta**	Member	Non-Executive Independent Director	3	2

\*\* Mr. Dushyant Mehta was inducted in the Audit Committee on 8th October, 2011.

#### 3.2. Terms of reference of Audit Committee

The broad terms of reference of Audit Committee includes the following, as mandated in Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956:

1. Overseeing our Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

2. Recommending to the Board the appointment, re-appointment and, if required, the replacement of statutory auditor and the fixation of audit fee;
3. Approving of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956;
  - b. Changes, if any, in accounting policies and practices and reasons for the same;
  - c. Major accounting entries involving estimates based on the exercise of judgment by management;
  - d. Significant adjustments made in the financial statements arising out of audit findings;
  - e. Compliance with listing and other legal requirements relating to financial statements;
  - f. Disclosure of any related party transactions; and
  - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;
- 5A. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
6. Reviewing, with the management, the performance of statutory and internal auditors, and adequacy of the internal control systems;
7. Reviewing the adequacy of internal audit function if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
8. Discussing with internal auditors on any significant findings and following up there on;
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
10. Discussing with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
11. Investigating the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
12. Reviewing the functioning of the whistle blower mechanism, in case the same is existing;
13. Approving of appointment of chief financial officer (i.e. the whole time finance director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate; and
14. Carrying out any other function as is mentioned in terms of reference of the audit committee.

### **3.3 Powers of the Audit Committee:-**

As enumerated in Clause 49 of the Listing Agreement, the Audit Committee, inter-alia, has the following powers:-

1. To investigate any activity within its terms of reference;
2. To seek information from any employee;
3. To obtain outside legal or other professional advice; and
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

### **4. Remuneration Committee:-**

The Remuneration Committee was constituted on March 2, 2011 for reviewing and recommending the remuneration payable to the Directors and senior officers of the Company.

#### **Terms of reference:**

The broad terms of reference of Remuneration Committee include the following:-

1. To assist the Board of Directors in formulating and implementing the remuneration policy of the Company vis-à-vis the executive directors of the Company;
2. To recommend to the Board of Directors, the terms of compensation of the executive directors; and
3. To recommend compensation to the non-executive directors in accordance with the provisions of the Companies Act.

**Composition, Meetings and Attendance:**

The Remuneration Committee comprises of three Non-Executive Directors, all of whom are independent/non-independent Directors. Mr. Dushyant Mehta is the Chairman of the Remuneration Committee. The Company Secretary acts as a Secretary to the Committee. As on March 31, 2012 the Committee comprised of Mr. Dushyant Mehta, Mr. Vishal Sood and Mr. Jyotin Mehta.

During the financial year 2011-12, no meetings of the Remuneration Committee were held.

**5. Shareholder/Investor Grievance and Share Transfer Committee:**

The Shareholder/Investor Grievance and Share Transfer Committee have been constituted for the redressal of the shareholder grievances.

**Composition, Meetings and Attendance:-**

As on March 31, 2012, the Committee comprises of three members namely, Mr. Susim Mukul Datta, Mr. Anjan Chatterjee and Mr. Indranil Chatterjee. Mr. Susim Mukul Datta is the Chairman of the Shareholder/Investor Grievance Committee. The Company Secretary acts as Secretary to the Committee.

During the financial year 2011-12, no meetings of the Shareholder/Investor Grievance and Share Transfer Committee were held.

**Terms of reference:**

The terms of reference of the Shareholders'/Investors' Grievance and Share Transfer Committee include the following:-

1. Redressal of Shareholders'/Investors' complaints;
2. Allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;
3. Issue of duplicate certificates and new certificates on split/consolidation/renewal;
4. Non-receipt of declared dividends, balance sheets of the Company; and
5. Carrying out any other function contained in the Listing Agreement.

**6. IPO Committee:**

The IPO Committee of the Company was constituted to give effect to the Initial Public Offering of the Company and issue of equity shares. As on March 31, 2012 the Committee comprised of three members namely Mr. Anjan Chatterjee, Mrs. Suchhanda Chatterjee and Mr. Indranil Chatterjee.

During the financial year one meeting of the Committee was held and all the members were present at the meeting.

**Terms of reference**

- a) To decide on the timing, pricing and all the terms and conditions of the issue of the shares for the Issue, including the price, and to accept any amendments, modifications, variations or alterations thereto;
- b) To appoint and enter into arrangements with the book running lead managers, underwriters to the Issue, syndicate member(s) to the Issue, brokers to the Issue, escrow collection bankers to the Issue, registrars, legal advisors and any other agencies or persons or intermediaries to the Issue and to negotiate and finalise the terms of their appointment, including but not limited to execution of the Book Running Lead Managers ("BRLMs") mandate letter, negotiation, finalisation and execution of the Issue Agreement with the ("BRLM(s)") etc.;
- c) To finalise, settle, execute and deliver or arrange the delivery of the syndicate agreement, underwriting agreement, escrow agreement and all other documents, deeds, agreements, memorandum of understanding and other instruments whatsoever with the Registrar to the Issue, Legal Advisors, Auditors, Stock Exchange(s), ("BRLM(s)") and any other agencies/intermediaries in connection with the Issue with the power to authorise one or more officers of the Company to execute all or any of the aforesaid documents;
- d) To finalise, settle, approve and adopt the Draft Red Herring Prospectus, the Red Herring Prospectus, and the Prospectus for the issue of equity shares and take all such actions as may be necessary for filing of these documents including incorporating such alterations/corrections/ modifications and the related corrigenda/addendum/advertisements as may be required by Securities and Exchange Board of India (SEBI) or any other relevant Governmental and Statutory authorities;
- e) To make applications, if necessary, to the Reserve Bank of India, or to any other Statutory or Governmental Authorities in connection with the Issue and, wherever necessary, incorporate such modifications / amendments / alterations/corrections as may be required in the Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus;
- f) To open and operate bank account(s) of the Company in terms of the escrow agreement for handling of refunds for the Issue and to authorise one or more officers of the company to execute all documents/deeds as may be necessary in this regard;
- g) To open and operate a bank account of the Company in terms of section 73(3) of the Companies Act, 1956 and to authorise one or more officers of the company to execute all documents/deeds as may be necessary in this regard;
- h) To determine and finalise the floor price/price band for the Issue, allocation, approve the basis for allotment and confirm allotment of the equity shares to various categories of persons as disclosed in the Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus, in consultation with the ("BRLM(s)") and do all such



acts and things as may be necessary and expedient for, and incidental and ancillary to, the Issue;

- i) To issue receipts/allotment letters/confirmations of allocation notes either in physical or electronic mode representing the underlying equity shares in the capital of the Company with such features and attributes as may be required and to provide for the tradability and free transferability thereof as per market practices and regulations, including listing on one or more stock exchange(s), with power to authorise one or more officers of the company to sign all or any of the aforestated documents;
- j) To make applications for listing of the shares in one or more stock exchange(s) for listing of the equity shares of the Company and to execute and to deliver or arrange the delivery of necessary documentation to the concerned stock exchange(s);
- k) To do all such deeds and acts as may be required to dematerialise the equity shares of the Company and to sign and/or modify, as the case may be, agreements and/or such other documents as may be required with National Securities Depository Limited, Central Depository Services (India) Limited, Registrar & Transfer Agents and such other agencies, as may be required in this connection with power to authorise one or more officers of the company to execute all or any of the aforestated documents;
- l) To authorize and approve the incurring of expenditure and payment of fees, commissions, remuneration and expenses in connection with the Issue;
- m) To do all such acts, deeds, matters and things and execute all such other documents, etc. as it may, in its absolute discretion, deem necessary or desirable for such purpose, including without limitation, finalise the basis of allocation and to allot the shares to the successful allottees as permissible in law, issue of share certificates in accordance with the relevant rules;
- n) To settle all questions, difficulties or doubts that may arise in regard to such issues or allotment as it may, in its absolute discretion deem fit.
- o) To delegate any of the powers mentioned in (a) to (n) to the following persons, namely Mr. Anjan Chatterjee and Mr. Indroneil Chatterjee. "

## 7. Remuneration to Directors:

### 7.1 Remuneration paid to Non-Executive Independent Directors of the Company:-

Except Mr. Vishal Sood, all other Non-Executive Directors are paid sitting fees for attending each meeting of the Board of Directors and Committees thereof. The details of sitting fees paid during the financial year 2011-12 are as under:-

Sr. No.	Name of the Director	Sitting fees paid for 2011-12 (Rs.)
1	Mr. Susim Mukul Datta	40,000
2	Mr. Jyotin Mehta	72,500
3	Mr. Tara Sankar Bhattacharya	37,500
4	Mr. Dushyant Mehta	57,500

### 7.2 Remuneration paid to Whole-time Directors of the Company:-

The Remuneration of Whole-time Directors, including Managing Director are approved by the Board of Directors and shareholders.

The remuneration packages of Whole-time Directors including Managing Director comprise of salaries, perquisites and allowances and contribution to provident funds and other funds and/or commission. The details are summarised below:-

Sr. No.	Name of the Director	Designation Allowances (Rs.)	Salary and contribution to Provident Fund	Company's Fees (Rs.)	Sitting
1	Mr. Anjan Chatterjee	Managing Director	24,00,000	NIL	NIL
2	Mrs. Suchhanda Chatterjee	Whole-time Director (Director-Interior & Aesthetics )	12,00,000	NIL	NIL
3	Mr. Indranil Chatterjee	Whole-time Director (Executive Director)	6,00,000	NIL	NIL

### 8.2 Postal Ballot

The Company has not conducted any business through postal ballot during the year under review. The provisions relating to postal ballot shall be complied with on the matters as may be applicable.

**9 General Body Meetings:-****9.1. Location, date and time of the Annual General Meeting (AGM), for the last 3 years are as follows:-**

Sr. No.	Financial Year	General Meetings	Date	Time	Location	Particulars of special resolution
1	2010-11	12th AGM	21.07.2011	1.30 p.m.	Uniworth House, 3A, Gurusaday Road, Kolkata 700 019	N.A
2	2009-10	11th AGM	30.09.2010	2.00 p.m	Uniworth House, 3A, Gurusaday Road, Kolkata 700 019	N.A
3	2008-09	10th AGM	10.09.2009	3.30 p.m	Machaan, Unit No. 407 4th Floor, Mani Square, 164/1 Maniktala Main Road, EM Bypass, Kolkata 700054	N.A

All the resolutions as set out in the respective notices were passed unanimously by a show of hands by the Members of the Company present at the said Annual General Meetings.

No special resolutions were passed at any of the aforesaid Annual General Meetings.

**10. Subsidiary Company:-**

The Company does not have any subsidiary company.

**11. Other Disclosures:****A. Disclosure of Related Party Transactions:**

The particulars of related party transactions have been disclosed under Note no 30 of the Financial Statements.

**B. Disclosure of Accounting Treatment:**

While preparing the financial statements, the Company has followed all the relevant/ applicable Accounting Standards issued by the Institute of Chartered Accountants of India.

**C. Details of Utilisation of the funds out of the proceeds from the Public Issue:**

The Company completed its Initial Public Offer (IPO) in May, 2012. 11,739,415 equity shares of the face value of Rs. 10 each were allotted at a premium of Rs. 140 per share. The utilisation of the IPO proceeds is summarised below: -

(Rs. In Lacs)			
	Plan as approved by the members of the company	Utilisation upto June 30, 2012	Balance
(i) Development of new restaurants	13,160	167	12,993
(ii) Development of a food plaza	1,510	-	1,510
(iii) Repayment of Term Loan facilities	942	942	--
(iv) General Corporate Purpose	161	--	161
	15,773	1,109	14,664
(v) Issue related expenses	1,836	1,160	676
Total	17,609	2,269	15,340

**E. Means of Communication:**

The Company's quarterly financial results for the quarter ended June 30, 2012, presentation made to the institutional investors/ and analysts, official news releases and other general information about the company are uploaded on the Company's website. ([www.speciality.co.in](http://www.speciality.co.in))

The quarterly financial results are generally published in the Business Standards (all editions) and AajKal (a regional paper published in West Bengal).

**F. General Shareholders Information:****1. Annual General Meeting:-**

Day and Date:

Friday 28th September, 2012

Time

3.00 p.m

Venue

Confederation of Indian Industry,  
Suresh Neotia Centre of Excellence for Leadership  
DC-36, Sector-I, Salt Lake,  
(Behind City Centre I),  
Kolkata 700 064.

**2. Financial Calendar for 2012-13 (Tentative)**

Financial reporting for the quarter ended 30th June, 2012	1st August, 2012
Financial reporting for the quarter/half year ending 30th September, 2012	2nd week of November, 2012
Financial reporting for the quarter ending 31st December, 2012	2nd week of February, 2013
Financial reporting for the year ending March, 2013	Last week of May, 2013.
Annual General Meeting for the year ended March, 2013	August/September, 2013.

- 3. Book-closure date:** 19th September, 2012 to 28th September, 2012  
(Both days inclusive)
- 4. Dividend Payment Date:** Not applicable  
(Since no dividend is proposed for the financial year 2011-12).
- 5. Registered Office:** Uniworth House, 3A, Gurusaday Road, Kolkata 700019.

**6. Listing Details:**

The Equity Shares of the Company are listed on the following stock exchanges on May 30, 2012.

National Stock Exchange of India Limited,  
"Exchange Plaza",  
Bandra-Kurla Complex,  
Bandra East,  
Mumbai 400 051.  
Bombay Stock Exchange Limited  
Phiroze Jeejhabhoy Towers,  
Dalal Street,  
Mumbai 400 001.

The Company's payment of Listing Fees is up-to-date.

**7. Stock Codes:**

	Stock code
National Stock Exchange	Speciality
Bombay Stock Exchange	534425
ISIN	INE 247M01014

**8. Shareholding Pattern as on 31st March, 2012:**

Category	No. of Share held	% of Share holding
Promoters and their relatives	28499962	80.92
Bodies Corporate	6718242	19.08
Others	38	0.00
Total	35218242	100.00

**9. Dematerialisation of Shares:**

The shares of the Company are compulsorily tradable in dematerialised form both the Depository Systems in India. Viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). A total number of 3,35,08,242 equity shares of the Company constituting over 95% of the issued, subscribed and paid-up share capital were held in dematerialised form as on March 31, 2012.

**10. Green Initiative in Corporate Governance:**

The Ministry of Corporate Affairs has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by Companies through electronic mode. In accordance with the Circulars dated 21st April, 2011 and 29th April, 2011, service of documents/notices can now be made by a company through electronic mode i.e. by e-mail to the registered e-mail address of the shareholders.

The Company has already informed the shareholders about sending of all communications/documents/notices including annual report etc. and requested them to give their consent for receiving the documents etc. through electronic mode.

Those shareholders who have not given their consent for receiving the communication are once again requested to give their consent for the same.

**11. Corporate Governance**

As required by Clause 49 of the Listing Agreements, a separate section containing the Report on Corporate Governance together with the Certificate on the compliance with the conditions of corporate governance issued by a Practicing Company Secretary are appended hereto and they Form part of this Annual Report

**12. Registrar and Share Transfer Agents:**

M/s. Link Intime India Private Limited,  
C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (West), Mumbai - 400078.  
Tel No. (91 22) 2596 3838 • Fax No. (91 22) 2596 3837 • E-mail : investor@linkintime.co.in

**13. Investor correspondence:**

In order to facilitate quick redressal of the grievances/ queries, the Investors and Shareholders may contact the Company Secretary at the following address for any assistance:

Mr. V. S. Satyamoorthy,  
Company Secretary,  
Speciality Restaurants Limited,  
Morya landmark I,  
4th Floor, B 25, Veera Industrial Estate, Off. New Link Road, Andheri (West), Mumbai - 400 053.  
Tel No. (91 22) 3341 6870 • Fax No. (91 22) 3341 6878 • E-mail : investor@speciality.co.in

**CERTIFICATION BY MD/CFO**

(Issued in accordance with the provisions of Clause 49 of the Listing Agreement)

To,

The Board of Directors of Speciality Restaurants Limited.

**SUB: MD/CFO Certificate**

Dear Sirs,

We have reviewed financial statements, read with the cash flow statement of SPECIALITY RESTAURANTS LIMITED for the year ended 31st March, 2012 and that to the best of our knowledge and belief, we state that:

- (a) (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;
- (ii) These statements present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the company's code of conduct.
- (c) we accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, and to steps taken or propose to be taken for rectifying these deficiencies.
- (d) we have indicated wherever to to the Auditors and the Audit committee :
  - (i) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (ii) there were no instances of significant fraud of which we have become aware.

**Your Sincerely**

Anjan Chatterjee  
Managing Director

Rajesh Kumar Mohta  
Chief Financial officer

Place: Mumbai

Date: 1st August, 2012



## AUDITORS' CERTIFICATE REGARDING COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE

### TO THE MEMBERS OF SPECIALITY RESTAURANTS LIMITED

We have examined the compliance of the conditions of Corporate Governance procedures implemented by **SPECIALITY RESTAURANTS LIMITED** for the year ended on March 31, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange in India.

The Compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion of the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

As on March 31, 2012 there were no valid investor grievance matters against the Company remaining unattended/pending for more than 30 days.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For GMJ & Associates**

Company Secretaries

Sd/-

[MAHESH SONI]

PARTNER

FCS: 3706; COP: 2324

Place: Mumbai

Date: 1st August, 2012.





## AUDITORS' REPORT

### TO THE MEMBERS OF

### SPECIALITY RESTAURANTS LIMITED

1. We have audited the attached Balance Sheet of SPECIALITY RESTAURANTS LIMITED ("the Company") as at 31 March 2012, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - (a) We have 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 and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
  - (e) In our opinion and to the best of our information and according to the explanations given to us, the accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2012;
    - (ii) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
    - (iii) in the case of the Cash Flow statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of written representations received from the Directors as on 31 March 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 March 2012 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

**For DELOITTE HASKINS & SELLS**  
**Chartered Accountants**  
**(Registration No. : 117366W)**

P. B. Pardiwalla  
Partner

Mumbai, 1st August, 2012.

Membership No. 40005

## ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

- (i) Having regard to the nature of the Company's business/activities/result, clauses (ic), (vi),(viii),(x),(xii),(xiii),(xiv), (xv),(xviii),(xix) and (xx) of CARO are not applicable.
- (ii) In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
  - (b) Some of the fixed assets were physically verified during the year by the management in accordance with a program of verification which in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (iii) In respect of its inventory:
  - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
  - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) In respect of loans, secured or unsecured, granted by the Company to companies, firms or other parties covered in the Register under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:
  - (a) At the year-end, the outstanding balances of such loans aggregated to Rs.23,077,198/- (number of parties - 2), and the maximum amount involved during the year was Rs.25,716,661/- (number of parties - 2). The Company has not granted any such loans during the year.
  - (b) The rate of interest and other terms and conditions of the loans are, prima facie in our opinion, not prejudicial to the interests of the Company.
  - (c) The receipts of principal amounts and interest have been regular/as per stipulations.
  - (d) There are no overdue amounts in excess of Rs. 1 lakh outstanding at the year-end.

In respect of loans, secured or unsecured, taken by the Company from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:

  - (a) At the year-end, the outstanding balance of such loans is Rs. 55,817,546 (number of parties - 6) and the maximum amount involved during the year was Rs. 58,669,398/- (number of parties - 7). The Company had not taken any such loan during the year.
  - (b) The rate of interest and other terms and conditions of the loans are, prima facie in our opinion, not prejudicial to the interests of the Company.
  - (c) The payments of principal amounts and interest in respect of such loans are regular/as per stipulations.
- (v) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (vi) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
  - (a) The particulars of contracts or arrangements referred to Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
  - (b) Where each of such transaction (excluding loans reported under paragraph iv above) is in excess of Rs.5 lakhs in respect of any party, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time.
- (vii) The Company has an internal audit system, which was present throughout the year. The company is taking steps to further enhance the robustness of the system.
- (viii) According to the information and explanations given to us in respect of statutory dues including Provident Fund, Employees State Insurance, Income-Tax, VAT, Service Tax, Wealth Tax, Customs Duty, Cess and other material statutory dues:
  - (a) The Company has generally been regular in depositing undisputed dues, applicable to it, with the appropriate



authorities.

- (b) There were no undisputed amounts payable in arrears as at 31 March 2012 for a period of more than six months from the date they became payable.
- (c) There are no amounts payable, on account of any dispute, that have not been deposited as at 31 March 2012.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks.
- (x) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
- (xi) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long- term investment.
- (xii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

**For DELOITTE HASKINS & SELLS**  
**Chartered Accountants**  
**(Registration No. : 117366W)**

P. B. Pardiwalla  
Partner

Membership No. 40005

Mumbai, 1st August, 2012.



## BALANCE SHEET

Rs. In Millions

Particulars	Note No		As at 31 March, 2012		As at 31 March, 2011
<b>I. EQUITY AND LIABILITIES</b>					
<b>(1) Shareholders' Funds</b>					
(a) Share Capital	2		352.18		349.36
(b) Reserves and Surplus	3		796.45		626.84
<b>(2) Non-Current Liabilities</b>					
(a) Long-term borrowings	4		153.10		95.46
(b) Long term provisions	5		1.80		3.82
<b>(3) Current Liabilities</b>					
(a) Short-term borrowings	6		69.81		29.89
(b) Trade payables	7		215.62		243.11
(c) Other current liabilities	8		122.73		114.98
(d) Short-term provisions	9		12.64		18.33
<b>Total</b>		<b>1,724.33</b>		<b>1,481.79</b>	
<b>II. ASSETS</b>					
<b>(1) Non-current assets</b>					
(a) Fixed assets	10				
(i) Tangible assets		717.29		617.83	
(ii) Intangible assets		10.59		7.51	
(iii) Capital work-in-progress		151.47	879.35	71.02	696.36
(b) Non-current investments	11		0.05		0.04
(c) Deferred tax assets (net)			43.22		24.01
(d) Long term loans and advances	12		369.52		268.81
<b>(2) Current assets</b>					
(a) Current investments	13		150.29		250.69
(b) Inventories	14		20.24		19.76
(c) Trade receivables	15		73.78		49.61
(d) Cash and cash equivalents	16		47.13		47.81
(e) Short-term loans and advances	12		83.54		85.71
(f) Other current assets	17		57.21		38.99
<b>Total</b>		<b>1,724.33</b>		<b>1,481.79</b>	
Significant accounting policies	1				
The accompanying Notes 1 to 36 are an integral part of the financial statements					

In terms of our report attached.

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants.

**P. B. PARDIWALLA**  
Partner

Place: Mumbai  
Date: 1st August, 2012

**For and on behalf of the Board of Directors**

Susim Mukul Datta  
Chairman

Jyotin Mehta  
Director

Place: Mumbai  
Date: 1st August, 2012

Anjan Chatterjee  
Managing Director

V. S. Satyamoorthy  
Company Secretary

## STATEMENT OF PROFIT AND LOSS

Rs. In Millions

Particulars	Note No	For the year ended 31 March, 2012	For the year ended 31 March, 2011
I. Revenue from operations	18	1,962.30	1,731.05
II. Other Income	19	27.10	18.42
<b>III. Total Revenue (I + II)</b>		<b>1,989.40</b>	<b>1,749.47</b>
IV. Expenses:			
Cost of materials consumed	20	510.23	445.15
Employee benefits expense	21	423.13	330.39
Finance costs	22	26.64	13.21
Depreciation/amortization/impairment (Refer Notes 10 and 34)		128.66	143.03
Other expenses	23	653.96	576.90
<b>Total Expenses</b>		<b>1,742.62</b>	<b>1,508.68</b>
V. Profit before tax (III - IV)		246.78	240.79
VI. Tax expense:			
(1) Current tax	28	93.56	98.89
(2) Deferred tax		(19.21)	(18.33)
<b>VII. Profit for the year (V - VI)</b>		<b>172.43</b>	<b>160.23</b>
VIII. Earnings per equity share (of Rs. 10/- each):			
(1) Basic		5.57	5.62
(2) Diluted (Refer Note 29)			4.55
Significant accounting policies	1		
The accompanying Notes 1 to 36 are an integral part of the financial statements			

In terms of our report attached.

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants.

**P. B. PARDIWALLA**  
Partner

Place: Mumbai  
Date: 1st August, 2012

**For and on behalf of the Board of Directors**

Susim Mukul Datta  
Chairman

Jyotin Mehta  
Director

Place: Mumbai  
Date: 1st August, 2012

Anjan Chatterjee  
Managing Director

V. S. Satyamoorthy  
Company Secretary



# CASH FLOW STATEMENT

Rs. In Millions

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
<b>Cash flow from Operating Activities</b>		
Profit before tax	246.78	240.79
<b>Adjustments for:</b>		
Depreciation / Amortisation / Impairment	128.66	143.03
Loss on Sale of Fixed Assets	0.31	0.86
Profit on Sale of Fixed Assets	-	(0.19)
Profit on Sale of Investments	(0.36)	-
Loss on Sale of Investments	0.01	-
Interest Paid	26.64	13.21
Interest Received	(5.14)	(4.55)
Dividend	(15.65)	(11.36)
Provision for doubtful debts & advances	1.12	1.33
Exchange (Gain) / Loss	0.82	5.81
Sundry balances written back (Net)	(4.50)	(1.07)
<b>Operating Profit before working capital changes</b>	377.04	387.86
<b>Adjustments for (increase)/decrease in operating assets</b>		
Inventories	(0.48)	(7.29)
Trade receivables	(23.71)	(37.14)
Short-term loans and advances	2.17	(28.34)
Long-term loans and advances	(106.36)	(12.53)
Other current assets	(18.22)	(40.31)
<b>Adjustments for increase/(decrease) in operating liabilities</b>		
Trade payables	(22.98)	112.58
Other current liabilities	10.59	(7.13)
Short-term provisions	0.00	7.94
Long-term provisions	(1.74)	(4.14)
<b>Cash generated from operations</b>	216.31	371.50
Direct taxes paid	(94.63)	(90.42)
<b>A. Net Cash generated from operating activities (A)</b>	<b>121.68</b>	<b>281.08</b>
<b>B. Cash flow from Investing Activities</b>		
Capital expenditure on fixed assets	(314.64)	(130.90)
Proceeds from Sale of fixed assets	2.69	0.55
Purchase of Current investments	(628.50)	(355.24)
Proceeds from sale of Current investments	729.25	160.00
Purchase of long-term investments	(0.01)	(0.02)
Interest received	5.14	4.55
Dividend received	15.65	11.36
Fixed Deposits held as Security against Bank Gaurantees	(4.65)	(0.06)
Fixed Deposits held as security against Bank Gaurantees released	-	1.63
<b>B. Net cash used in Investing Activities (B)</b>	<b>(195.07)</b>	<b>(308.13)</b>
<b>C. Cash flow from Financing Activities</b>		
Share Application money received	-	110.00
Proceeds from long-term borrowings	(42.62)	(113.65)
Repayment of long-term borrowings	97.41	40.90
Net increase / (decrease) in working capital borrowings	39.92	12.29
Proceeds from other short-term borrowings	(26.64)	(13.21)
Interest Paid	(26.64)	(13.21)
<b>C. Net cash generated from Financing Activities (C)</b>	<b>68.07</b>	<b>36.33</b>
<b>Net (Decrease)/ Increase in cash and cash equivalents (A+B+C) = (D)</b>	<b>(5.32)</b>	<b>9.28</b>
<b>Cash and cash equivalents at beginning of the year (E)</b>	<b>46.78</b>	<b>37.51</b>
<b>Cash and cash equivalents at end of the year (D)+(E)</b>	<b>41.46</b>	<b>46.79</b>
<b>Reconciliation of Cash and cash equivalents with the balance sheet</b>		
Cash and cash equivalents as per balance sheet (Note 16)	47.13	47.81
Less: Fixed Deposits held as security against Bank Gaurantees	5.67	1.02
<b>Cash and cash equivalents at the end of the year</b>	<b>41.46</b>	<b>46.79</b>

In terms of our report attached.

For DELOITTE HASKINS &amp; SELLS

Chartered Accountants.

For and on behalf of the Board of Directors

P. B. PARDIWALLA

Partner

Susim Mukul Datta

Chairman

Anjan Chatterjee

Managing Director

Jyotin Mehta

Director

V. S. Satyamoorthy

Company Secretary

Place: Mumbai

Date: 1st August, 2012

Place: Mumbai

Date: 1st August, 2012



## NOTES TO FINANCIAL STATEMENTS

### 1 SIGNIFICANT ACCOUNTING POLICIES

#### 1. COMPANY BACKGROUND

Speciality Restaurants Limited ("The Company") was incorporated on 1 December 1999. The Company is primarily engaged in the business of operating restaurant outlets / sweet shops.

On 30 May 2012 the Equity Shares of the Company were listed on the Bombay Stock Exchange and the National Stock Exchange. The Company raised Rs. 1760.91 million through public issue of 11,739,415 Equity Shares of Rs.10/- each for cash at a premium of Rs. 140/- per share.

#### I. SIGNIFICANT ACCOUNTING POLICIES:

##### a) Basis of preparation of financial Statements.

The financial statements have been prepared under the historical cost convention in accordance with Generally Accepted Accounting Principles and the provisions of the Companies Act, 1956.

The Ministry of Corporate Affairs revised Schedule VI to the Act for financial years commencing on or after 1 April 2011. The Balance Sheet, Statement of Profit and Loss and the comparative financial information for the previous year have accordingly been prepared and presented with disclosures as required under the Revised Schedule VI.

##### b) Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and differences between actual results and estimates are recognized in the periods in which the results are known / materialize.

##### c) Fixed Assets and Depreciation/Amortization

Tangible Assets are stated at their cost of acquisition less accumulated depreciation and impairment losses.

Cost comprises of all costs incurred to bring the assets to their location and working condition.

Assets acquired under finance leases are accounted for at the inception of the lease in accordance with Accounting Standard 19 on Leases at the lower of the fair value of the asset and present value of minimum lease payments.

Depreciation on assets is provided, pro-rata for the period of use, by the written down value method at the rates prescribed in Schedule XIV to the Act. Assets costing less than Rs. 5,000 are depreciated at 100%

Leasehold improvements are depreciated over the lower of the lease period and the management's estimate of the useful life of the asset.

Intangible assets are stated at their cost of acquisition, less accumulated amortization and impairment losses. An intangible asset is recognized, where it is probable that the future economic benefits attributable to the asset will flow to the enterprise and where its cost can be reliably measured. The depreciable amount of intangible assets is allocated over the best estimate of its useful life on a straight-line basis.

The company capitalizes software costs where it is reasonably estimated that the software has an enduring useful life. Software is depreciated over the management's estimate of its useful life of five years.

Trademarks are amortized uniformly over a period of five years.

##### d) Impairment of Assets

An asset is considered as impaired in accordance with Accounting Standard 28 on Impairment of Assets when at the balance sheet date there are indications of impairment and the carrying amount of the asset, or where applicable the cash generating unit to which the asset belongs, exceeds its recoverable amount (i.e. the higher of the asset's net selling price and value in use). The carrying amount is reduced to the recoverable amount and the reduction is recognized as an impairment loss in the Statement of Profit and Loss.

##### e) Investments

Investments are classified as current or long term in accordance with Accounting Standard 13 on Accounting for Investments.

Current investments are stated at the lower of cost and fair value. Any reduction in the carrying amount and any reversals of such reductions are charged or credited to the Statement of Profit and Loss.

Long term investments are stated at cost. Provision for diminution is made to recognize a decline, other than temporary, in the value of such investments.

**f) Revenue Recognition**

Revenue is recognized when it is earned and no significant uncertainty exists as to its realization or collection.

Revenue from restaurant and sweet shop sales (food and beverages) is recognized upon rendering of service. Sales are net of discounts. Value added tax is reduced from sales.

The Company also operates through franchise arrangements with third parties in terms of which the third parties are permitted to use the Company's established trademarks :

Initial Access Premium Fee charged to franchisees, in consideration of being considered as competent to open a restaurant under a Company owned trademark, is recognized on formalization of the franchise agreement. The Initial Access Premium Fee is non - refundable, regardless of whether the restaurant outlet under the franchise agreement commences operations or not.

Royalty and Management Fee charged to franchisees for the use of the trademarks is calculated as a percentage of monthly sales of the restaurant and accrued for in line with restaurant sales.

Revenue from displays and sponsorships are recognized based on the period for which the products or the sponsor's advertisements are promoted/displayed.

In respect of gift vouchers and point awards scheme operated by the company, sales are recognized when the gift vouchers or points are redeemed and on sale of meals to customers.

**g) Inventories**

Inventories are measured at the lower of cost and net realizable value.

Cost of inventories comprises of all costs of purchase and other costs incurred in bringing the inventories to their present condition and location. Cost of materials is determined by the FIFO method.

**h) Employee Benefits**

Compensation to employees for services rendered is measured and accounted for in accordance with Accounting Standard 15 on Employee Benefits.

Employee Benefits such as salaries, allowances, non-monetary benefits and employee benefits under defined contribution plans such as provident and other funds, which fall due for payment within a period of twelve months after rendering service, are charged as expense to the Statement of Profit and Loss in the period in which the service is rendered.

Employee Benefits under defined benefit plans such as gratuity which fall due for payment after completion of employment are measured by the projected unit credit method, on the basis of actuarial valuations carried out by third party actuaries at each balance sheet date. The company's obligations recognized in the balance sheet represent the present value of obligations as reduced by the fair value of plan assets, where applicable.

Actuarial Gains and losses are recognized immediately in the Statement of Profit and Loss.

**i) Foreign Currency Transactions**

Transactions in foreign currencies are accounted for at the prevailing rates of exchange on the date of the transaction.

Monetary items denominated in foreign currencies, are restated at the prevailing rates of exchange at the Balance Sheet date. All gains and losses arising out of fluctuations in exchange rates are accounted for in the Statement of Profit and Loss.

Exchange differences on forward exchange contracts, entered into for hedging foreign exchange fluctuation risk in respect of an existing asset/liability, are recognized in the Statement of Profit and Loss in the reporting period in which the exchange rate changes. Premium / Discount on forward exchange contracts is amortized over the period of the contract.

**j) Borrowing costs**

Borrowing costs attributable to the acquisition or construction of qualifying assets, as defined in Accounting Standard 16 on Borrowing Costs are capitalized as part of the cost of the asset up to the date when the asset is ready for its intended use. Other borrowing costs are expensed as incurred.

**k) Income Tax**

Income taxes are accounted for in accordance with Accounting Standard 22 on Accounting for Taxes on Income. Taxes comprise both current and deferred tax.

Current tax is measured at the amount expected to be paid to /recovered from the taxation authorities, using the applicable tax rates and tax laws.

The Tax effect of the timing differences that result between taxable income and accounting income and are capable of reversal in one or more subsequent periods are recorded as a deferred tax asset or deferred tax liability. They

are measured using the substantively enacted tax rates and tax regulations.

The carrying amount of deferred tax assets at each balance sheet date is reduced to the extent that it is no longer reasonably certain that sufficient future taxable income will be available against which the deferred tax asset can be realized.

**l) Earnings Per Share**

The Company reports basic and diluted Earnings per Share (EPS) in accordance with Accounting Standard 20 on Earnings per Share. Basic EPS is computed by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted EPS is computed by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive.

**m) Operating leases**

Operating lease payments are recognized as an expense in the Statement of Profit and Loss on the following basis, as applicable:

- i) A percentage of restaurant sales as provided for in the lease agreement
- ii) In the ratio of forecasted sales over the lease period

Consequently, based on the current trend of sales, the company has recognized an additional charge of Rs 27.17 Million towards lease rentals.

**n) Initial Public Offering Expenses**

Initial Public Offering related expenses are carried in the balance sheet to be written off to the Securities Premium account in accordance with section 78 of the Companies Act 1956 and to the extent the Securities Premium account is unable to absorb the costs, expensed to the Statement of Profit and Loss on completion of listing (refer note l above).

**o) Cash Flow Statement**

The Cash Flow Statement is prepared by the indirect method set out in Accounting Standard 3 on Cash Flow Statements and presents the cash flows by operating, investing and financing activities of the Company.

Cash and Cash equivalents presented in the Cash Flow Statement consist of cash on hand and unencumbered bank balances.

**p) Contingent liabilities**

Contingent Liabilities as defined in Accounting Standard 29 on Provisions, Contingent Liabilities and Contingent Assets are disclosed by way of notes to the accounts. Disclosure is not made if the possibility of an outflow of future economic benefits is remote. Provision is made if it becomes probable that an outflow of future economic benefits will be required to settle the obligation.

**2 Share Capital**

Particulars	2011-2012		2010-2011	
	Number of shares	Rs. In Millions	Number of shares	Rs. In Millions
<b>a. Authorised</b>				
51,000,000 Equity Shares (Previous Year-51,000,000) of the par value of Rs.10 each	51,000,000	510.00	51,000,000	510.00
7,000,000 Compulsorily Convertible Preference Shares (Previous Year-7,000,000) of the par value of Rs. 10 each	7,000,000	70.00	7,000,000	70.00
	<b>58,000,000</b>	<b>580.00</b>	<b>58,000,000</b>	<b>580.00</b>



<b>b. Issued &amp; Subscribed</b>				
<b>1 Equity Shares</b>				
Equity Shares of Rs.10 each ( Of the above shares, 6,689,118 (Previous Year - 1,618) equity shares are allotted as fully paid-up on Conversion of Compulsorily Convertible Preference shares )  (Of the above shares, 27,029,124 (Previous Year - 27,029,124) equity shares are allotted as fully paid-up bonus shares by capitalisation from the Securities Premium Account)	35,218,242	352.18	28,530,742	285.31
<b>(a) Reconciliation of number of shares outstanding at the beginning and end of the year :</b>				
Outstanding at the beginning of the year	28,530,742		1,500,000	
Add: Conversion of 6,687,500 Compulsorily Convertible Preference Shares		1,618		
Add: Issue of Bonus shares in the ratio of 1:18	-		27,029,124	
Outstanding at the end of the year	35,218,242		28,530,742	
<b>(b) Rights, preferences and restrictions attached to Equity shares</b>				
The company has a single class of equity shares. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding.				
<b>(c) Shareholders holding more than 5% equity shares in the company are set out below:</b>				
Anjan Chatterjee				
No. of shares	16,529,905		16,529,905	
% Holding	46.94		57.94	
Suchhanda Chatterjee				
No. of shares	11,970,000		11,970,000	
% Holding	33.99		41.95	
Saif III Mauritius Company Limited				
No. of shares	4,997,640		20,140	
% Holding	14.19		0.07	

2	<b>Preference Shares</b>				
	Compulsorily Convertible Preference Shares of Rs.10 each	-	-	6,405,755	64.05
	Of the above, Nil (Previous year - 6,108,679)				
	Compulsorily Convertible Preference shares are allotted as fully paid-up bonus shares by capitalisation from the Securities Premium Account				
	<b>Rights, preferences and restrictions attached to Preference Shares</b>				
	The company has a single class of Preference Shares (Compulsorily Convertible Preference Shares - 'CCPS'). CCPS carry non-cumulative dividend @ 8% p.a in preference to the holders of Equity shares. The Dividend proposed by the Board of Directors is subject to the approval of shareholders in the Annual General Meeting. Each holder of CCPS is entitled to one vote per share only on resolutions placed before the company which directly affect the rights attached to CCPS. CCPS are compulsorily convertible on the 7th anniversary of the closing date (i.e. December 2014) or at the time of an IPO, whichever is earlier, (fully converted during the year)				
	In the event of liquidation, the preference share holders are eligible to receive the outstanding amount after distribution of all other preferential amounts, in proportion to their shareholding.				
(a)	<b>Reconciliation of number of shares outstanding at the beginning and end of the year :</b>				
	Outstanding at the beginning of the year	6,405,755		208,076	
	Add: Issue of Compulsorily Convertible Preference Shares	-		90,558	
	Less: Conversion of Compulsorily Convertible Preference Shares into Equity shares	6,405,755		1,558	
	Add: Issue of Bonus shares in the ratio of 10,000:1,935	-		40,069	
	Add: Issue of Bonus shares in the ratio of 1:18	-		6,068,610	
	Outstanding at the end of the year	-		6,405,755	

<b>(b) Shareholders holding more than 5% Preference Shares in the company are set out below:</b>				
SAIF III Mauritius Company Limited				
No. of shares	-		4,695,755	
% Holding	-		73.31	
GLIX Securities Private Limited				
No. of shares	-		1,710,000	
% Holding	-		26.69	
		<b>352.18</b>		<b>349.36</b>

### 3 Reserves & Surplus

Rs. In Millions		
Particulars	2011-2012	2010-2011
a. Capital Reserve		
Money received against share warrants forfeited, option not exercised by warrant holders		
As per last balance sheet	1.67	1.67
b. Securities Premium Account		
As at the beginning of the year	169.36	351.64
Add: Issue of Compulsorily Convertible Preference shares - Nil (Previous year - 90,558 shares at a premium of Rs. 1646.40 per share)	149.09	
Less: Conversion of Compulsorily Convertible Preference Shares into Equity Shares (F.Y. 2010-2011 - 600 CCPS)	2.82	0.00
Less: Issue of Bonus Compulsorily Convertible Preference shares - Nil (Previous year - 40,069 shares in the Ratio of 10,000:1,935 and 6,068,610 shares in the Ratio of 1:18)	-	61.09
Less: Issue of Bonus Equity Shares- Nil (Previous year - 27,029,124 shares in the ratio of 1:18)	-	270.29
As at the end of the year	<b>166.54</b>	<b>169.36</b>
c. Surplus in Statement of Profit and Loss		
As at the beginning of the year	455.81	295.58
Add: Net Profit after tax for the year	172.43	160.23
As at the end of the year	<b>628.24</b>	<b>455.81</b>
	<b>796.45</b>	<b>626.84</b>

### 4 Long-term Borrowings

Rs. In Millions		
Particulars	Non-Current Portion	
	As at 31 March 2012	As at 31 March 2011
<b>A Secured Loans</b>		
<b>I Term Loans</b>		
From Banks		
i) Rupee Term Loan (Refer note 8 for current maturities of long term loans)	-	35.95
1) Details of Security		
Secured by:		
(a) Hypothecation of entire existing and future fixed and movable assets of the Company and entire current assets of the Company excluding charge on credit card receivables charged to Kotak Mahindra Bank and movable assets at certain restaurants financed by Kotak Mahindra Bank Term Loan.		





<p>(b) Extension of equitable mortgage over Plot No.4, Local Shopping Centre, Masjid Moth, New Delhi 110048 in the name of M/s. Prosperous Promoters Private Limited ( an entity over which two Directors are able to exercise control).</p> <p>(c) Extension of equitable mortgage over Unit Nos. 103 to 106, First Floor, Shalimar Morja Park, Veera Industrial Estate, Andheri (W), Mumbai - 400 053 in the name of M/s. Situations Advertising and Marketing Services Private Limited ( an entity over which two Directors are able to exercise control).</p> <p>(d) Extension of mortgage charges over the WBIDC land at Sub - Central Business, Kolkata and the plot of land under WBIDC in Food Park, Kandua, Howrah District, WB.</p> <p>(e) Exclusive hypothecation charge on fixed and movable assets of proposed projects at the following locations: Food Plaza at WBIDC, F-27(A), Kandua, Sankrail, Howrah, West Bengal and Food Park at WBIDCO land at 15-Mar, Street No. 178, Rajarhat, North 24 Parganas, Kolkata and Catering College at Plot No 27, Block DD, Sector I, Bidhan Nagar, West Bengal.</p> <p>(f) Personal guarantees of two Directors and Corporate Guarantees of M/s. Situations Advertising and Marketing Services Private Limited and M/s. Prosperous Promoters Private Limited (entities over which two directors are able to exercise control).</p> <p>2) Repayment terms</p> <p>a) Repayable in variable Quarterly Installments falling due in 30th June, 30th September, 31st December, 31st March for a tenor of 4 years commencing from F.Y. 2009-2010.</p> <p>b) Maturity with respect to the Balance Sheet date :</p> <p>2 Quarterly Installments falling due in June and September</p> <p>ii) Other term Loan (Refer note 8 for current maturities of long term loans)</p> <p>1) Details of Security</p> <p>Secured by:</p> <p>(a) First and exclusive charge on Fixed Assets of the company created out of term loan tranches disbursed by Kotak Mahindra Bank.</p> <p>(b) Mortgage by way of exclusive charge on the immovable properties being office premises situated at offices 301 to 305, 3rd floor and offices 501 to 505, 5th floor Hari om Chambers, Veera Industrial Estate, New Link road, Andheri West, Mumbai, Maharashtra, belonging to M/s. Situations Advertising and Marketing Services Pvt. Ltd ( an entity over which two Directors are able to exercise control).</p> <p>(c) Personal Guarantees of two Directors and Corporate guarantee of M/s. Situations Advertising and Marketing Services Pvt. Ltd (an entity over which two directors are able to exercise control) to the extent of value of the mortgaged property under its ownership.</p> <p>2) Repayment terms</p> <p>a) Repayable in 10 equal Semi Annual Installments falling due in December and June for a tenor of 5 years commencing from F.Y. 2011-2012.</p> <p>b) Maturity with respect to the Balance Sheet date :</p> <p>9 Semi Annual Installments falling due in June and December</p>	95.01	-
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<b>II Long term maturities of finance lease obligations</b>		
Car Loans (Refer note 8 for current maturities of finance lease obligation)	2.27	0.84
1) Details of Security		
Secured by a specific charge on the assets purchased.		
2) Repayment terms		
a) Monthly Installments payable over a period of 36 months from loan disbursements		
b) Maturity with respect to the Balance Sheet date :		
1 - 35 monthly installments due over the period April 12 - February 15		
	<b>97.28</b>	<b>36.79</b>
<b>B Unsecured Loans</b>		
Loans from Related Parties		
From Directors	46.58	49.43
From Others	9.24	9.24
Repayment terms		
The above loans are to be retained till repayment of Term Loans from Bank.		
	<b>55.82</b>	<b>58.67</b>
	<b>153.10</b>	<b>95.46</b>

## 5 Long-term Provisions

Rs. In Millions

Particulars	2011-2012	2010-2011
a. Provision for Employee Benefits (Refer Note 9 for Short Term Provisions)	1.80	3.54
b. Income Tax (Net of paid)	-	0.28
	<b>1.80</b>	<b>3.82</b>

## 6 Short-Term Borrowings

Rs. In Millions

Particulars	2011-2012	2010-2011
<b>A Secured Loans</b>		
a. Loans repayable on demand		
- From Banks	69.81	29.89
b. Details of Security		
Secured by first and exclusive charge on all existing and future credit card receivables and personal guarantees of two Directors.		
c. Repayment terms		
Repayable on demand		
	<b>69.81</b>	<b>29.89</b>

## 7 Trade Payables

Rs. In Millions

Particulars	2011-2012	2010-2011
Sundry Creditors	215.62	243.11
	215.62	243.11
<b>Note:</b> <b>Micro, Small and Medium Enterprises</b> The information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company and receipt of confirmations from such parties. This has been relied upon by the auditors. The disclosures relating Micro & Small Enterprises as at 31st March 2012 are as under:		
	Rs. In Millions	
Description	2011-2012	2010-2011
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	0.18	-
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

## 8 Other Current Liabilities

Rs. In Millions

Particulars	2011-2012	2010-2011
a. Current Maturities of Long Term loans (Refer Note 4)		
- Term Loan	40.66	-
- Other loan	27.15	71.00
b. Current Maturities of Finance Lease obligations	1.57	1.22
c. Initial Access premium fees received in advance	-	4.50
d. Other Payables		
(i) Statutory remittances	27.01	28.16
(ii) Payables on purchase of fixed assets	26.34	10.10
	<b>122.73</b>	<b>114.98</b>

Other Payables include Rs. 0.99 million and Rs. 0.61 million as at 31 March 2012 and 31 March 2011 respectively, deducted from employees' salaries towards contribution to the Employees Contingency Fund, which is proposed to be established by the Company.

## 9 Short Term Provisions

Rs. In Millions

Particulars	2011-2012	2010-2011
Provision for Employee Benefits	9.68	9.68
Income Taxes (Net)	2.96	8.65
	<b>12.64</b>	<b>18.33</b>

## 10 Fixed Assets

Rs. In Millions

PARTICULARS	Gross Block				Depreciation / Amortisation / Impairment				Net Block	
	Balance as at 1 April 2011	Additions	Deductions	Balance as at 31 March 2012	Balance as at 1 April 2011	For the year	Deductions	Balance as at 31 March 2012	Balance as at 31 March 2012	Balance as at 31 March 2011
<b>Tangible Assets</b>										
Land										
Freehold	26.65	-	-	26.65	-	-	-	-	26.65	26.65
Leasehold	51.92	-	-	51.92	1.01	1.16	-	2.17	49.75	50.91
Leasehold Improvements	269.32	91.44	25.49	335.27	94.07	29.14	16.89	106.32	228.95	175.25
Plant and Equipment	349.77	67.76	8.75	408.78	138.80	39.52	4.84	173.48	235.30	210.97
Furniture and Fixtures	274.32	70.38	12.28	332.42	137.33	46.36	5.00	178.69	153.73	136.99
Computers	35.52	7.40	-	42.92	25.85	6.09	-	31.94	10.98	9.67
Vehicles										
Owned	6.95	4.84	1.18	10.61	3.16	1.98	0.57	4.57	6.04	3.79
Taken under finance lease	5.61	4.50	2.52	7.59	2.02	0.93	1.25	1.70	5.89	3.60
<b>Tangibles Total (A)</b>	<b>1,020.06</b>	<b>246.32</b>	<b>50.22</b>	<b>1,216.16</b>	<b>402.24</b>	<b>125.18</b>	<b>28.55</b>	<b>498.87</b>	<b>717.29</b>	<b>617.83</b>
<b>Intangible Assets</b>										
Patents and Trademarks	3.61	1.75	-	5.36	1.93	0.87	-	2.80	2.56	1.68
Software	11.36	4.80	-	16.16	5.52	2.61	-	8.13	8.03	5.83
<b>Intangibles Total (B)</b>	<b>14.97</b>	<b>6.55</b>	<b>-</b>	<b>21.52</b>	<b>7.45</b>	<b>3.48</b>	<b>-</b>	<b>10.93</b>	<b>10.59</b>	<b>7.51</b>
<b>Total (A+B)</b>	<b>1,035.03</b>	<b>252.87</b>	<b>50.22</b>	<b>1,237.68</b>	<b>409.69</b>	<b>128.66</b>	<b>28.55</b>	<b>509.80</b>	<b>727.88</b>	<b>625.34</b>
<b>Capital Work in Progress</b>									<b>151.47</b>	<b>71.02</b>
<b>GRAND TOTAL</b>	<b>1,035.04</b>	<b>252.87</b>	<b>50.22</b>	<b>1,237.68</b>	<b>409.69</b>	<b>128.66</b>	<b>28.55</b>	<b>509.79</b>	<b>879.35</b>	<b>696.36</b>
Previous Year	899.54	137.85	2.37	1,035.03	267.81	143.03	1.17	409.67	696.36	

Note:

Depreciation for the year includes impairment charge aggregating to Rs. 5.26 million (previous year 14.19 million)

## 11 Non Current Investments

Rs. In Millions

Particulars	2011-2012	2010-2011
<b>Non-trade investments (valued at cost)</b>		
<b>Unquoted</b>		
Investment in Government or Trust Securities (NSC deposited with Excise Authorities)	0.05	0.04
	<b>0.05</b>	<b>0.04</b>



## 12 Loans and advances (Unsecured, considered good - unless otherwise stated)

Rs. In Millions

Particulars	Non-Current portion		Current portion	
	2011-2012	2010-2011	2011-2012	2010-2011
a. Capital Advances	43.39	30.84	-	-
b. Security deposits				
- Premises and Other Deposits	288.26	177.33	12.49	24.69
c. Loans to related parties (Refer Note 30)	18.56	21.67	4.51	4.05
d. Other loans and advances (see note below)				
Rent Equalisation	9.89	31.10	3.65	9.62
Loans to employees	2.50	1.96	5.36	5.13
Advance to Suppliers	0.19	1.17	4.95	11.74
Reimbursement of Expenses	0.57	-	31.02	6.29
Others	6.47	0.73	18.69	22.34
Less: Provision for Doubtful Loans and Advances	0.76	1.33	-	-
	<b>18.86</b>	<b>33.63</b>	<b>63.67</b>	<b>55.12</b>
e. Income Taxes (Net)	0.45	5.34	-	-
f. VAT Input Credit	-	-	2.87	1.85
	<b>369.52</b>	<b>268.81</b>	<b>83.54</b>	<b>85.71</b>
<b>Note:</b>				
Particulars	Non-Current portion		Current portion	
	2011-2012	2010-2011	2011-2012	2010-2011
<b>Considered Good</b>				
Rent Equalisation	9.89	31.10	3.65	9.62
Loans to employees	2.50	1.90	5.36	5.13
Advance to Suppliers	-	-	4.95	11.74
Reimbursement of Expenses	-	-	31.02	6.29
Others	6.47	0.64	18.69	22.35
<b>Considered Doubtful</b>				
Rent Equalisation	-	-	-	-
Loans to employees	-	0.06	-	-
Advance to Suppliers	0.19	1.17	-	-
Reimbursement of Expenses	0.57	-	-	-
Others	-	0.09	-	-
<b>Loans and advances include amounts due from:</b>				
<b>Particulars</b>			<b>2011-2012</b>	<b>2010-2011</b>
Directors				
Anjan Chatterjee			1.50	1.50
Suchhanda Chatterjee			1.50	1.50
Anjan Chatterjee (HUF)			1.60	1.60
Private Companies in which directors are directors and shareholders				
Situations Advertising & Marketing Services Private Limited			48.20	16.00
Havik Exports (P) Limited			4.50	3.00
Prosperous Promotors Private Limited			28.03	30.67
Shruthi Hotels Enterprises Private Limited			3.00	3.00
Mainland Restaurants Private Limited			0.05	0.05

### 13 Current Investments

Particulars	2011-2012			2010-2011		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
<b>Investment in Mutual Funds (at lower of cost &amp; fair value)</b>						
ICICI Prudential Interval 1 Quarterly Institutional Growth 2,220,976 units (As at 31 March 2011 - NIL)	25.25	-	25.25	-	-	-
Kotak Quarterly Interval Plan Series 6 - Dividend NIL (As at 31 March 2011 - 3,000,000 units)	-	-	-	-	30.00	30.00
Kotak Quarterly Interval Plan Series 5 - Dividend NIL (As at 31 March 2011 - 2,998,890 units)	-	-	-	-	30.00	30.00
SBI Debt Fund Series - 90 Days - 54 - Growth 2,499,990 units (As at 31 March 2011 - NIL)	25.00	-	25.00	-	-	-
SBI Debt Fund Series - 90 Days - 56 - Dividend 3,839,579 units (As at 31 March 2011 - NIL)	38.40	-	38.40	-	-	-
ICICI Prudential Flexible Income Plan Premium - Growth NIL (As at 31 March 2011 - 144,262 units)	-	-	-	-	26.37	26.37
ICICI Prudential Money Market Fund Cash Option Daily Dividend 100,459 units (As at 31 March 2011 - NIL)	-	10.05	10.05	-	-	-
Kotak Floater Long Term - Growth NIL (As at 31 March 2011 - 10,546,059 units)	-	-	-	-	164.32	164.32
Kotak Floater Long Term - Daily Dividend 2,615,939 units (As at 31 March 2011 - NIL)	-	26.37	26.37	-	-	-
Birla Sun Life Ultra Short Term Fund - Institutional Daily Dividend 251,110 units (As at 31 March 2011 - NIL)	-	25.12	25.12	-	-	-
UTI Treasury Advantage Fund - Daily Dividend - Re-investment 97 units (As at 31 March 2011 - NIL)	-	0.10	0.10	-	-	-
<b>Total Book Value</b>	<b>88.65</b>	<b>61.64</b>	<b>150.29</b>	<b>-</b>	<b>250.69</b>	<b>250.69</b>
Note: Market Value / Repurchase Value	89.96	61.64		-	250.84	

### 14 Inventories (at lower of cost and net realisable value)

Particulars	Rs. In Millions	
	2011-2012	2010-2011
Inventories		
Materials	17.37	18.60
Cutlery, crockery & other consumables	2.87	1.16
	<b>20.24</b>	<b>19.76</b>



## 15 Trade Receivables (Unsecured)

Particulars	Rs. In Millions	
	2011-2012	2010-2011
Outstanding for a period exceeding six months from the due date of payment		
- Considered good	35.83	19.91
- Doubtful	0.36	-
Others		
- Considered good	37.95	29.70
- Doubtful		
	74.14	49.61
Less: Provision for doubtful trade receivables	0.36	-
	<b>73.78</b>	<b>49.61</b>

## 16 Cash and Cash Equivalents

Particulars	Rs. In Millions	
	2011-2012	2010-2011
Cash and Bank balances		
a. Balances with Banks:		
In Current Accounts	14.06	11.34
In Fixed Deposit accounts	29.56	34.35
b. Cash on Hand	3.51	2.12
	<b>47.13</b>	<b>47.81</b>
Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements is	41.46	46.79
Note: Balances with banks include fixed deposits amounting to Rs. 2.06 million (As at 31 March 2011 - Rs. 1.27 million) which have an original maturity of more than 12 months. Fixed Deposits aggregating to Rs. 5.67 million (As at 31 March 2011 - Rs. 1.02 million) are held by banks as security against Bank Guarantees.		

## 17 Other Current Assets

Particulars	Rs. In Millions	
	2011-2012	2010-2011
Initial Public offer expenses, unamortised	57.21	38.99
	<b>57.21</b>	<b>38.99</b>

## 18 Revenue from Operations

Particulars	Rs. In Millions	
	2011-2012	2010-2011
Income from sale of food and beverages	1,878.14	1,648.05
Franchise Income		
- Initial Access Premium	34.07	24.72
- Royalty and Management Fees	42.44	35.95
Other Operating Income		
Designing & Consulting	5.50	8.65
Income from Displays and Sponsorships	0.91	12.96
Sale of Scrap	1.24	0.72
	<b>1,962.30</b>	<b>1,731.05</b>

## 19 Other Income

Particulars	Rs. In Millions	
	2011-2012	2010-2011
Interest received from Banks/Others	5.14	4.55
Dividend on current investments	15.65	11.36
Profit on sale of current investments (Net)	0.35	-
Profit on sale of fixed assets (Net)	-	0.13
Foreign exchange gain (Net)	0.82	-
Excess Credit balances written back (Net)	4.50	2.33
Miscellaneous Income	0.64	0.05
	<b>27.10</b>	<b>18.42</b>

## 20 Cost of materials consumed

Particulars	Rs. In Millions	
	2011-2012	2010-2011
<b>Food &amp; Beverage</b>		
Opening Stock	19.76	12.47
Add: Purchases	510.71	452.44
	530.47	464.91
Less: Closing Stock	20.24	19.76
	<b>510.23</b>	<b>445.15</b>

## 21 Employee Benefits Expense

Particulars	Rs. In Millions	
	2011-2012	2010-2011
Salaries, Bonus and Allowances	337.05	265.37
Contribution to Provident and Other Funds	22.27	13.04
Staff Welfare Expenses	63.81	51.98
	<b>423.13</b>	<b>330.39</b>

### Note: Employee Benefits

#### a. Defined Contribution plan:

Particulars	Rs. In Millions	
	2011-2012	2010-2011
Company's Contribution to Provident and other funds	22.27	13.04

#### b. Defined Benefit Plans:

Particulars	Rs. In Millions	
	Gratuity	
	2011-2012	2010-2011
<b>a) Liability recognised in the balance sheet</b>		
Present value of obligation		
As at the beginning of the period	21.92	17.33
Service Cost	5.96	4.85
Interest Cost	2.15	1.67
Actuarial Gain on obligation	(4.78)	(0.93)
Benefits paid	(1.25)	(0.99)
As at the end of the period	<b>24.00</b>	<b>21.92</b>
<b>Less: Fair Value of Plan Assets</b>		
Opening Fair value of Plan Assets	8.70	6.16
Expected Return on Plan Assets	0.87	0.68
Actuarial Gain	0.15	0.02
Contribution by Employer	4.04	2.82
Benefits Paid	(1.25)	(0.99)
Closing Fair value of Plan Assets	<b>12.52</b>	<b>8.70</b>
<b>Net Liability</b>	<b>11.48</b>	<b>13.22</b>

<b>b) Expense during the year (included under Salaries, Bonus and Allowances)</b>		
Service Cost	5.96	4.85
Interest Cost	2.15	1.67
Expected return on Plan Assets	(0.87)	(0.68)
Actuarial (Gain) / Loss	(4.94)	(0.95)
<b>Total</b>	<b>2.30</b>	<b>4.88</b>
<b>c) Breakup of Plan Assets as a percentage of total Plan Assets</b>		
<b>Insurer Managed Funds</b>	100%	100%
<b>d) Expected rate of return on Plan Assets</b>		
Insurer Managed Funds	9.15%	9.15%
<b>e) Principal Assumptions</b>		
Discount rate	8.60%	8.05%
Salary escalation	6%	6%
Attrition rate		
From Age bracket 21 to 57 years	1% - 15%	1% - 15%

The company expects to contribute Rs. 9.68 million (previous year Rs. 9.68 million) to its Gratuity plan for the next year. In assessing the Company's Post Retirement Liabilities the company monitors mortality assumptions and uses up-to-date mortality tables, the base being the LIC 1994-96 ultimate tables.

The Company operates a funded gratuity plan for qualifying employees. Under the plan, the employees are entitled to gratuity benefits based on final salary at retirement. The Company makes provision in the books based on third party actuarial valuations.

The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

#### Other Disclosures:

		Rs. In Millions				
Particulars	As at	31-Mar-12	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08
Defined Benefit Obligation		24.00	21.92	17.33	14.75	9.90
Plan Assets		12.52	8.70	6.16	4.50	3.57
Surplus/(Deficit)		(11.48)	(13.22)	(11.16)	(10.25)	(6.33)
Experience Adjustments on Plan Liabilities		(3.54)	(0.29)	(0.84)	(0.54)	0.15
Experience Adjustments on Plan Assets		0.15	0.02	(0.02)	(0.03)	(0.01)

## 22 Finance Costs

		Rs. In Millions	
Particulars		2011-2012	2010-2011
Interest on borrowings		26.64	13.21
		<b>26.64</b>	<b>13.21</b>

## 23 Other Expenses

		Rs. In Millions	
Particulars		2011-2012	2010-2011
Rent		287.03	238.09
Power & Fuel		80.62	67.43
Rates, Taxes & Licence Fee		33.35	28.10
Operating Supplies (Refer Note 34)		58.83	45.32
Insurance		3.57	4.18
Advertising and Marketing Expenses		53.63	62.00
Less: Amount Recovered From Trade Partners		(24.95)	(18.48)
Net Advertisement and Marketing Expenses		28.68	43.52
Credit Card Commission		20.23	16.71
Repairs & Maintenance - Machinery		25.53	17.82
Repairs & Maintenance - Others		46.27	37.01
Miscellaneous Expenses		69.85	78.72
		<b>653.96</b>	<b>576.90</b>

<b>Note:</b>		
Payments to auditors comprises:		
As auditors - statutory audit	1.20	0.60
- tax audit	0.40	0.20
- Initial Public Offer related reporting	4.70	4.50
	<b>6.30</b>	<b>5.30</b>

## 24 Contingent Liabilities and Commitments

Particulars	Rs. In Millions	
	2011-2012	2010-2011
Contingent Liabilities in respect of:		
a. Legal cases against the company	167.18	177.47
b. Sales Tax demands	17.44	0.11
c. Income Tax demands	2.87	-
	<b>187.49</b>	<b>177.58</b>
Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances)	86.99	135.83
	<b>86.99</b>	<b>135.83</b>

## 25 Derivative Instruments

There are no outstanding forward contracts as at 31 March, 2012 and 31 March, 2011.

The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

Amounts receivable in foreign currency on account of the following:

Particulars	2011-2012	2010-2011
Amount In Foreign Currency		
Royalty and Management fees receivable	USD 119,791	USD 51,822
Reimbursement of Expenses	USD 30,877	USD 28,460
	<b>USD 150,668</b>	<b>USD 80,282</b>
Amount in INR (In Millions)		
Royalty and Management fees receivable	6.13	2.31
Reimbursement of Expenses	1.58	1.24
	<b>7.71</b>	<b>3.55</b>

## 26 Disclosures in respect of Operating leases

a) Future minimum lease payments in respect of non-cancellable leases are as follows:

Particulars	Rs. In Millions	
	2011-2012	2010-2011
Payable not later than one year	46.43	66.84
Payable later than one year but not later than five years	101.59	60.16
Payable later than five years	-	-
	<b>148.02</b>	<b>127.00</b>

b) Lease payments recognized in the statement of profit and loss for the year ended March 31, 2012 are as under:

Minimum lease payments – Rs. 236.70 million (Previous Year Rs. 201.48 million)

Contingent rent – Rs.50.33 million (Previous Year Rs. 36.61 million)

c) Premises are taken on Lease for periods ranging from 2 to 50 years with a non- cancellable period at the beginning of the agreement ranging from 2 to 9 years

- d) Contingent rent for certain restaurant outlets is payable in accordance with the leasing agreement as the higher of:
- i) Fixed minimum guarantee amount and;
  - ii) Revenue share percentage
- e) The company recognizes lease rentals as an expense in the Statement of Profit and Loss, in respect of some of its lease rental arrangements on the basis of forecasted sales over the lease period. Consequently, based on current trends of sales, the company has recognized an additional charge in the Statement of Profit and Loss are as under:

Particulars	2011-2012	2010-2011
Additional Lease rental charge	27.17	3.74

## 27 Disclosures in respect of Finance Leases

- a) The total of minimum lease payments and their present value in respect of assets taken on finance lease are as follows:

Particulars	Rs. In Millions	
	2011-2012	2010-2011
Due not later than one year		
Total minimum future lease payment	1.91	1.39
Less: Finance charge on future lease payment	0.34	0.17
Present value of lease payment	1.57	1.22
Due later than one year but not later than five years		
Total minimum future lease payment	2.50	0.90
Less: Finance charge on future lease payment	0.23	0.06
Present value of lease payment	2.27	0.84

- b) Assets are taken on lease for periods ranging from 3 to 4 years.

## 28 Taxation

### a. Current Tax comprises of:

Particulars	Rs. In Millions	
	2011-2012	2010-2011
Income Tax of Current year	94.45	98.90
Tax adjustments of earlier years	(0.89)	(0.01)
	93.56	98.89

### b. Components of Deferred Tax Asset (Net)

Particulars	Rs. In Millions	
	2011-2012	2010-2011
<b>Deferred Tax Liability</b>		
Rent Equalisation	4.40	13.21
	<b>4.40</b>	<b>13.21</b>
<b>Deferred Tax Asset</b>		
Depreciation	39.55	30.69
Employee benefits allowable on payment basis	7.70	6.10
Others	0.36	0.43
	<b>47.61</b>	<b>37.22</b>
<b>Net deferred Tax asset</b>	<b>43.22</b>	<b>24.01</b>

## 29 Earnings per Share

Rs. In Millions (except as stated otherwise)

Particulars	2011-2012	2010-2011
Net Profit after Tax for Equity Shareholders for Basic EPS & Diluted EPS	172.43	160.23
Weighted Average Number of Equity Shares for Basic Earnings per share (See Note 2 below) (In millions)	30.94	28.53
Weighted Average Number of Equity Shares for Diluted Earnings per share (See Note 3 below) (In millions)	30.94	35.22
Basic Earnings Per Share (in Rs.)	5.57	5.62
Diluted Earnings Per Share (in Rs.)	See Note 1 below	4.55
Fair value / Nominal value per share (in Rs.)	10	10

**Note 1 : There is no dilution to the Basic EPS as there are no outstanding potentially dilutive equity shares.**

**Note 2: Weighted Average Number of Equity Shares for Basic Earnings per share**

In Millions

Particulars	2011-2012	2010-2011
Number of shares outstanding at the beginning of the period	28.53	1.50
Adjustment for Bonus share issued	-	27.03
Weighted Average number of equity shares on conversion of Compulsorily Convertible Preference Shares (As at 31 March 2011 - 248 Shares)	2.41	0.00
Number of shares outstanding at the end of the period	30.94	28.53

**Note 3: Weighted Average Number of Equity Shares for Diluted Earnings per share**

In Millions

Particulars	2011-2012	2010-2011
Weighted Average Number of Equity Shares in calculating Basic EPS	30.94	28.53
Add: Compulsorily Convertible Preference shares	-	0.30
Add: Bonus Compulsorily Convertible Preference shares issued	-	6.38
Weighted Average Number of Equity Shares for Diluted Earnings per share	30.94	35.21

## 30 Related Party Disclosures:

List of Related parties and their relationships

Sr.No	Category of related parties	Names
1	Key management personnel	Anjan Chatterjee Suchhanda Chatterjee Indroneil Chatterjee Indraneil Palit (resigned with effect from 09/02/2011) Jayanta Chatterjee (resigned with effect from 09/02/2011) Rajesh Dubey (resigned with effect from 09/02/2011)
2	Enterprises over which directors or relatives of directors exercise control / significant influence	Situations Advertising & Marketing Services Private Limited Shruthi Hotels Enterprises Private Limited Prosperous Promoters Private Limited Havik Export (P)Limited Supriya Taxtrade Private Limited Span Promotions Private Limited Mainland Restaurants Private Limited Sweet Bengal Factory (till 30/09/2010) Anjan Chatterjee - HUF Indroneil Chatterjee - HUF
3	Relatives of Key Management Personnel	Avik Chatterjee Harshita Chatterjee





				Rs. In Millions
Nature of the transaction	Key Management personnel	Enterprises over which directors or relatives of directors can exercise control / significant influence	Relatives of Key Management personnel	Total
<b>Transactions during the year ended 31/03/2012</b>				
<b>Interest Income</b>				
Prosperous Promoters Private Limited	-	2.74	-	2.74
	-	(2.80)	-	(2.80)
<b>Total</b>	-	<b>2.74</b>	-	<b>2.74</b>
	-	<b>(2.80)</b>	-	<b>(2.80)</b>
<b>Purchases</b>				
Sweet Bengal Factory	-	-	-	-
	-	(16.89)	-	(16.89)
<b>Total</b>	-	-	-	-
	-	<b>(16.89)</b>	-	<b>(16.89)</b>
<b>Remuneration</b>				
Mr. Anjan Chatterjee	2.40	-	-	2.40
	(2.40)	-	-	(2.40)
Mrs. Suchhonda Chatterjee	1.20	-	-	1.20
	(1.20)	-	-	(1.20)
Mr. Indroneil Chatterjee	0.60	-	-	0.60
	(0.60)	-	-	(0.60)
Mr. Indraneil Palit	-	-	-	-
	(1.15)	-	-	(1.15)
Mr. Jayanta Chatterjee	-	-	-	-
	(1.34)	-	-	(1.34)
<b>Total</b>	<b>4.20</b>	-	-	<b>4.20</b>
	<b>(6.69)</b>	-	-	<b>(6.69)</b>
<b>Professional Fees</b>				
Mr. Rajesh Dubey	-	-	-	-
	(1.41)	-	-	(1.41)
<b>Total</b>	-	-	-	-
	<b>(1.41)</b>	-	-	<b>(1.41)</b>
<b>Rent and other expenses paid</b>				
Situations Advertising & Marketing Services Private Limited	-	60.29	-	60.29
	-	(57.74)	-	(57.74)
Others	3.41	15.67	-	19.08
	(3.41)	(15.67)	-	(19.08)
<b>Total</b>	<b>3.41</b>	<b>75.97</b>	-	<b>79.37</b>
	<b>(3.41)</b>	<b>(73.42)</b>	-	<b>(76.82)</b>
<b>Other transactions</b>				
<b>Advances given including interest</b>				
Properous Promoters private Limited	-	2.47	-	2.47
	-	(2.52)	-	(2.52)
<b>Total</b>	-	<b>2.47</b>	-	<b>2.47</b>
	-	<b>(2.52)</b>	-	<b>(2.52)</b>
<b>Advances repaid including adjustments against dues</b>				
Properous Promoters private Limited	-	5.10	-	5.10
	-	(4.05)	-	(4.05)
<b>Total</b>	-	<b>5.10</b>	-	<b>5.10</b>
	-	<b>(4.05)</b>	-	<b>(4.05)</b>



<b>Security Deposits given</b>				
Situations Advertising & Marketing Services Private Limited	-	32.20	-	32.20
	-	(3.50)	-	(3.50)
Havik Export (P) Limited	-	1.50	-	1.50
	-	-	-	-
<b>Total</b>	-	<b>33.70</b>	-	<b>33.70</b>
	-	<b>(3.50)</b>	-	<b>(3.50)</b>
<b>Security Deposits repaid</b>				
Anjan Chatterjee	-	-	-	-
	(1.25)	-	-	(1.25)
Suchhonda Chatterjee	-	-	-	-
	(1.25)	-	-	(1.25)
<b>Total</b>	-	-	-	-
	<b>(2.50)</b>	-	-	<b>(2.50)</b>
<b>Unsecured loan taken</b>				
Harshita Chatterjee	-	-	-	-
	-	-	(0.10)	(0.10)
<b>Total</b>	-	-	-	-
	-	-	<b>(0.10)</b>	<b>(0.10)</b>
<b>Unsecured loan repaid</b>				
Indroneil Chatterjee - HUF	-	2.85	-	2.85
	-	-	-	-
Avik Chatterjee	-	-	-	-
	-	-	(0.06)	(0.06)
Harshita Chatterjee	-	-	-	-
	-	-	(0.10)	(0.10)
<b>Total</b>	-	<b>2.85</b>	-	<b>2.85</b>
	-	-	<b>(0.16)</b>	<b>(0.16)</b>
<b>Balances as at 31/03/12</b>				
<b>Loans</b>				
Prosperous Promotors Private Limited	-	23.03	-	23.03
	-	(25.67)	-	(25.67)
Others	-	0.05	-	0.05
	-	(0.05)	-	(0.05)
<b>Total</b>	-	<b>23.08</b>	-	<b>23.08</b>
	-	<b>(25.72)</b>	-	<b>(25.72)</b>
<b>Other payables</b>				
Situations Advertising & Marketing Services Private Limited	-	6.39	-	6.39
	-	(19.66)	-	(19.66)
Shruthi Hotels Enterprises Private Limited	-	1.39	-	1.39
	-	(11.75)	-	(11.75)
Prosperous Promotors Private Limited	-	1.55	-	1.55
	-	(1.08)	-	(1.08)
Others	1.48	1.52	-	3.00
	(1.55)	(1.63)	-	(3.18)
<b>Total</b>	<b>1.48</b>	<b>10.85</b>	-	<b>12.33</b>
	<b>(1.55)</b>	<b>(34.13)</b>	-	<b>(35.68)</b>
<b>Security deposits</b>				
Situations Advertising & Marketing Services Private Limited	-	48.20	-	48.20
	-	(16.00)	-	(16.00)
Prosperous Promotors Private Limited	-	5.00	-	5.00
	-	(5.00)	-	(5.00)
Others	3.00	9.10	-	12.10
	(3.00)	(7.60)	-	(10.60)
<b>Total</b>	<b>3.00</b>	<b>62.30</b>	-	<b>65.30</b>
	<b>(3.00)</b>	<b>(28.60)</b>	-	<b>(31.60)</b>

<b>Unsecured Loans</b>				
Anjan Chatterjee	21.55	-	-	21.55
	(21.55)	-	-	(21.55)
Suchhonda Chatterjee	22.97	-	-	22.97
	(22.97)	-	-	(22.97)
Others	-	2.06	9.24	11.30
	-	(4.91)	(9.24)	(14.15)
<b>Total</b>	<b>44.52</b>	<b>2.06</b>	<b>9.24</b>	<b>55.82</b>
	<b>(44.52)</b>	<b>(4.91)</b>	<b>(9.24)</b>	<b>(58.67)</b>

Figures in parenthesis relate to the corresponding previous year figures in relation to the Statement of Profit and Loss and the figures as at 31 March 2011 in relation to the Balance Sheet

### 31 Earnings in Foreign Currency (Accrual Basis)

Particulars	Rs. In Millions	
	2011-2012	2010-2011
Royalty and Management Fees	3.27	2.91
<b>Total</b>	<b>3.27</b>	<b>2.91</b>

### 32 Expenditure in Foreign Currency (on Accrual basis)

Particulars	Rs. In Millions	
	2011-2012	2010-2011
Legal and Professional Fees	2.50	5.59
Operating supplies	-	1.10
<b>Total</b>	<b>2.50</b>	<b>6.69</b>

### 33 Value of Imported Goods on CIF basis

	2011-2012	2010-2011
Capital Goods	2.24	1.10

### 34 Prior Period Items debited/(credited) to the Statement of Profit and Loss account include:

Particulars	Rs. In Millions	
	2011-2012	2010-2011
Gratuity	-	(8.76)
Depreciation/Amortisation	-	15.71
Operating Supplies written off	-	0.26
<b>Total</b>	<b>-</b>	<b>7.21</b>

### 35 Segment Reporting

The Company is engaged in the food business which, in the context of Accounting Standard 17 on Segment Reporting constitutes a single reportable business segment. As at 31 March 2012, Fixed Assets (Capital Work In Progress) include Rs. 75.49 million (segment assets), (As at 31 March 2011, Rs. 50.12 million) related to non-reportable segments.

### 36 Comparatives

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

#### For and on behalf of the Board of Directors

Susim Mukul Datta  
Chairman

Jyotin Mehta  
Director

Place: Mumbai  
Date: 1st August, 2012

Anjan Chatterjee  
Managing Director

V. S. Satyamoorthy  
Company Secretary

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## SPECIALITY RESTAURANTS LIMITED

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

**13th Annual General Meeting- 28th September, 2012 at 3.00 p.m.**

### ATTENDANCE SLIP

Folio No. \_\_\_\_\_ DP ID\* \_\_\_\_\_ Client ID\* \_\_\_\_\_ Shares held \_\_\_\_\_

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company.

I hereby record my presence at the THIRTEENTH ANNUAL GENERAL MEETING of the Company held at Confederation of Indian Industry, Suresh Neotia Centre of Excellence for Leadership, DC-36, Sector-I, Salt Lake, Kolkata-700064 on Friday, 28th September, 2012 at 3.00 p.m.

\_\_\_\_\_  
Member's/ Proxy's Signature  
(To be signed at the time of handing over this slip)

\*Applicable for investors holding shares in dematerialised form.

Note:- Your entry to the Meeting will be regulated by this attendance slip.



TEAR HERE



## SPECIALITY RESTAURANTS LIMITED

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

**13th Annual General Meeting- 28th September, 2012 at 3.00 p.m.**

### PROXY FORM

Folio No. \_\_\_\_\_ DP ID\* \_\_\_\_\_ Client ID\* \_\_\_\_\_ Shares held \_\_\_\_\_

I / We \_\_\_\_\_ of

\_\_\_\_\_ being a member(s) of above-named Company, hereby appoint

\_\_\_\_\_ or failing him

\_\_\_\_\_ of \_\_\_\_\_ as my /

our proxy to vote for me/us on my/our behalf at the THIRTEENTH ANNUAL GENERAL MEETING of the Company to be held on Friday, 28th September, 2012 at 3.00 p.m and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2012.

Signature

Affix  
Revenue  
Stamp

\*Applicable for investor holding shares in dematerialised form.

- Note :
1. The proxy to be effective should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
  2. The proxy need not be a member of the Company.
  3. In the case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.
  4. Appointing a proxy does not prevent a member from attending in person, if he/she so wishes.









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