SPECIALITY
RESTAURANTS LTD.

Morya Land Mark – 1, 4th Floor, B-25, Veera Industrial Estate, Off New Link Road, Andheri (W), Mumbai - 53
Tel No. (022) 3341 6700 Fax No. (022) 3340 6878 Website. www.speciality.co.in

August 31, 2017

To,

General Manager,
Listing Operations,
BSE Limited,
P.J. Tower, Dalal Street,
Mumbai - 400 001.

Scrip Code: 534425

Vice President,
Listing Compliance Department,
National Stock Exchange of India Limited,
'Exchange Plaza', Bandra Kurla Complex,
Bandra (E), Mumbai - 400 051.

Scrip Code: SPECIALITY

Dear Sir/ Madam,

Ref: Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations").

Sub: Submission of the Annual Report for the financial year ended March 31, 2017.

This is to inform you that 18th Annual General Meeting (the **"18th AGM"**) of the Members of the Speciality Restaurants Limited (the **"Company"**) was held on Monday, August 21, 2017 at Kala Mandir, 48, Shakespeare Sarani, Kolkata – 700017.

In accordance with the Regulation 34 of Listing Regulations, we enclose herewith a copy of the Annual Report for the financial year ended March 31, 2017, which was approved and adopted in the 18th AGM as per the provisions of the Companies Act, 2013.

You are requested to kindly take the same on record.

Kindly acknowledge the receipt.

Thanking you,

Yours sincerely,
For **Speciality Restaurants Limited**

SPECIALITY RESTAURANTS LTD. MUMBAI

Authorized Signatory

Name: **Avinash Kinhikar**
Designation: **Company Secretary & Legal Head**

Encl: As above.

SPECIALITY

RESTAURANTS LTD.

Annual Report, 2017





Contents

Overview	Page Nos.
Our Mission	2
Curtain Raiser	2
Chairman's Message	3
Powered By Our Brands	4
What the Numbers Say	11
Board of Directors	13
Brand Presence	15
Managing Director's Perspectives	17
Company Information	20
Notice	21
Directors' Report	32
Management Discussion and Analysis	53
Report on Corporate Governance	59
Standalone Financial Statements	
Auditor's Report	76
Balance Sheet	81
Statement of Profit and Loss	82
Cash Flow Statement	83
Notes to Financial Statements	84
Consolidated Financial Statements	
Auditor's Report	104
Financial Statements	107
Statement in Form AOC-1	126

Curtain raiser

Food is the most basic requirement of human life, it not only nourishes and keeps us healthy, but it also represents culture and tradition. Three thousand and seven hundred employees of Speciality Restaurants come everyday with this very belief and conviction, creating a space that makes every morsel delicious and appetizing.

Speciality Restaurants hold the baton of fine dining industry with restaurants across India, Bangladesh Qatar and Tanzania. Its flagship brand Mainland China and Asia Kitchen by Mainland China brings to your table the authentic Chinese cuisines and dishes from across Asia through 52 restaurants in 20 cities in India, 1 restaurant each in Dhaka, Bangladesh, Doha, Qatar and 1 in Dar es Salaam, Tanzania.

The core brands of the Group are Oh! Calcutta (bringing the real flavors of Calcutta to your plate), Sigree and Sigree Global Grill (serves the grilled flavors from all over the world to live grills on each table) and Sweet Bengal (a confectionary chain of authentic Bengali sweets made with pure milk by artisans from Bengal).

The group has set its foot in the casual dining lounge formats targeting the younger generation with power brands like Café Mezzuna (all day Bar and Kitchen) and Hoppipola (all day eat, drink and play concept). New age offering, vibrant service and global flavours by our brands have created a new paradigm in the hospitality sphere.

Other brands of Speciality Restaurants include Haka, Flame & Grill, Machaan, Kix, Kibbeh, Shack, Zoodles and our latest addition being Gong.

Our Mission

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

To create a dining experience whose uniqueness lies in elegance and refinement, brought alive by care and personalized service in a warm, vibrant environment, that makes everybody feel special.



From the Chairman's Desk



Dear Shareholders,

The introduction of Goods and Services Tax (GST), a single tax intended to replace the existing Central and State indirect taxes has taken place from July 2017. This is expected to reduce tax incidence in the hands of the end consumers. The Indian economy is expected to have early revival and growth in overall consumption across all sectors including Hospitality.

During the last five years, the rapid growth of multi-activity destinations (such as shopping malls and multiplexes), has radically altered the character of the Fine Dining Industry. Based upon the continuous and well-paced focus on innovation and expansion, building on the existing strengths, your Company has continued to enjoy a leadership position in the Fine Dining Industry. Therefore, the management is confident about riding the current disruption in order to come out on top.

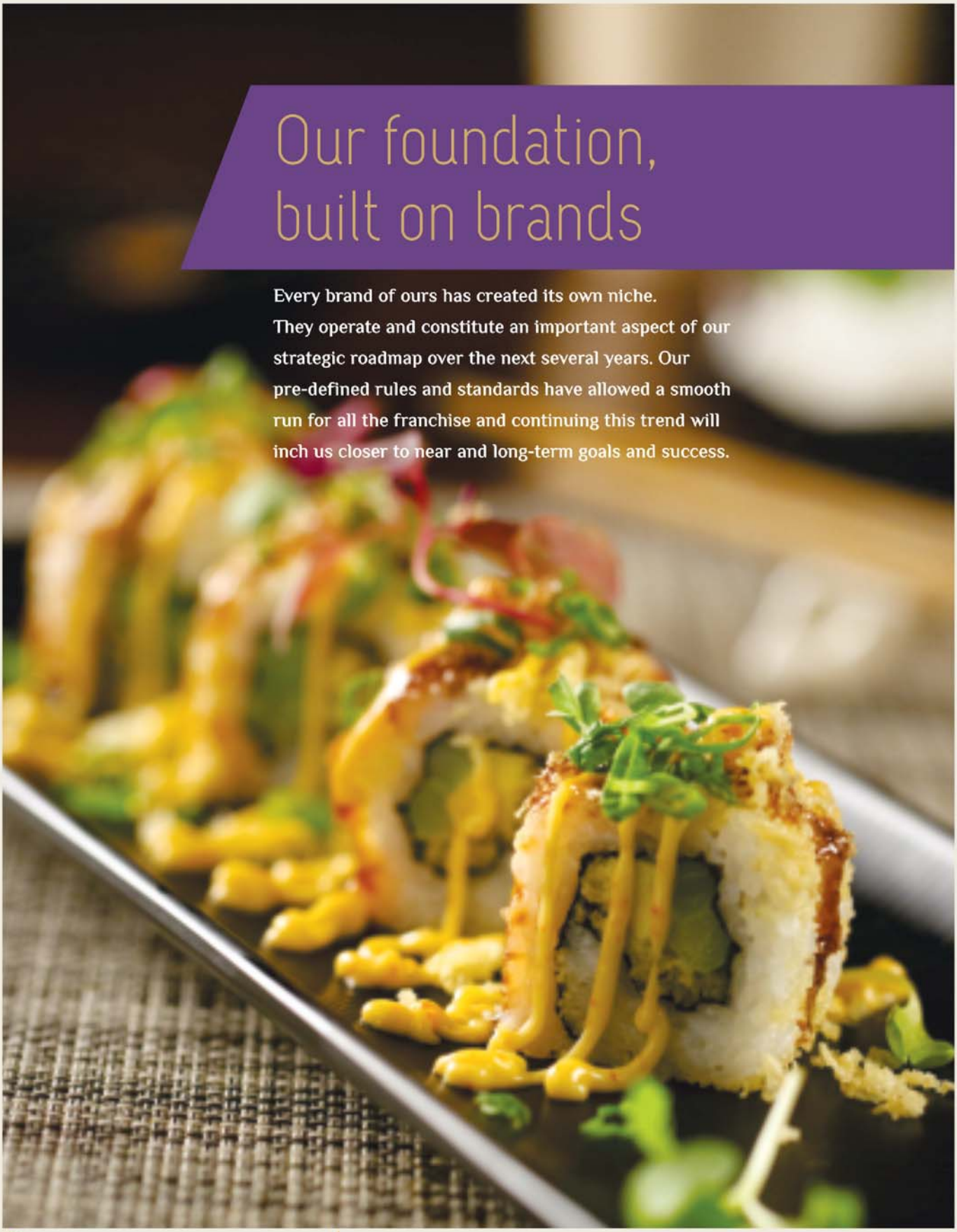
Indian cuisines has been accepted and gained popularity in the international markets.

With a view to tap this emerging opportunity, several established Indian food service operators, including your Company, are evaluating key markets such as Middle East, United Kingdom and United States of America for profitable growth.

Your Company has a good set of brands in different cuisines, formats and segments and has also been investing in new brands in order to service the aspirations of all guests across geographies and age groups. Your Company is confident about capturing the emerging growth opportunities and thereby bringing about a return to profitability.

Susim Mukul Datta
Chairman





Our foundation, built on brands

Every brand of ours has created its own niche. They operate and constitute an important aspect of our strategic roadmap over the next several years. Our pre-defined rules and standards have allowed a smooth run for all the franchise and continuing this trend will inch us closer to near and long-term goals and success.

Flagship Brand

MAINLAND CHINA





Mainland China

Our desire to serve our customers with authentic Chinese cuisine brought Mainland China into existence. Its unique ambience and flavors made it an overnight success and soon it flourished in 20 cities with 48 restaurants. After conquering the Indian taste buds, it was time to make our presence felt outside our own borders. The overwhelming response and a thriving base in Tanzania has made us to map Doha where it has earned the reputation for serving the finest Chinese cuisine outside China to discerning gourmets all over the world.

The brand has garnered great reviews, acclaim, top of the mind recall, and a loyalty among gourmets over the years. Its offerings have the perfect balance of Ying Yang flavours that brings harmony and contrasting aspects of Chinese cuisine.



POH

PROGRESSIVE | ORIENTAL | HOUSE



POH

As continuation of our determination to dominate in Chinese and Pan Asian Market in India, the Company has given birth to a new boutique oriental restaurant called POH (Progressive Oriental House).
This restaurant at Kamala Mills, Mumbai is targeted towards crème de la crème and HNI's, who are looking for newer flavours and experience.



ASIA KITCHEN



Asia Kitchen by Mainland China

Enjoy food, flavoured and seasoned to perfection from streets of Far-East, Hong Kong, Thailand, Malaysia, Myanmar, Japan, Korea and China in Asia Kitchen – a fresh new avatar of Mainland China.

The Oberoi Mall in Mumbai saw its first outlet and from here started the journey of stupendous response and staggering expansion. Palladium Mall (Mumbai) got the second outlet, Chennai and Bangalore soon followed. Its first outlet at the Acropolis Mall in Kolkata has now become a huge rage for its food and flavor. Asia Kitchen by Mainland China is currently undergoing plans to open additional outlets across different cities.

This exciting new format with live kitchen is already creating ripples in the dining scene with its innovative take on street food.

Asia Kitchen by Mainland China is a refreshed new format of Mainland China with exciting Pan-Asian flavours with open kitchen and semi-casual ambience.

Core Brands

Oh! Calcutta



Oh! Calcutta

A flavory homage to the celebratory soul of Calcutta is Oh! Calcutta. Satiate your Bengali food cravings with the time-honored dishes. It serves the traditional fare of authentic Bengali cuisine that is reminiscent of Kolkata as it once was.

Every ingredient used here is sourced from the small hamlets of the region. The chefs regularly throng the market to find something that can surprise the palate. The brand has been able to create a new trend and has been well received and appreciated by the customers.

sigree
GLOBAL GRILL



Sigree Global Grill

A place that specializes in unlimited grills from the Orient, Mediterranean, Spanish, Mexican and Indian cuisines, served on live grills in the style of Brazilian Churrascaria or Japanese Hibachi. It's authentic taste and falvour has given it the Times Good Food Awards for Best Multi-Cuisine Buffet in Mumbai.

This new concept of dining has inspired other players to follow the same model. Sigree Global Grill has always aimed to be unique, be it in its food, flavor or ambience, and till date this driving force has differentiated us from the others.

Sweet Bengal



Sweet Bengal

Authentic Bengali delicacies are hard to find outside Kolkata. To satiate your sweet tooth cravings Speciality restaurants ventured into confectionaries with Sweet Bengal.

Prepared from the purest ingredients like freshest milk, ghee and natural extracts by the specialized sweet makers, it serves you the most genuine taste of Bengal.

The rising demand of its taste and lovers has prompted the Speciality Restaurants to expand its base in more cities.

Power Brands

CAFÉ MEZZUNA



Café Mezzuna

Café Mezzuna's first launch in Forum Mall, Kolkata, spoke volumes about its potential. An all-day, semi-casual dining restaurant, Café Mezzuna serves up a feast of Moroccan, Mediterranean, Spanish, French and Italian flavours.

An overwhelming response led to its second opening in South City Mall, Kolkata. Its unanimous admiration made it to win the Times Good Food Awards for Best Thin Crust Pizza and Best All Day Dining Café.



hoppipola
eat • drink • play



Hoppipola

13 outlets across India in just 4 years, this is the craze that Hoppipola has created. The young at heart crowd here indulge themselves in Beer Pong, Chuggathons, or a quirky book section, corner for video and board games among other fun stuffs. To cater the growing market of young and independent diners, Hoppipola offers contemporary flavours such as finger food and bar nibbles. Innovative mocktails also add to the funky menu. The most recent outlets in Kolkata has been creating unprecedented waves across the city.

Other Brands

HAKA



Haka

Innovative menu with a range of quick bites and dim sums is the best way to define Haka. Ideal for those who want to have a quick bite before shopping or entering the movies. Its popularity amongst the youngsters has made it a new dining destination.

MACHAAN



Machaan

Want to spend some time in the lap of nature and enjoy authentic Indian cuisine, come to Machaan. A perfect getaway from the hustle and bustle of the city. Machaan serves traditionally cooked Indian dishes in an imaginative ambience that draws children and large families.

DARIOLE



Dariole

Dariole is your cosy, affectionate neighborhood confectionery and café, where the city's best croissants, buns, puffs, wraps, cakes, cookies, pastries and breads are born every day. It's the latest venture from the house of Speciality Restaurants, the cuisine grandmasters who now brings master bakers in a state-of-the-art bakery creating little masterpieces with flours sourced from local mills.







sigree



Sigree

Reviving the age-old concept of cooking over open fires, Sigree takes it diners down that lane. Flavors from the North-Western provinces of India, Sigree resurrects the old imperial charm and makes its diners feel like a maharaja.

gong
modern asian



Gong

The latest addition to the SRL group is Gong at Balewadi, Pune which takes you to a new level of happiness with its high energy ambience that is a contemporary take on traditional Japanese temple architecture and diverse Asian flavours that are prepared using western cooking techniques and presentations.

zoodles
Asian Street Wok



Zoodles

The buzzing food streets of Kuala Lampur, Shanghai, Bangkok and Singapore gave Speciality Restaurants the concept of Zoodles. Here Asia's exotic taste is served to its diners. Zoodles is your veritable destination for tossed, stirred, grilled and wok fried delicacies.

Flame & grill

Best known for kebabs made with special spices, Flame & Grill offers grilled cuisine from all over the world.

KIX

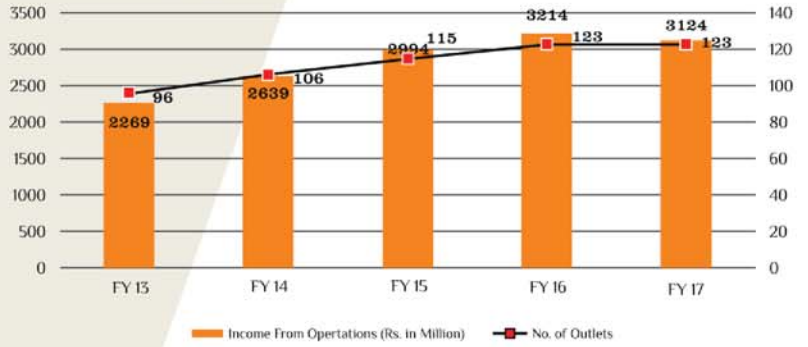
KIX: A bar with music and dance floor for the young Indian professional segment who want to enjoy to the fullest.

kibbeh

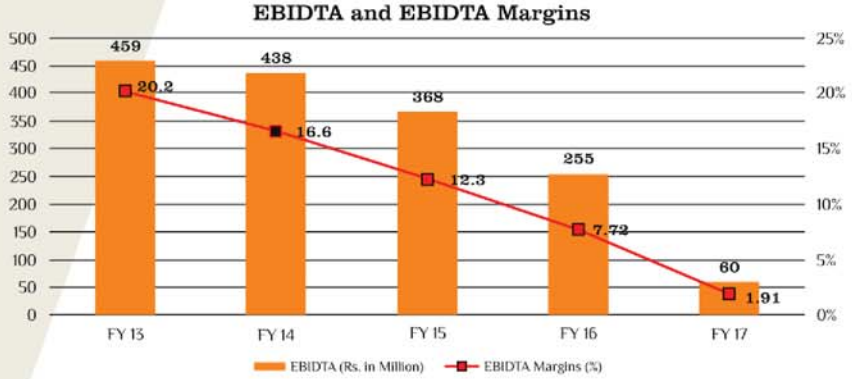
Kibbeh: Here the young Indian professional segment enjoys the ambience of a Lebanese bar and lounge

What the numbers say

Total Income from Operation and Outlets



EBIDTA and EBIDTA Margins

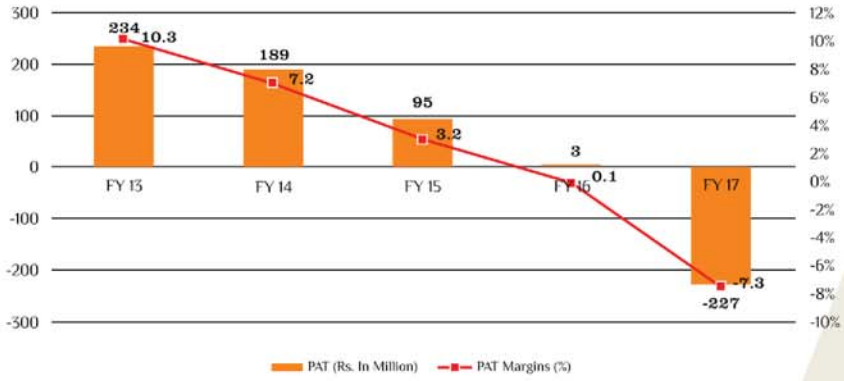




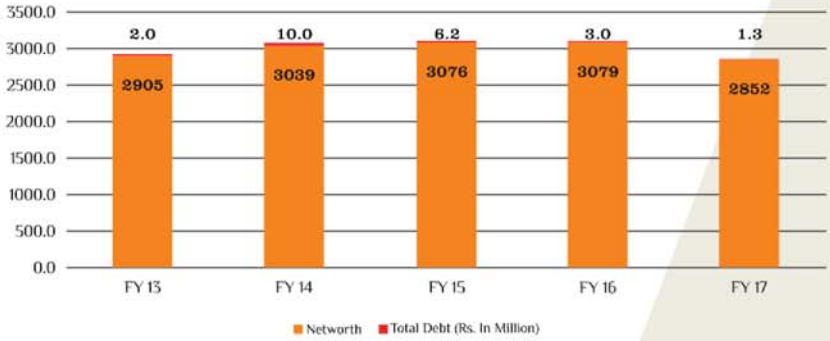




PAT and PAT Margins



Net Worth and Total Debt







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 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

Whole-time Director

Mrs. Suchhanda Chatterjee is also the Promoter Director of the company and holds a Bachelor's Degree in Arts with over 20 years of experience in the hospitality industry. She can be accredited with bringing uniformity in quality of food and services for different restaurants under the same brand within Speciality Restaurants, which is the trend internationally.





Indranil Ananda Chatterjee

Whole-time Director

Mr. Indranil Chatterjee holds a Bachelor's Degree in Commerce and a Post Graduate Diploma in business management with over 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.

Mr. Ullal Ravindra Bhat

Independent Director

Mr. Ullal Ravindra Bhat is one of India's well known investment managers having managed foreign institutional investments in Indian equities for more than two decades. He is M. Sc. from Indian Institute of Technology, Kanpur and has attended advanced courses on Finance at the Harvard Business School, Boston and Indian Institute of Management, Ahmedabad. He is a Fellow of the Chartered Institute of Bankers, London. He is a respected commentator in the electronic and print media.

Dushyant Rajnikant Mehta

Independent Director

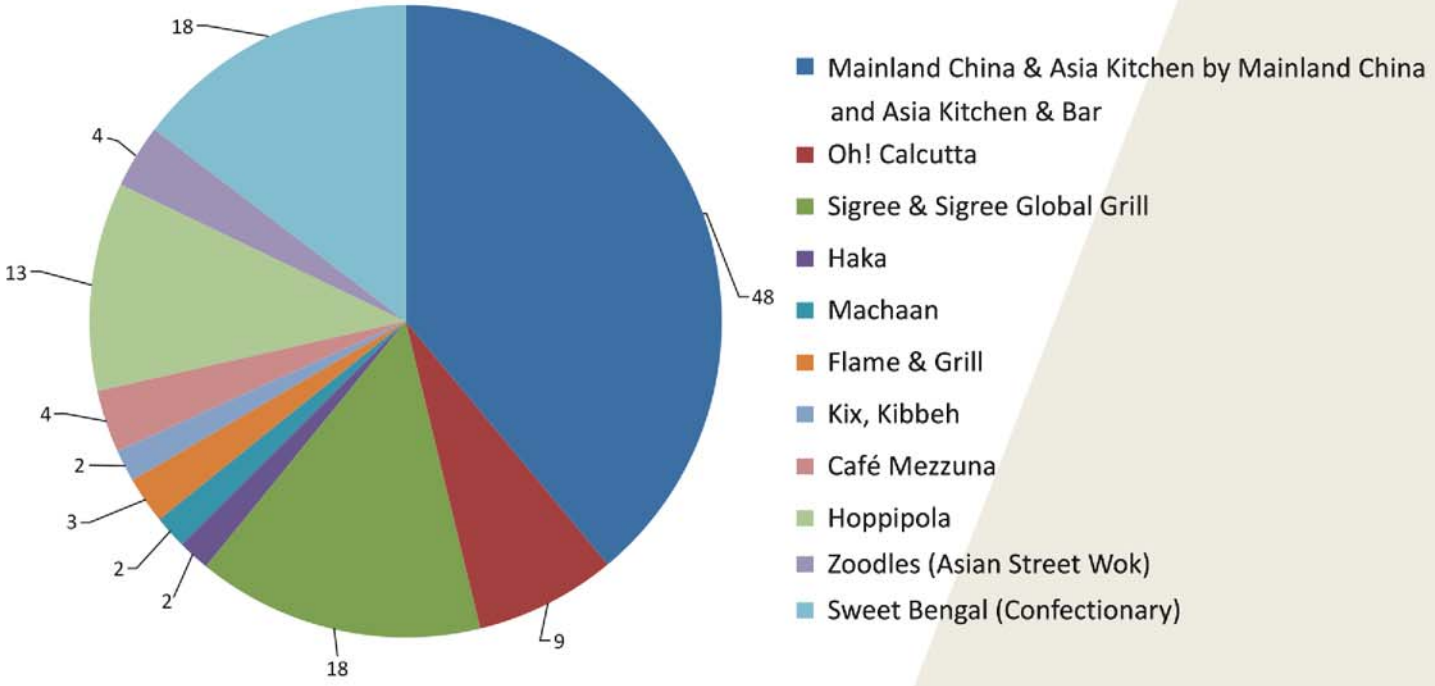
Dushyant Mehta has over 25 years of experience in marketing, advertising and sales with a focus on brand building, strategy and account planning. Having majored in marketing during his MBA, he has launched and built several FMCG and media brands at a national level. In his previous assignments, he headed Contract Advertising and Lintas in Mumbai; he also led the strategic and account planning team at Clarion Advertising. Later he turned entrepreneur, playing a key role in building Repro India, one of India's largest printing & publishing company and in taking it public. He has helped build the multi-million dollar brand Cello. He has also conceptualized and launched national programmes like the Bournvita Quiz Contest, Say Cello not Hello! amongst others.

As a long time member of the advertising fraternity, Mr. Mehta has served on the jury for the prestigious ABBY Awards and also taken sessions on Management at various institutions. He also founded and is the Chairman of Quadrum Solutions, a uniquely positioned content company with global clients.



Brand presence

Brands & Number of Outlets as on March 31, 2017



"Gong – Modern Asian"
now operational
at Balewadi High Street, Pune





Brands	Key Cities
Mainland China, Asia Kitchen by Mainland China and Asia Kitchen & Bar	20 cities in India and one in Dhaka (Bangladesh) and one in Dar es Salaam (Tanzania)
Oh! Calcutta	Mumbai, Kolkata, Delhi, Bengaluru, Gurgaon and Hyderabad
Sigree and Sigree Global Grill	Pune, Kolkata, Mumbai, Hyderabad, Bengaluru, Chennai and one in Dhaka (Bangladesh) and one in Dar es Salaam (Tanzania)
Haka	Kolkata
Machaan	Kolkata and Howrah
Flame & Grill	Hyderabad and Kolkata
Café Mezzuna	Kolkata, Mumbai and Bengaluru
Hoppipola	Bengaluru, Chennai, Pune, Kolkata, Mumbai and Hyderabad
Kix and Kibbeh	Kolkata and Hyderabad
Zoodles (Asian Street Wok)	Mumbai
Sweet Bengal (Confectionary)	Mumbai

Managing Director's perspectives



Key excerpts from a tete-a-tete with the company's

Managing Director, Anjan Chatterjee

1. How are you looking at the prevalent current macroeconomic scenario?

We expect demand to pick up substantially as disposable income of consumers would increase due to the expected hastening up of economic activities with implementation of multiple government initiatives in core areas. It ranges from boosting infrastructure, ease of doing business, single window clearance for accelerating growth of industries, reduction in number of operating licenses, opening FDI, targeting inflation, smart cities campaign, urban development, encouraging startups, skill development etc. and in the process job creation. The introduction of Goods and Services Tax (GST), a single tax, is also expected to provide impetus to industrial growth and most importantly reduce tax incidence in the hands of the end consumer which could help increase in overall consumption across all sectors, including Food and Beverages.

2. What is the Outlook on Gross Margins across Formats? Will they come under further pressure going forward?

We expect this year retail inflation to soften with the prediction of a normal monsoon for the second consecutive year. This should help to bring stability in price of raw materials in the coming months due to which we do not foresee any further pressure on gross margins.

3.What are your plans for Gong and POH?

The flagship brands of Speciality Restaurants continue to be Mainland China and Oh! Calcutta with power brands like Sigree Global Grill and Café Mezunna and now Asia Kitchen as the refreshed version of Mainland China.

With the fast changing tastes and expectations of 'young Indian consumers ' and the recent success with our Asia Kitchen model gave us the confidence



to contemporize further and create **Gong**, a semi-fine dining Pan Asian cuisine restaurant with stunning décor and a lot of diverse but new Asian flavours with new form of presentation. The first was opened on Balewadi High Street, Pune, has high energy ambience and have been receiving raving reviews all across and as this has a comfortable price point also. We now understand that it has a lot of potential and we plan to scale it with the opening of multiple outlets of this brand in other cities starting with Delhi.

POH (Progressive Oriental House), the latest creation of your company, is an absolutely new born with the launch of it's first outlet at the buzzing Kamala Mills compound in Mumbai. It has been conceptualized as a very high end premium fine-dining restaurant brand offering a very innovative and unique pan-asian cuisine experience which is expected to create a huge disruption with lots of pleasant surprises on the plate. It's a completely different model than any of the other Speciality Restaurants brand to attract guests at the other end of the spectrum like Corporate heads or celebrities. Once stabilized and established it could be a signature brand with one outlet in all the major metro's.

4. How are your international expansions shaping up?

It's at a very exciting stage with lots of franchise enquiries from various countries in the world. We have plans of opening a number of restaurants internationally primarily under our flagship brands with asset light model or with minimum investment and manage the operations of the restaurants against management fees with an initial access premium. Since the world economy is also slowly picking up we believe that it is the right time for the entry of our established brands and earn good returns from this international expansion.

5. What is your strategic roadmap for FY 2018?

Last year(FY2017) has been very challenging battling steep fall in discretionary spends resulting in negative same store sales growth due lower footfalls during weekdays coupled with extended breakeven



period of new restaurants, demonetisation scheme, political unrest from time to time in different states even though we have probably the best mix of established brands and cuisines and loyal customers. To counter these challenges a lot of effort has been made to create innovative offerings, investing in technology to enhance customer experience, rationalisation of menus, renegotiation for reduction in rentals and measures to reduce raw material costs and also controlling fixed costs.

We believe that the worst is behind us and are very optimistic that going forward (FY2018) there will be a definite turnaround as we are poised to tap the emerging opportunities in the key international markets such as Middle East, United Kingdom, United States of America and Sri Lanka.
Your Company has already opened a new restaurant under new brand **'Gong'** in April 2017 at Pune, which is already showing good colours and gives us the confidence of scalability. As this goes to print, the Company may have also launched a new premium restaurant brand, **'POH'**, in Mumbai, to tap into the premium diner segment. At the other end of the spectrum your Company has also launched **'Dariole'**, a confectionary brand in Kolkata in July 2017 which is again a first of it's kind in our basket and initial response is very positive. This new division has been given birth as there's huge potential in it (the branded packaged segment in this sector had a size of Rs. 17,000 crore in last financial year and is expected to grow at phenomenal rate of 13-15 per cent in the next 3-4 years) and with a very low investment it is easily scalable.
For Dariole the first target is to open 10-15 outlets in Kolkata before expanding in all major cities where we are already present.

Your company has now secured a foothold in almost all the sectors of the food services industry starting from full service restaurant to QSR's, Café's & Bars and Bakery & Confectionery thus covering the entire spectrum of the pyramid. While at the top we would be present now with a high end premium fine dining restaurant in POH to the middle aspirational level with Mainland China and Oh! Calcutta and the affordable semi-casual segment with Asia Kitchen and Gong. Hoppipola and Café Mezzuna is in the segment of Café's & Bar's while Sweet Bengal and now Dariole in the Bakery Confectionery sector.

In a nutshell, during FY 2018, the management team and myself expect your Company to capture the growth opportunities in food services industry and soon hope to return to growth and profitability.

COMPANY INFORMATION

Board of Directors

Susim Mukul Datta	Chairman
Anjan Chatterjee	Managing Director
Suchhanda Chatterjee	Whole-time Director (Director-Interior & Design)
Indranil Chatterjee	Whole-time Director (Director-Commercial Operations)
Dushyant Mehta	Non-Executive Director
Jyotin Mehta *(resigned w.e.f. February 8, 2017)*	Non-Executive Director
Ullal Ravindra Bhat *(appointed w.e.f. April 28, 2017)*	Additional Director

Board Committees

Audit Committee

Ullal Ravindra Bhat	(Chairman)
Susim Mukul Datta	
Anjan Chatterjee	
Dushyant Mehta	

Stakeholders Relationship Committee

Susim Mukul Datta	(Chairman)
Anjan Chatterjee	
Indranil Chatterjee	

Nomination and Remuneration Committee

Dushyant Mehta	(Chairman)
Susim Mukul Datta	
Ullal Ravindra Bhat	

Corporate Social Responsibility Committee

Dushyant Mehta	(Chairman)
Suchhanda Chatterjee	
Ullal Ravindra Bhat	

Risk Management Committee

Indranil Chatterjee	(Chairman)
Dushyant Mehta	
Ullal Ravindra Bhat	

Management Team

Anjan Chatterjee	Managing Director
Suchhanda Chatterjee	Whole-time Director (Director-Interior & Design)
Indranil Chatterjee	Whole-time Director (Director-Commercial Operations)
Indraneil Palit	Executive Director-Project, Business Development & Strategic Planning
Phiroz Sadri	Chief Operating Officer
Rajesh Dubey	Chief Culinary Officer
Rajesh Kumar Mohta	Executive Director- Finance & CFO

Company Secretary & Legal Head

Avinash Kinhikar

Auditors

Deloitte Haskins & Sells LLP
Chartered Accountants,
India Bulls Financial Centre,
Tower 3, 32nd Floor,
Senapati Bapat Marg,
Elphinstone (West),
Mumbai-400013.

Registrar & Share Transfer Agents

Link Intime India Private Limited
C 101, 247 Park,
L.B.S. Marg, Vikhroli West,
Mumbai - 400 083.
Tel. No. (91 22) 49186000, 49186270
Fax No. (91 22) 49186060
E-Mail: rnt.helpdesk@linkintime.co.in

Bankers

State Bank of India
Kotak Mahindra Bank Limited
HDFC Bank Limited
ICICI Bank Limited

Registered Office

Uniworth House,
3A, Gurusaday Road,
Kolkata 700 019.
Tel: (91 33) 22837964/65/66
Fax No: (91 33) 22809282
E Mail: corporate@speciality.co.in
CIN: L55101WB1999PLC090672

Corporate Office

Morya Landmark I, 4th Floor,
B-25, Veera Industrial Estate,
Off. New Link Road,
Andheri (West),
Mumbai-400053.
Tel: (91 22) 3341 6700
Fax: (91 22) 3340 6878
Website: www.speciality.co.in

18th Annual General Meeting at
Kala Mandir, 48, Shakespeare Sarani, Kolkata- 700 017
on Monday, August 21, 2017 at 11.00 a.m.

NOTICE

Notice is hereby given that the 18th Annual General Meeting (the "**18th AGM**") of the members of **SPECIALITY RESTAURANTS LIMITED** (the **"Members"** and such Company, the "**Company**") will be held on Monday, August 21, 2017 at 11.00 a.m. at Kala Mandir, 48, Shakespeare Sarani, Kolkata- 700017 (the "**Notice**") to transact the following business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2017, together with the Report of the Board of Directors of the Company (the **"Board"**) and the Auditor's Report thereon.
2. To receive, consider and adopt the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2017, together with the Auditor's Report thereon.
3. To appoint a Director in place of Mrs. Suchhanda Chatterjee (DIN: 00226893), who is liable to retire by rotation and being eligible, has offered herself for re-appointment.
4. **Ratification of appointment of Statutory Auditors and fixing their remuneration:**

   To consider and, if thought fit, to pass, the following resolution as an Ordinary Resolution:

   "RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder, as amended from time to time (the "**Companies Act**"), the Company hereby ratifies the appointment of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, Mumbai (ICAI Firm Registration Number: 117366 W/W-100018), as the statutory auditors of the Company to hold office from the conclusion of this 18th AGM until the conclusion of the next annual general meeting of the members of the Company on such remuneration to be fixed by the Board based on the recommendation of the Audit Committee, in addition to reimbursement of all out-of-pocket expenses including applicable taxes in connection with the audit of accounts of the Company for the financial year ending on March 31, 2018."

SPECIAL BUSINESS:

5. **Re-appointment of Mr. Anjan Chatterjee (DIN: 00200443) as Managing Director of the Company:**

   To consider and, if thought fit, to pass, the following resolution as a Special Resolution:

   "RESOLVED THAT pursuant to the provisions of Sections 196, 197 & 203 and other applicable provisions, if any, of the Companies Act, 2013, (including any statutory modification(s) or re-enactment thereof for the time being in force) (**"Companies Act"**) read with Schedule V and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time, the Company hereby approves the re-appointment of Mr. Anjan Chatterjee, (DIN: 00200443) as the Managing Director of the Company, not liable to retire by rotation, for a period of three years with effect from December 27, 2017 upto December 26, 2020, on the following remuneration, perquisites and benefits as approved by the Nomination and Remuneration Committee (hereinafter called **"NRC"**) and the Board of Directors (the **"Board"**) at each of their meetings held on May 27, 2017 respectively and on such other terms and conditions as set out in the explanatory statement:

   Remuneration:

   1. Basic Salary:-

   In the range of ₹ 2,00,000/- to ₹ 7,00,000/- per month. In the first year it shall be ₹ 2,50,000/- per month. Thereafter, the Board of Directors shall fix annual increments every year within the above specified limit in compliance with Schedule V of the Companies Act. First increment shall be due from December 27, 2018.

   2. Allowances:

   (i) House Rent Allowance ₹ 1,25,000/- per month.

   (ii) Additional Allowance ₹ 1,25,000/- per month.

   The above allowances together with such other allowances as and when decided with such increments as may be fixed by the Board shall not exceed 100 percent of the basic salary mentioned at (1) above.

   3. Perquisites:

   In addition to the aforesaid salary and allowances, Mr. Anjan Chatterjee shall be entitled to gratuity, mediclaim policy for himself and his family, personal accident insurance for himself and other benefits in accordance with the rules of the Company. The monetary value of the perquisites shall be valued as per the provisions of the Income Tax Act, 1961 and the rules made thereunder wherever applicable and in the absence of any such provision, perquisites shall be valued at actual cost.

   4. Commission:

   Over and above the remuneration aforesaid, he shall be eligible for commission on the Net Profits as the Board of Directors may fix every year. Provided that the total remuneration including perquisites and commission shall be within the overall limits laid down under Section 198 read with Schedule V of the Companies Act.

   5. Sitting Fees:

   Mr. Anjan Chatterjee shall not be entitled to any sitting fee for attending meetings of the Board and/or Committee(s) thereof.

   In addition to the remuneration specified above, Mr. Anjan Chatterjee may also draw remuneration from other companies, in the capacity of a managerial personnel, provided that the total remuneration (including basic salary, allowances, perquisites and commission including the remuneration received from other companies) shall be within the overall limits laid down under the Companies Act.

   RESOLVED FURTHER THAT during the tenure of Mr. Anjan Chatterjee as Managing Director of the Company, if the Company has no profits or if its profits are inadequate in any financial year, Mr. Anjan Chatterjee shall be eligible to draw the remuneration by way of salary, allowances, perquisites and commission from the Company as well as from other companies within overall limits prescribed under Section II, Part II of Schedule V of the Companies Act;

RESOLVED FURTHER THAT the Board be and is hereby authorised to alter and vary the terms and conditions of the said remuneration in such manner as may be agreed to between the Board of Directors and Mr. Anjan Chatterjee subject to the limits prescribed under Companies Act;

RESOLVED FURTHER THAT the Board or any Committee thereof that may be authorized by the Board in this behalf, be and is hereby authorised to take such steps and do all such acts, deeds, matters and things and settle any doubts, difficulties, issues and questions in this regard as may be considered necessary, proper, desirable and expedient to give effect to this resolution;

RESOLVED FURTHER THAT Mr. Indranil Chatterjee, Director-Commercial Operations and Mr. Avinash Kinhikar, Company Secretary & Legal Head be and are hereby severally authorised to do all such acts, deeds and actions, as may be necessary to give effect to the above resolution, including filing the various forms required to be filed under the Companies Act electronically from time to time with the Registrar of Companies, West Bengal or such other concerned authorities."

6. Appointment of Mr. Ullal Ravindra Bhat (DIN: 00008425) as an Independent Director of the Company:

To consider and, if thought fit, to pass, the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Ullal Ravindra Bhat (DIN: 00008425), who was appointed as an Additional Director of the Company by the Board of Directors with effect from April 28, 2017, and who holds office upto the date of this Annual General Meeting of the Company under Section 161(1) of the Companies Act, 2013 (the **"Companies Act"**) and Article 99 of the Articles of Association of the Company, but who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160(1) of the Companies Act from a Member, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company;

RESOLVED FURTHER THAT pursuant to the provisions of Sections 149, 152 and all other applicable provisions, if any, of the Companies Act, read with Schedule IV of the Companies Act and the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended from time to time, appointment of Mr. Ullal Ravindra Bhat, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Companies Act and Regulation 16(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the **"Listing Regulations"**), who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of five years with effect from April 28, 2017 upto April 27, 2022, be and is hereby approved."

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

Place: Mumbai.
Date: May 27, 2017

Avinash Kinhikar
Company Secretary & Legal Head

Registered Office: Uniworth House,
3A, Gurusaday Road, Kolkata 700 019.
CIN: L55101WB1999PLC090672.
E-mail: corporate@speciality.co.in
Phone: 033-22837964/65/66.
Fax No: 033-22809282.
Website: www.speciality.co.in

Notes:

1. An explanatory statement pursuant to section 102(1) of the Companies Act, 2013 (the **"Companies Act"**) and the rules made thereunder, relating to the special business to be transacted at the 18th AGM, as set out in the notice to the 18th AGM (the "**Notice**") (the "**Explanatory Statement**") is annexed hereto and forms part of the Notice.
2. **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 / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

   A person can act as proxy on behalf of members not exceeding fifty (50) in number and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy for his entire shareholding and such person shall not act as a proxy for another person or shareholder. If a proxy is appointed for more than fifty members, he shall choose any fifty Members and confirm the same to the Company before the commencement of the specified period for inspection. In case the proxy fails to do so, the Company shall consider only the first fifty proxies received as valid.
3. **THE INSTRUMENT APPOINTING THE PROXY, DULY COMPLETED, MUST BE DEPOSITED WITH THE COMPANY EITHER IN PERSON OR THROUGH POST NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING IN RELATION TO WHICH THEY ARE DEPOSITED. A PROXY FORM, FOR 18th AGM IS ENCLOSED.**
4. Corporate Members intending to send their authorised representative to attend the meeting are requested to send to the Company a certified true copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the 18th AGM.
5. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member entitled to vote on any Resolution would be entitled to inspect the proxies lodged between 9.00 a.m and 6.00 p.m. during such period, provided that notice in writing of the intention to inspect the proxies lodged is given to the Company atleast three days before the commencement of the Meeting.
6. Members/proxies should bring the duly filled Attendance Slip enclosed along with the Annual Report to attend the meeting.

7. Relevant documents referred to in the Notice and the Explanatory Statement are open for inspection by the Members at the registered office of the Company (the "**Registered Office**") on all working days, except Saturdays, during business hours, up to the date of the meeting. Copies of the relevant documents referred to above are also open for inspection in physical or electronic form by the Members at the Corporate Office of the Company at Morya Landmark I, 4th Floor, B/25, Veera Industrial Estate, Off New Link Road, Andheri West, Mumbai- 400053 on all working days, except Saturdays, during business hours, up to the date of the meeting.
8. The Register of Members and the Share Transfer Books of the Company shall remain closed from Monday, August 14, 2017 to Monday, August 21, 2017 (both days inclusive).
9. Members are requested to address all correspondence including dividend matters, to the Company's Registrar and Share Transfer Agents, Link Intime India Private Limited, C 101, 247 Park, L.B.S. Marg, Vikhroli West, Mumbai - 400 083 (the "**Registrar**" or "**Transfer Agent**").
10. Members holding shares in dematerialized form are requested to intimate immediately any change in their address or bank mandate to their respective Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the Company/Registrar.
11. Unclaimed dividend for the financial years from 2012-13 to 2014-15 are held in separate bank accounts and members who have not received the dividend/encashed the warrants are advised to correspond with Mr. Avinash Kinhikar, Company Secretary & Legal Head, at the Company's Corporate Office. Members are requested to note that dividends not claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will be transferred to Investor Education and Protection Fund established by the Central Government as per Section 124 of the Companies Act.
12. Copies of the Annual Report for the financial year 2016-17 are being sent by electronic mode to all the members whose e-mail addresses are registered with the Company/Depository Participants for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their e-mail addresses, physical copies of the Annual Report for the financial year 2016-17 are being sent by the permitted modes of service of documents.
13. The Notice, *inter-alia* indicating the process and manner of remote e-voting, along with the Attendance Slip and Proxy Form, will be sent by electronic mode to all members whose e-mail addresses are registered with the Company/ Depository Participants, unless a member has requested for a hard copy of the same. For members who have not registered their e-mail addresses, physical copies of the aforesaid documents are being sent by the permitted modes of service of documents.
14. Members may also note that the Notice and the Annual Report for the financial year 2016-17 will also be available on the Company's website www.speciality.co.in. The physical copies of the aforesaid documents will also be available at the Registered Office of the Company for inspection on all working days except Saturdays, during business hours. Members who require communication in physical form in addition to e-communication or have any other queries may write to us at investor@speciality.co.in.
15. **Voting through electronic means:**
    (a) In compliance with Section 108 of the Companies Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended from time to time and Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "**Listing Regulations**"), the Company is pleased to provide its Members facility of remote e-voting (to cast their vote electronically from a place other than the venue of the AGM) through e-voting services provided by Central Depository Services (India) Limited (CDSL) on all resolutions specified in this Notice.
    (b) The facility for voting, either through electronic voting system or ballot or polling paper shall also be made available at the meeting and members attending the meeting who have not already cast their vote by remote e-voting or by ballot shall be able to exercise their right at the meeting.
    (c) The Remote e-voting commences on Friday, August 18, 2017 (10:00 a.m. Indian Standard Time "IST") and ends on Sunday, August 20, 2017 (5.00 p.m. IST). E-voting shall not be allowed after the aforesaid date and time. During this period Members of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date, being Monday, August 14, 2017 may cast their vote electronically. The remote e-voting module shall be disabled by CDSL thereafter.
    (d) Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently. Detail of the process and manner of Remote e-voting along with the user ID and password is being sent to all the members along with the Notice.
    (e) In terms of the Companies (Management and Administration) Rules, 2014, as amended, with respect to voting through electronic means, the Company is also offering the facility for voting by way of ballot at the 18th AGM. The Members attending the meeting should note that those who are entitled to vote but have not exercised their right to vote by remote e-voting and by ballot, may vote at the 18th AGM through ballot for all businesses specified in the accompanying Notice. The Members who have exercised their right to vote by Remote e-voting may attend the 18th AGM but shall not vote at the AGM. The voting rights of the Members shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date being Monday, August 14, 2017.
    (f) The Board of Directors (the **"Board"**) has appointed Mr. Tarun Chatterjee (Membership No.A17195/C.P. No. 6935) of M/s. T. Chatterjee & Associates, Practising Company Secretaries, (the "**Scrutinizer**") as a scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.
    (g) Members who do not have access to e-voting facility may send duly completed Ballot Form in the self-addressed prepaid postage envelope, enclosed with the Annual Report, directly to the Scrutinizer so as to reach the Scrutinizer appointed by the Board, Mr. Tarun Chatterjee, Practicing Company Secretary, not later than Sunday, August 20, 2017 (5.00 p.m. IST).
    (h) Ballot Form received after Sunday, August 20, 2017, at 5.00 p.m. IST will be treated as invalid.

(i) Members have the option to request for duplicate physical copy of the Ballot Form by sending an e-mail to investor@speciality.co.in by mentioning their Folio / DP ID and Client ID. However, the duly completed Ballot Form should reach Scrutinizer appointed by the Board, Mr. Tarun Chatterjee, Practicing Company Secretary, not later than Sunday, August 20, 2017 (5.00 p.m. IST).

(j) In case you have any queries or issues regarding e-voting, you may refer to the frequently asked questions ("**FAQs**") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com

(k) The Scrutinizer shall from the conclusion of voting at the meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses, not in the employment of the Company, and make a consolidated Scrutinizer's Report of the votes cast in favour or against, if any, to the Chairman or in his absence to any other Director authorised by the Board.

(l) The Chairman or in his absence any other Director authorised by the Board shall forthwith on receipt of the Consolidated Scrutinizer's Report, declare the results of the voting. The Result declared, along with the Scrutinizer's Report, shall be placed on the Company's website www.speciality.co.in and on the website of CDSL immediately after their declaration, and communicated to the BSE Limited and the National Stock Exchange of India Limited.

(m) The results of voting will be declared and published, alongwith consolidated Scrutinizer's Report, on the website of the Company www.speciality.co.in and on CDSL website www.cdslindia.com and the same shall also be simultaneously communicated to the BSE Limited and the National Stock Exchange of India Limited within 48 hours from the conclusion of the 18th AGM.

The instructions for shareholders voting electronically are as under:

- The remote e-voting period commences on Friday, August 18, 2017 at 10:00 a.m. (IST) and ends on Sunday, August 20, 2017, at 5:00 p.m. (IST). During this period, the members of the Company holding shares in physical form or in dematerialized form, as on the cut-off date, being Monday, August 14, 2017, may cast their vote by electronic means in the manner and process set out herein. The remote e-voting module shall be disabled by CDSL thereafter.
- Shareholders who have cast their vote by remote e-voting prior to the meeting or by ballot form prior to the AGM may also attend the meeting, however, shall not be entitled to cast their vote again at the meeting.
- Members can opt for only one mode of voting i.e. either by Ballot Form or remote e-voting. In case Members cast their votes through both the modes, voting done by e-voting shall prevail and votes cast through Ballot Form shall be treated as invalid.
- In case a person has become a member of the Company after the despatch of the Notice but on or before the cut-off date i.e. Monday, August 14, 2017, he/she may follow the same procedure as mentioned below.

A. **In case of Members receiving e-mail:**

(i) The shareholders should log on to the e-voting website www.evotingindia.com.

(ii) Click on Shareholders/Members

(iii) Now enter your User ID as follows:

a. Members registered with CDSL enter your 16 digits beneficiary ID.

b. Members registered with NSDL enter your 8 Character DP ID followed by 8 Digits Client ID.

c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(iv) Next enter the Image Verification as displayed and click on "Login"

(v) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(vi) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip indicated in the PAN field.
Dividend Bank Details **OR** Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. • If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iii).

(vii) After entering these details appropriately, click on "Submit" tab.

(viii) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(ix) For members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(x) Click on the "EVSN" for 'Speciality Restaurants Limited' on which you choose to vote.

(xi) On the voting page, you will see "Resolution Description" and against the same the option "Yes/No" for voting. Select the option "Yes" or "No" as desired. The option "Yes" implies that you assent to the resolution and option "No" implies that you dissent to the resolution.

(xii) Click on the "Resolutions File Link" if you wish to view the entire resolution details.

(xiii) After selecting the resolution you have decided to vote on, click on "Submit". A confirmation box will be displayed. If you wish to confirm your vote, click on "Ok". To change your vote, click on "Cancel" and accordingly modify your vote.

(xiv) Once you "Confirm" your vote on the resolution, you will not be allowed to modify your vote.

(xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the voting page.

(xvi) If a demat account holder have forgotten the changed password, then enter your User ID and the image verification code and click on "Forgot Password" and enter the requisite details as prompted by the system.

(xvii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(xviii) **Note for Non – Individual Shareholders and Custodians:**

- Non-individual shareholders (i.e. members other than Individuals, HUF, NRI, etc.) and custodians are required to log on to www.evotingindia.com and register themselves as "Corporates".
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com
- After receiving the login details a compliance user should be created using the admin login and password. The compliance user would be able to link the account(s) for which they wish to vote on.
- The list of such accounts should be emailed to helpdesk.evoting@cdslindia.com and on approval of the list of accounts they would be able to cast their vote.
- A scanned certified true copy of the board resolution and Power of Attorney (POA) issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for verification by the Scrutinizer.

B. **In case of Members receiving the physical copy:**

Please follow all steps from serial no. A. (i) to (xviii) specified above to cast vote.

16. Pursuant to Regulations 26(4) and 36(3) of the Listing Regulations and as required under Secretarial Standards – 2 on General Meetings issued by The Institute of Company Secretaries of India, the details of Director seeking appointment/re-appointment at the 18th AGM have been annexed to this Notice.
17. In terms of the circular of the Securities and Exchange Board of India (the "**SEBI**"), every participant in the securities market is mandatorily required to submit their PAN details. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants. Members holding shares in physical form are requested to submit their PAN details to the Company/Registrar.
18. As per the provisions of Section 72 of the Companies Act, facility for making nomination is available for Members in respect of shares held by them. Members holding shares in single name and who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. If a Member desires to cancel the earlier nomination and record fresh nomination, he may submit the same in Form SH-14. Members holding shares in electronic form may obtain Nomination forms from their respective Depository Participant.
19. To support the "Green Initiative", Members who have not registered their email addresses are requested to register the same with Registrar/their Depository Participants, in respect of shares held in physical/electronic mode respectively.
20. A route map showing directions to reach the venue of the 18th AGM is given at the end of this Notice as per the requirement of the Secretarial Standard (SS-2) on "General Meetings".

Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013 (the "Companies Act").

The following Explanatory Statement sets out the material facts relating to the business under Item Nos. 4, 5 and 6 of the Notice dated May 27, 2017.

Item No. 4: Ratification of appointment of Statutory Auditors and fixing their remuneration

1. This Explanatory Statement is provided as an additional information to the Members though not statutorily required as per Section 102 of the Companies Act.
2. M/s. Deloitte Haskins and Sells LLP, Chartered Accountants, Mumbai (ICAI Firm Registration No. 117366W/W-100018) were appointed as the Statutory Auditors of the Company for a period of five years at the Annual General Meeting (**"AGM"**) of the Company held on September 15, 2014, from the conclusion of the 15th AGM until the conclusion of the 20th AGM to be held in the year 2019.
3. As per the provisions of Section 139(1) of the Companies Act, their appointment for the above tenure is subject to ratification by Members at every AGM.
4. Accordingly, ratification of the Members is being sought for the appointment of the Statutory Auditors, as per the proposal contained in the Resolution set out under Item No. 4 of the Notice.
5. None of the Directors or Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested financially or otherwise in the Resolution set out under Item No. 4 of the Notice.
6. The Board of Directors of the Company (the **"Board"**) recommends the resolution as set out under Item No. 4 of the accompanying Notice for approval of the Members to be passed as an Ordinary Resolution.

Item No. 5: Re-appointment of Mr. Anjan Chatterjee (DIN: 00200443) as Managing Director of the Company

7. Mr. Anjan Chatterjee was appointed as Managing Director of the Company at the meeting of the Board held on November 6, 2012 for a period of five years effective from December 27, 2012 to December 26, 2017. The appointment was approved by the Members at the AGM held on August 13, 2013.
8. The approval of the Members was also received at the AGM held on August 26, 2015 for the remuneration received by Mr. Anjan Chatterjee, (who is a managerial personnel in more than one company) in excess of the limits prescribed under Section V of Part II of Schedule V of the Companies Act. The Members inter alia authorized the Board to alter and vary the terms and conditions of the said remuneration in such manner as may be agreed to between the Board and Mr. Anjan Chatterjee.
9. Based on the recommendation of the Nomination and Remuneration Committee, the Board in its Meeting held on May 27, 2017 has, subject to the approval of the Members, approved re-appointment of Mr. Anjan Chatterjee as the Managing Director of the Company for a period of three years with effect from December 27, 2017. The Board has also approved terms of remuneration payable to him during his tenure as the Managing Director. The appointment of Mr. Anjan Chatterjee as Managing Director and payment of remuneration is subject to the approval of the Members of the Company and subject to such other approvals of applicable authorities, if any, under applicable laws.
10. Pursuant to the provisions of Sections 196, 197 & 203 and other applicable provisions, if any, of the Companies Act, read with Schedule V of the Companies Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, including any statutory modification(s) or re-enactment(s) thereof for the time being in force, the re-appointment of Mr. Anjan Chatterjee as the Managing Director is subject to approval of the Members of the Company in AGM .
11. Pursuant to the Companies Act, if the Company has no profits or if its profits are inadequate in any financial year, the Managing Director of the Company shall be entitled to draw remuneration not exceeding the limits prescribed in Schedule V of the Companies Act.
12. Mr. Anjan Chatterjee has also been holding the managerial position in Situations Advertising and Marketing Services Private Limited and has drawn a remuneration for the financial year 2016-17. Since, Mr. Anjan Chatterjee is drawing remuneration in more than one company, in terms of Section II of Part II of Schedule V of the Companies Act, the total remuneration drawn by him from both the companies did not exceed the higher of the maximum limit admissible from any one of the companies in which he is a managerial person.
13. **Background of Mr. Anjan Chatterjee and the remuneration payable are set out below:-**

    Mr. Anjan Chatterjee, aged 58 years, holds a Bachelor's degree in Science and Diploma in Hotel Management. He has been Managing Director of the Company since 2007 and experience of over 30 years in the Advertising and Hospitality Industry.

    Mr. Anjan Chatterjee was the Vice President of National Restaurants Association of India.
14. A draft of the letter of appointment proposed to be issued by the Company to Mr. Anjan Chatterjee in connection with his re-appointment as the Managing Director of the Company and setting out the terms and conditions of his re-appointment, including the remuneration, is available for inspection by the members at the Registered Office on all working days, except Saturdays, during business hours, upto the date of the meeting.
15. The Managing Director shall not be liable to retire by rotation.
16. The Managing Director shall act under the overall supervision and direction of the Board. Save as aforesaid, the Managing Director is vested with the management and control of the Company and is hereby authorised to exercise all the powers of management of the Company and its business save and except such powers as are required by law for the time being in force to be exercised by the Company in the General Meeting or by the Board.
17. None of the Directors or Key Managerial Personnel of the Company or their relatives except Mr. Anjan Chatterjee and Mrs. Suchhanda Chatterjee (who is the spouse of Mr. Anjan Chatterjee) are, in any way, concerned or interested financially or otherwise in the Resolution set out under Item No. 5 of the Notice.
18. The Board recommends the resolution as set out under Item No. 5 of the accompanying Notice for approval of the Members to be passed as a Special Resolution.

19. The additional information, as required under Section II of Part II of Schedule V of the Companies Act, has been set forth below:

I. **General Information:**

(i) **Nature of Industry:**

The Company is engaged in the business of restaurant industry.

(ii) **Date or expected date of commencement of commercial production:**

Not applicable

(iii) **In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:**

Not applicable

(iv) **Financial performance based on given indicators:**

₹ In Millions

Particulars	Financial Years		
	2016-17	2015-16	2014-15
Paid-up Capital	469.58	469.58	469.58
Reserves and Surplus	2382.21	2609.26	2606.63
Turnover & Other Income	3176.61	3296.45	3070.91
Net Profit as per Profit and Loss Account (after tax)	(227.05)	2.63	94.52
Amount of Dividend (including Dividend Tax)	Nil	Nil	56.57
Rate of Dividend declared	Nil	Nil	10%

(v) **Foreign investment or collaborations, if any:**

The Company has entered into a joint venture agreement with the Al Mohannadi Group for the purpose of setting up a restaurant under the brand name "Mainland China" and has incorporated a joint venture company in the financial year 2013-14 under the name of "Mainland China Restaurant LLC" in Doha, Qatar (the **"JV Company"**).

The Company had invested 4,90,000 QAR (Qatari Riyal) in the JV Company by way of subscription of 490 fully paid-up equity shares of QAR 1000 each of the JV Company.

II. Information about Mr. Anjan Chatterjee:

(i) **Background details:**

Please refer to paragraphs 7 to 16 of Item No. 5 mentioned above.

(ii) **Past remuneration:**

The remuneration drawn by Mr. Anjan Chatterjee from the Company during the last three financial years was as under:

a) Financial year 2014-15: ₹ 6.00 million

b) Financial year 2015-16: ₹ 6.00 million

c) Financial year 2016-17: ₹ 6.00 million

(iii) **Recognition or Awards:**

The Company has won multiple awards for various brands initiated under the leadership of Mr. Anjan Chatterjee. The details of the awards are given on page no. 33 of the Annual Report.

(iv) **Job profile and his suitability:**

Mr. Anjan Chatterjee has over 30 years of experience in the Advertising and Hospitality Industry and is responsible for the overall supervision, control and management of the Company. He has contributed significantly to the achievements of the Company and the Board is of the opinion that his continuing appointment would be beneficial to the Company.

(v) **Remuneration proposed:**

The proposed remuneration comprises of basic salary, allowances, perquisites, commission and benefits as mentioned under Item No. 5 of this Notice subject to the provisions of Schedule V of the Companies Act, 2013.

(vi) **Comparative remuneration profile with respect to industry, size of the company, profile of the position and person:**

Taking into consideration the size of the Company, the profile of Mr. Anjan Chatterjee, the responsibilities shouldered by him and the industry benchmarks, the remuneration proposed to be paid is in commensurate with the remuneration package paid to similar senior level counterpart(s) in the industry.

(vii) **Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any:**

Except for the remuneration paid to him and the related party transactions entered into with the Company by Mr. Anjan Chatterjee and his relatives or the companies in which he is interested, which has been approved by Board including Audit Committee, Mr. Anjan Chatterjee has no other pecuniary relationship with the Company except Mrs. Suchhanda Chatterjee (who is the spouse of Mr. Anjan Chatterjee).

III. Other Information:

(i) **Reasons of loss or inadequate profits:**

Reduction in discretionary spending power of consumers, the negative same store sale growth and lower footfalls during the weekdays has affected the profitability of the restaurant industry, in general, and thereby resulted in decline in the profitability level. The longer break-even period in some of the restaurants also resulted in loss.

(ii) **Steps taken or proposed to be taken for improvement:**

The Company is taking steps to control costs and in the process of closing unviable restaurants with the aim of optimising the cost and improving the revenue and profits.

(iii) **Expected increase in productivity and profits in measurable terms:**

The Company expects to achieve desired level of revenue and profitability over a period of time.

IV. Disclosures:

The relevant disclosures with regard to the remuneration, service contracts, notice period, stock options etc., have been given on page no. 65 of the Annual Report.

Item No. 6:- Appointment of Mr. Ullal Ravindra Bhat (DIN: 00008425) as an Independent Director of the Company.

20. The Board of Directors appointed Mr. Ullal Ravindra Bhat (DIN: 00008425) (an Additional Director), as an Independent Director of the Company for a term of five years with effect from April 28, 2017, subject to the approval of the Members. In terms of Section 161 of the Companies Act and Article 99 of the Articles of Association of the Company, Mr. Ullal Ravindra Bhat holds office as an Additional Director up to the date of the forthcoming AGM of the Company, but is eligible for appointment as Director. The Company has received Notice pursuant to Section 160 of the Companies Act, from a Member proposing his candidature for the office of Director of the Company at the forthcoming AGM of the Company. The Board commends to the Members his appointment as Director of the Company.
21. Mr. Ullal Ravindra Bhat holds a Master's degree in Science from Indian Institute of Technology, Kanpur and has attended advanced courses on Finance at the Harvard Business School, Boston and Indian Institute of Management, Ahmedabad. He is a Fellow of the Chartered Institute of Bankers, London.
22. Mr. Ullal Ravindra Bhat is a respected commentator in the electronic and print media and has been writing a well regarded editorial column for more than a decade in the Economic Times, one of the world's largest financial dailies. He has been closely involved in formulating policies for benchmark indices for the Stock Exchange, Mumbai as a member of its Index Committee. He has been active in the area of Corporate Governance both in his writing and speaking engagements. He is, also a member of the Corporate Governance Committee of the Indian Merchants Chamber. He has been invited to the Board of Directors of several companies in India as an independent Director. He is currently on the board of directors of The Karnataka Bank Ltd., Axis Asset Management Co. Ltd., Edelweiss Asset Management Ltd., IRIS Business Services Ltd., Subhkam Capital Ventures Pvt. Ltd., Repro India Ltd., Dalton Capital Advisors (India) Pvt. Ltd and BlueStreet Capital Management Pvt. Ltd.
23. Mr. Ullal Ravindra Bhat is a Non-Executive Director and is considered as "independent" under the Companies Act and Regulation 16(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations").
24. As per the provisions of Section 149 of the Companies Act, an Independent Director shall hold office for a term up to five years on the Board of directors of a company and is not liable to retire by rotation. Mr. Ullal Ravindra Bhat has given declaration to the Board that he meets the criteria of independence as provided under Section 149(6) of the Companies Act and under the Listing Regulations.
25. The matter regarding the appointment of Mr. Ullal Ravindra Bhat as an Independent Director was placed before the Board, based on the recommendation of the Nomination and Remuneration Committee, which commends his appointment as an Independent Director of the Company.
26. In the opinion of the Board, Mr. Ullal Ravindra Bhat fulfils the conditions specified in the Companies Act and the rules made thereunder for appointment as an Independent Director and is independent of the management of the Company.
27. In compliance with the provisions of Section 149 read with Schedule IV of the Companies Act, the appointment of Mr. Ullal Ravindra Bhat is now being placed before the Members in AGM for their approval.
28. The terms and conditions of appointment of Mr. Ullal Ravindra Bhat shall be open for inspection without any fee by the Members at the Registered Office of the Company during normal business hours on any working day of the Company upto the date of the AGM.
29. None of the Directors except Mr. Ullal Ravindra Bhat or Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested financially or otherwise in the Resolution set out under Item No. 6 of the Notice.
30. The Board recommends the Resolution set out under Item No. 6 of the accompanying Notice for approval of Members as an Ordinary Resolution.

By Order of the Board

For **Speciality Restaurants Limited**

Place: Mumbai.
Date: May 27, 2017

Avinash Kinhikar
Company Secretary & Legal Head

Registered Office: Uniworth House,
3A, Gurusaday Road, Kolkata 700 019.
CIN: L55101WB1999PLC090672.
E-mail: corporate@speciality.co.in
Phone: 033-22837964/65/66.
Fax No: 033-22809282.
Website: www.speciality.co.in

Details of the Directors seeking appointment / re-appointment at the 18th AGM

(Pursuant to Regulation26(4) and 36(3) of the Listing Regulations and Secretarial Standard (SS-2) on General Meetings issued by the Institute of Company Secretaries of India)

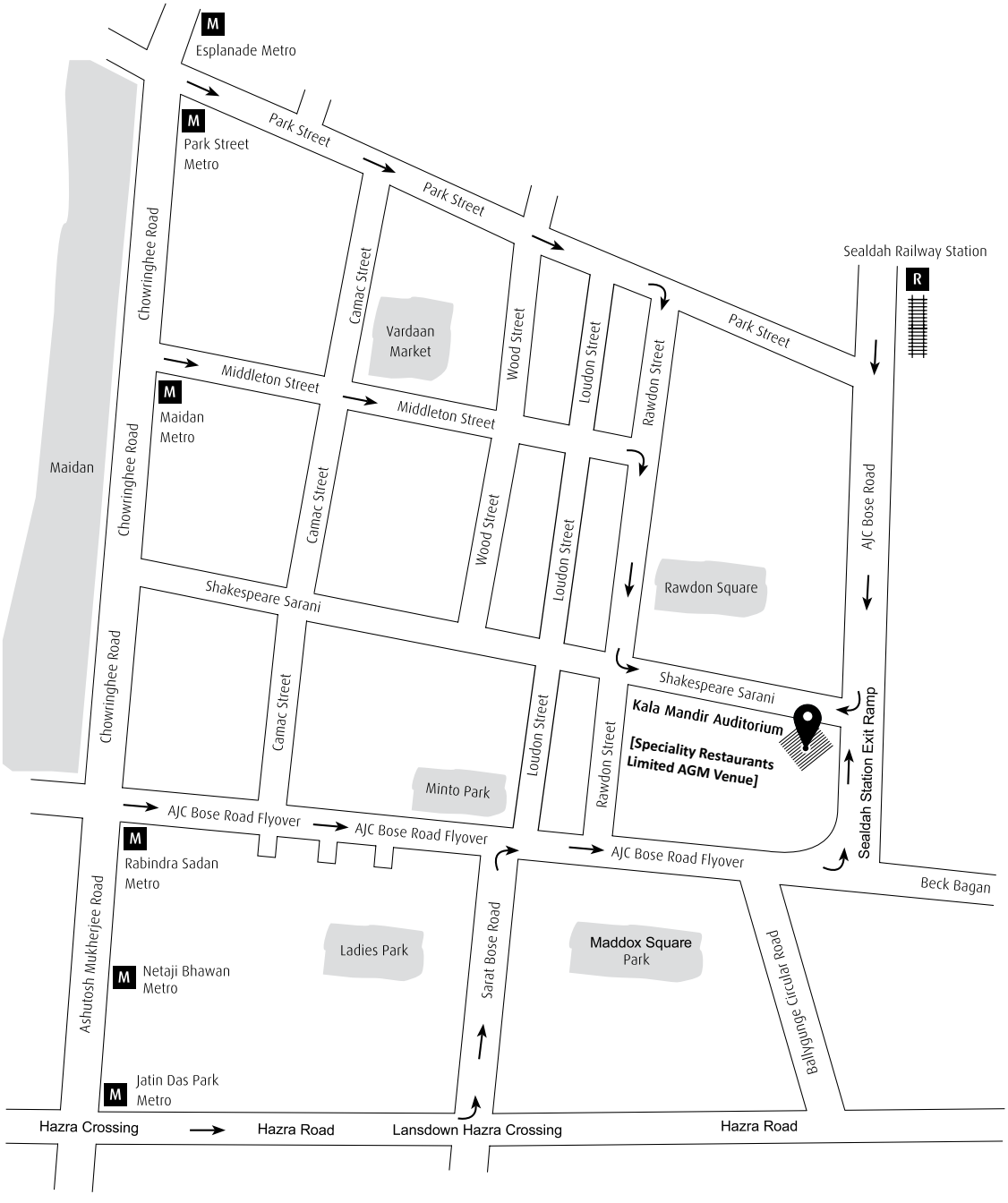
Name of the Director	Mr. Anjan Chatterjee	Mrs. Suchhanda Chatterjee	Mr. Ullal Ravindra Bhat
Director Identification Number (DIN)	00200443	00226893	00008425
Date of Birth and Age	February 16, 1959, 58 years	October 9, 1965, 52 years	October 14, 1951, 66 years
Date of First Appointment on the Board	December 1, 1999	December 1, 1999	April 28, 2017
Qualifications	Bachelor's Degree in Science and a Diploma in Hotel Management, Catering Technology and Applied Nutrition.	B.A.	M. Sc. from Indian Institute of Technology, Kanpur and attended advanced courses on Finance at the Harvard Business School, Boston and Indian Institute of Management, Ahmedabad. He is a Fellow of the Chartered Institute of Bankers, London.
Brief Resume	Mr. Anjan Chatterjee is a Managing Director of the Company. He has been Director of the Company since December 1, 1999. He holds a bachelor's degree in science from University of Calcutta and obtained a diploma in hotel management, catering technology and applied nutrition from the State Council for Engineering and Technical Education, West Bengal. He has over 30 years of experience in the advertising and hospitality industry which includes training at Indian Hotels Company Limited as a management trainee.	Mrs. Suchhanda Chatterjee is a whole-time Director of the Company. She has been Director of the Company since December 1, 1999. She holds a Bachelor's Degree in Arts from University of Calcutta. She has over 20 years of experience in the Hospitality industry.	Mr. Ullal Ravindra Bhat is one of India's well known investment managers having managed foreign institutional investments in Indian equities for more than two decades. He was the Chief Investment Officer of Jardine Fleming in India for 7 years, which subsequently became a part of JP Morgan, advising the India dedicated funds of the Flemings group. He joined the Dalton group, UK in 2005 to lead their entry into India and is currently Director of Dalton Capital Advisors (India) Pvt. Ltd., advising foreign institutional investors investing in India.
Current Designation	Managing Director	Whole-time Director designated as Director-Interior & Design.	Additional Independent Director
Nature of expertise in specific functional areas	Over 30 years of experience in Advertising and Hospitality industry.	Over 20 years of experience in the hospitality industry.	Expertise in the field of Capital Market, Finance and Banking.
Details of other Directorships/ Membership/Chairmanships of the Committees of other Boards*	Nil	Nil	1. Orbis Financial Corporation Limited 2. The Karnataka Bank Limited 3. IRIS Business Services Limited 4. Axis Asset Management Company Limited 5. Edelweiss Asset Management Limited 6. Repro India Limited

Name of the Director	Mr. Anjan Chatterjee	Mrs. Suchhanda Chatterjee	Mr. Ullal Ravindra Bhat
(i) Names of listed entities in which the person holds the Directorship and	Director of Speciality Restaurants Limited.	Director of Speciality Restaurants Limited.	1. The Karnataka Bank Limited 2. Repro India Limited
(ii) the Membership of Committees of the Board **	Speciality Restaurants Limited Audit Committee – Member Stakeholders Relationship Committee - Member	-	Speciality Restaurants Limited Audit Committee – Chairman Karnataka Bank Limited Audit Committee – Member IRIS Business Services Limited Audit Committee – Chairman Axis Asset Management Co. Ltd. Audit Committee - Member Edelweiss Asset Management Limited Audit Committee - Member
Disclosure of relationship with other Directors inter se, Manager, and other Key Managerial Personnel of the Company.	Not related to any Director, Manager, and other Key Managerial Personnel of the Company or their relatives except Mrs. Suchhanda Chatterjee, Whole-time Director of the Company.	Not related to any Director, Manager, and other Key Managerial Personnel of the Company or their relatives except Mr. Anjan Chatterjee, Managing Director of the Company.	Not related to any Director, Manager, and other Key Managerial Personnel of the Company or their relatives.
No. of shares held in the Company	1,20,70,000	1,19,70,000	Nil
Terms and conditions of appointment	Refer Item No. 5 of the AGM Notice.	Whole-time Director, liable to retire by rotation.	Refer Item No. 6 of the AGM Notice.
Details of remuneration sought to be paid	Refer Item No. 5 of the AGM Notice	Not Applicable since the Director is liable to retire by rotation and Members have already approved the Special Resolution for re-appointment of Mrs. Suchhanda Chatterjee as a Whole time Director of the Company for a period of 3 years with effect from July 1, 2015 at the 16th AGM of the Company held on August 26, 2015.	Mr. Ullal Ravindra Bhat will not be paid any remuneration other than sitting fee for attending meetings of the Board and Committees thereof of which he is a member/Chairman and commission which may be approved by the Board of Directors.
Last drawn remuneration	₹ 60,00,000/- for the financial year 2016-17.	₹ 21,00,000/- for the financial year 2016-17.	Not Applicable
No of meetings of the Board attended during the financial year 2016-17	5 Meetings	3 Meetings	Not Applicable

* Excludes Directorships in Private Limited Companies, Foreign Companies and Section 8 Companies.

**Only two committees viz. Audit Committee and Shareholders Relationship Committee have been considered.

Route map of **18th AGM Venue** of **Speciality Restaurants Limited**



DIRECTORS' REPORT

To,

The Members

Speciality Restaurants Limited

Your Directors hereby present the Eighteenth Annual Report together with the audited Financial Statements of the Company for the financial year ended March 31, 2017.

1. Financial Results **₹ In Millions**

Particulars	Standalone		Consolidated
	March 31, 2017	March 31, 2016	March 31, 2017
Revenue from operations	3,124.2	3,213.5	3,151.7
Other Income	52.4	83.0	49.5
Total Income	**3,176.6**	**3,296.5**	**3,201.2**
Earnings before Interest, Depreciation, Amortization and Tax	59.8	254.5	33.8
Less:			
Finance Costs	0.2	0.5	0.2
Depreciation /Amortization/Impairment	326.6	283.3	337.3
(Loss) / Profit for the year before Taxes	**(267.0)**	**(29.3)**	**(303.7)**
Less: Taxes Expenses / (credit)			
Current Tax	2.4	12.3	2.4
Deferred Tax	(46.5)	(44.2)	(46.5)
Short / (Excess) provision for tax relating to prior years	4.2	-	4.2
(Loss) / Profit for the year	**(227.1)**	**2.6**	**(263.8)**
Add: Balance brought forward from previous year	981.1	978.5	940.0
Available for appropriations	754.0	981.1	676.2
Balance of Profit carried forward to Balance Sheet	**754.0**	**981.1**	**676.2**

2. Financial Performance and the state of Company's affairs

During the financial year 2016-17, the country experienced two landmark economic reforms even as the global economic scenario was indifferent. Firstly, the goods and services tax ("GST") would become applicable on the supply of goods or services as against the present concept of tax on the manufacture or sale of goods or provision of services. GST, being a destination based consumption tax, would accrue to the states or the union territories where the consumption takes place. It would be a dual GST with the Centre and states simultaneously levying tax on a common tax base. GST will be in effect from July 1, 2017. Secondly, the Reserve Bank of India, by a notification dated November 8, 2016, withdrew ₹ 500 and ₹ 1000 denominations of bank notes, thereby affecting growth in the last quarter.

The Company's financial performance for the financial year 2016-17 is as under:

(i) Total Income of your Company for the year under review was ₹ 3176.6 million as against ₹ 3,296.5 million in the previous year.

(ii) The earnings before Depreciation, Interest, Tax and Amortization (EBDITA) amounted to ₹ 59.8 (1.88% of the revenue) as against ₹ 254.5 million (7.72% of the revenue) in the previous year.

(iii) The (Loss)/ Profit after Tax was ₹ (227.1) million as against ₹ 2.6 million in the previous year.

(iv) Consolidated revenue during the year was ₹ 3,201.2 million and Consolidated profit/ (loss) for the year was ₹ (263.8) million.

Your Company continued to face a challenging environment during the year under review attributable to reduction in discretionary spends by consumers, demonetisation scheme, same store sales growth continued to be in negative territory coupled with lower footfalls during weekdays. The new restaurants opened during the Financial Year 2016-17 had extended breakeven period. Increase in depreciation was due to capitalisation of new restaurants and impairment expenditure due to closure of restaurants.

Despite, economic factors continued to pose as headwinds for growth, your Company continues to sustain its strong focus on experimenting with buffet offerings, creating innovative offerings, investing in technology to enhance customer experience, rationalisation of menus, renegotiation for reduction in rentals and measures to reduce raw material costs while retaining the footfalls through several innovative measures.

During the year under review, your Company opened two (2) confectionaries and six (6) restaurants out of which three (3) are Company Owned Company Operated (COCO) while three (3) are Franchise Owned Company Operated (FOCO). At the end of Financial Year 2016-17, your Company has 105 Restaurants (including 24 franchisees) and 18 Confectionaries.

Your Company continues to pursue development of new restaurants / conversion of existing restaurants in domestic and international market under various brands to achieve sustainable and profitable growth.

3. Dividend on Equity Shares

On account of the Loss after tax reported by the Company during the year under review the Board of Directors did not recommend any dividend for the financial year ended March 31, 2017 (Dividend declared during previous year-Nil).

4. Employee Stock Option Scheme (ESOS)

During the year under review, the Company has not granted any fresh stock option to its employees.

Details of the options granted under Employee Stock Option Scheme (ESOS), as also the disclosures in compliance with Section 62 of the Companies Act, 2013 and Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014, Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (the "SEBI Guidelines") and SEBI (Share Based Employee Benefits) Regulations, 2014 (the "SEBI Regulations") are given in Annexure A which forms part of this report.

Your Company's Auditors M/s. Deloitte Haskins and Sells LLP, Chartered Accountants, have certified that the ESOS has been implemented in accordance with the SEBI Guidelines & SEBI Regulations along with the resolution passed by the Members of the Company in this regard.

5. Audited Financial Statements

As per Regulation 34(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "**Listing Regulations**"), Audited Financial Statements (Standalone and Consolidated) for the financial year ended March 31, 2017 i.e. Balance Sheet, Statement of Profit and Loss and a Cash Flow Statement is appended.

6. Subsidiary

Your Company does not have any subsidiary company as on March 31, 2017.

7. Joint Venture

Your Company has a Joint Venture company, Mainland China Restaurant LLC at Doha, Qatar as at March 31, 2017. The Consolidated Financial Statements of your Company and its Joint Venture company, prepared in accordance with the relevant Accounting Standards of the Institute of Chartered Accountants of India, duly audited by the Statutory Auditors, form a part of the Annual Report and are reflected in the Consolidated Accounts.

Pursuant to the provisions of Section 129(3) of the Companies Act, 2013, a statement containing salient features of the financial statements of Joint Venture company in Form AOC-1 is attached to the Financial Statements of your Company.

8. Awards and Recognition

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

- Mainland China, Springs Hotel Chennai won the Burrp Award in the category of Best Chinese.
- Mainland China, Doha won the Time Out Award in the category of Highly Commended Best Chinese.
- Mainland China, Malad, Mumbai won the Award of the Best Restaurant at Infiniti Mall.
- Oh! Calcutta, Forum Mall won the Rocheston Award for Distinguished Restaurant.
- Oh! Calcutta, Gurgaon won the Times Food Award in the category of Best Bengali.
- Oh! Calcutta, Bangalore won the Times Food Award in the category of Best Bengali.
- Oh! Calcutta, Sliver Springs Kolkata won the Times Food Award in the category of Best Bengali.
- Oh! Calcutta, South Mumbai won the Times Food Award in the category of Best Bengali.
- Sigree Global Grill, Kolkata won the Ahare Bangle Award for the Most Innovative Dish
- Sigree Global Grill, Springs Hotel Chennai won the Burrp Award in the category of Best Buffet.
- Sigree Global Grill, Mumbai won the Times Food Award in the category of Best Multi-Cuisine Buffet in Casual Dining.
- Café Mezzuna, Forum Mall Kolkata won the Burrp Award in the category of Best Mediterranean & Best Pizza Award.
- HAKA, Kolkata won the Burrp Award in the category of Best Buffet.

9. Directors and Key Managerial Personnel

I. Directors

Your Company has six (6) Directors of which three (3) are Independent Directors and three (3) are Executive Directors.

II. Independent Directors

In terms of the definition of 'Independent Directors' as prescribed under Regulation 16(1)(b) of the Listing Regulations and Section 149(6) of the Companies Act, 2013, the Company has received necessary declaration from each Independent Director under Section 149(7) of the Companies Act, 2013, to the effect that he meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Regulation 16(1) of the Listing Regulations. The following Non-Executive Directors are Independent Directors of the Company:

1. Mr. Susim Mukul Datta
2. Mr. Dushyant Mehta
3. Mr. Ullal Ravindra Bhat (appointed with effect from April 28, 2017)

III. Woman Director

Mrs. Suchhanda Chatterjee is a Director since incorporation of the Company. Accordingly, the requirements of the provisions of Section 149 of the Companies Act, 2013 and Regulation 17(1) of the Listing Regulations have been complied with by the Company.

IV. Managing Director and Whole-time Directors

Mr. Anjan Chatterjee has been serving as the Managing Director of the Company since December 2007.

Mrs. Suchhanda Chatterjee and Mr. Indranil Chatterjee have been serving as Whole-time Directors of the Company since July 2010.

V. Appointment/Resignation of Director and Key Managerial Personnel

During the year Mr. Jyotin Mehta (DIN: 00033518) Independent Director of your Company resigned from the Board with effect from February 8, 2017. The Board places on record its appreciation for the valuable services rendered and contribution made by Mr. Jyotin Mehta during his tenure as Director of the Company.

Mr. Ullal Ravindra Bhat (DIN: 00008425) was appointed as an Additional Director on the Board of the Company with effect from April 28, 2017 and he holds the office upto the date of forthcoming Annual General Meeting of the Company. Your approval for his appointment as an Independent Director of the Company with effect from April 28, 2017 for the period of five (5) years has been sought in the Notice convening the Annual General Meeting of the Company.

Mr. V. S. Satyamoorthy, Company Secretary and Compliance Officer the Company, retired from the services of the Company with effect from May 24, 2016. The Board places on record its appreciation for the valuable services rendered and contribution made by Mr. V. S. Satyamoorthy during his tenure as Company Secretary of the Company.

Mr. Avinash Kinhikar was designated as the Company Secretary & Legal Head of the Company and Compliance Officer of the Company with effect from May 25, 2016.

Mr. Anjan Chatterjee, Managing Director; Mrs. Suchhanda Chatterjee, Whole-time Director; Mr. Indranil Chatterjee, Whole-time Director; Mr Rajesh Kumar Mohta, Executive Director-Finance and CFO and Mr. Avinash Kinhikar, Company Secretary & Legal Head are the Key Managerial Personnel of the Company as per the provisions of the Companies Act, 2013.

VI. Re-appointment of Director

Suchhanda Chatterjee (DIN: 00226893)

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mrs. Suchhanda Chatterjee, Whole-time Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible offers herself for re-appointment.

Further details about the Director seeking re-appointment in the ensuing Annual General Meeting are annexed to the Notice which is being sent to the Members along with the Annual Report.

Anjan Chatterjee (DIN: 00200443)

The Board of Directors of the Company at their meeting held on May 27, 2017, subject to the approval of the Members in the ensuing Annual General Meeting of the Company, approved the re-appointment of Mr. Anjan Chatterjee, as Managing Director of the Company for a period of three years with effect from December 27, 2017.

Further details about the Director seeking re-appointment in the ensuing Annual General Meeting are annexed to the Notice which is being sent to the Members alongwith the Annual Report.

VII. Evaluation of Performance of the Directors, Board and Committees of the Board

Pursuant to the applicable provisions of the Companies Act, 2013, the Listing Regulations and SEBI Circular No. SEBI/ HO/CFD/CMD/CIR/P/ 2017/004 dated January 5, 2017 (Guidance Note on Board Evaluation), the Board has carried out an annual evaluation of its own performance, performance of the Directors as well as evaluation of its Committees.

The manner in which the formal annual evaluation of the Directors, Committees of the Board and the Board as a whole is given in the report on Corporate Governance which forms part of the Annual Report.

VIII. Policy on Directors' remuneration and other details

The Company's policy relating to remuneration of Directors, Key Managerial Personnel and other Employees as stipulated in Section 178 (3) of the Companies Act, 2013 has been disclosed in the Corporate Governance report, which forms part of the Directors' report.

IX. Number of Board Meetings

The Board of Directors met six (6) times during the financial year 2016-17. Detailed information on the Meetings of the Board is included in the report on Corporate Governance which forms part of this Annual Report. A separate Meeting of Independent Directors was also held during the financial year 2016-17.

Besides the above, several Committee Meetings of the Board were held during the financial year 2016-17, the detailed information of which is included in the report on Corporate Governance.

X. Share Capital

The Paid-up Equity Share Capital of the Company as on March 31, 2017 was ₹ 46,95,76,570/-. During the year under review, there was no change in the issued, subscribed and paid-up share capital of the Company.

XI. Related Party Transactions

All the related party transactions during the year were entered in the ordinary course of business and on arm's length basis. There were no materially significant related party transactions entered during the year by your Company. Accordingly, no transactions are being reported in Form No. AOC-2 in terms of Section 134 of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014.

All Related Party Transactions were presented to the Audit Committee for prior approval and to the Board referred to it by Audit Committee. Omnibus approval was obtained from the Audit Committee of the Company for the related party transactions which are foreseen and repetitive in nature and were reviewed by the Committee on quarterly basis.

The Policy on Materiality of Related Party Transactions and also on dealing with Related Party Transactions as approved by the Board is uploaded on the Company's website at the following web link

http://www.speciality.co.in/pdf/policies/POLICY_ON_MATERIALITY_OF_RELATED_PARTY_TRANSACTIONS_AND_ALSO_ON_DEALING_WITH_RELATED_PARTY_TRANSACTIONS.pdf

The details of the transactions with Related Parties are provided on Page No. 97 under Financial Statements.

10. Report on Corporate Governance

The report on Corporate Governance as stipulated under Regulation 34 (3) read with para C of Schedule V to the Listing Regulations forms part of the Annual Report. The requisite Certificate from the Practising Company Secretaries confirming compliance with the conditions of Corporate Governance as stipulated under the Listing Regulations is attached to this report.

11. Management Discussion and Analysis Report

As stipulated under Regulation 34(2) of the Listing Regulations, Management Discussion and Analysis Report for the financial year under review is provided in a separate section forming part of the Annual Report.

12. Composition of Audit Committee

The details relating to the composition of the Audit Committee are provided in the Report on Corporate Governance which forms part of this report.

13. Corporate Social Responsibility

In terms of Section 135 of the Companies Act, 2013, the Board of Directors of your Company has constituted a Corporate Social Responsibility Committee ("CSR Committee") under the Chairmanship of an Independent Director of the Company. The CSR Committee of the Board has formulated a CSR Policy which has been uploaded on the website of the Company at http://www.speciality.co.in/pdf/policies/CORPORATE_SOCIAL_RESPONSIBILITY_POLICY.pdf

The Annual Report on CSR activities as prescribed under Section 135 of the Companies Act, 2013 is annexed as Annexure B which forms part of this report.

14. Vigil Mechanism

In pursuance of the provisions of Sections 177 (9) and 177 (10) of the Companies Act, 2013, a Vigil Mechanism for Directors and Employees to report genuine concerns has been established. The Vigil Mechanism Policy has been uploaded on the website of the Company at http://www.speciality.co.in/pdf/policies/VIGIL_MECHANISM_POLICY.pdf

15. Risk Management

Your Company has constituted a Risk Management Committee on November 12, 2014 for complying with the requirements of the Companies Act, 2013 and Listing Regulations to implement the risk management plan and policy of the Company. This is also in conformity with Regulation 21 of the Listing Regulations.

The Committee is responsible for reviewing the risk management plan and ensuring its effectiveness. The Audit Committee has additional oversight in the areas of internal financial and risk management systems.

16. Particulars of loans, guarantees or investments

Disclosure on particulars relating to loans, guarantees or investments made during the financial year 2016-17 under Section 186 of the Companies Act, 2013 is provided on Page No. 90 under Financial Statements.

17. Consolidated Financial Statement

The Consolidated Financial Statement of the Company and its Joint Venture company, prepared in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Companies Act, 2013 (`the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, form part of the Annual Report and are reflected in the Consolidated Financial Statement of the Company.

The Company prepared its financial statements in accordance with generally accepted accounting principles in India, including accounting standard read with Section 133 of the Companies Act, 2013 notified under the Companies (Accounting Standard) Rules, 2006. These are Company's first Consolidated Financial Statement.

The annual financial statement of the Joint Venture company and related detailed information will be kept at the Registered Office of the Company and will be available to investors seeking information.

The consolidated financial statement reflect the operations of the Mainland China Restaurant, LLC, the Joint Venture company, in which your Company has 49% stake.

18. Internal Financial Controls System and their adequacy

Your Company has laid down adequate internal financial controls system, through requisite policies and procedures. Such controls are operating effectively to ensure accuracy and completeness of the accounting records, the timely preparation of reliable financial information along with the orderly and efficient conduct of business.

The Statutory Auditors has expressed an unmodified opinion on the adequacy and operating effectiveness of the Company's Internal Financial Controls over Financial Reporting in the Annexure A to the Independent Auditor's Report.

19. Auditors and Audit Reports

I. Statutory Auditors and their report

M/s. Deloitte Haskins and Sells LLP, Statutory Auditors of the Company were appointed at the Fifteenth Annual General Meeting of the Company held on September 15, 2014 to hold office until the conclusion of the Annual General Meeting to be held in the year 2019. As per the provisions of Section 139 of the Companies Act, 2013 the appointment of Statutory Auditors is required to be ratified by the Members at every Annual General Meeting. A resolution for ratification is included in the Notice which is being sent to the Members along with the Annual Report.

M/s. Deloitte Haskins and Sells LLP, Statutory Auditors of the Company hold office till the conclusion of the ensuing Annual General Meeting and are eligible for ratification of appointment. They have confirmed their eligibility to the effect that their appointment, if made, would be within the limits prescribed under the Companies Act, 2013 and that they are not disqualified for appointment.

The Notes on Financial Statements referred to in the Auditor's Report are self-explanatory and do not call for any further comments. The Auditor's Report does not contain any qualification, reservation or adverse remark.

II. Secretarial Auditor and Secretarial Audit Report

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board has appointed M/s. GMJ & Associates, a firm of Company Secretaries in Practice, to conduct the Secretarial Audit of your Company for the financial year 2016-17. The Secretarial Audit Report for the financial year 2016-17 is annexed as Annexure C which forms part of this Report.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

20. Particulars of Employees

The ratio of remuneration of each director to the median employee's remuneration and other details in terms of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed as Annexure D which forms part of this report.

The information in respect of employees of the Company required pursuant to Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 will be provided upon request. In terms of Section 136 of the Companies Act, 2013, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the aforesaid Annexure which is available for inspection by the Members at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary in this regard.

21. Statutory Disclosures

I. Conservation of Energy, Technology Absorption and Foreign Exchange and Outgo

(i) Conservation of Energy

The disclosures required as per the provisions of Section 134 (3) (m) of the Companies Act, 2013 read with Rule 8 (3) (A) of the Companies (Accounts) Rules, 2014 regarding Conservation of Energy is detailed below:

The Company values the significance of conservation of energy and remain conscious about the environmental impact of its business operations and continuously strives to improve energy efficiency through various initiatives. During the year, the Company undertook a variety of energy conservation measures across all its Restaurants, making continuous efforts for judicious use of energy at all levels of operations by utilizing energy efficient system and processes.

a) **The steps taken or impact on conservation of energy**

- Installation of energy efficient LED Lights in all restaurants.
- Installation of Energy Management System in 25 restaurants
- Installation of Energy Saving Sensors in the AC System of 25 restaurants.

b) **The steps taken by the Company for utilizing alternate sources of energy**

The Company has installed 20KW Solar Power Plant at Mainland China Restaurant at Greater Kailash (GK—II) at New Delhi.

c) **The capital investment on energy conservation equipments**

₹ in Millions

Particulars of Investment	Amount
Installation of Energy Management System	5.12
Installation of AC Energy Saver System	
Investment in power efficient LED Lights in all restaurants	

(ii) Technology Absorption

The activities of the Company are not covered under the disclosure required as per the provisions of Section 134(3) (m) of the Companies Act, 2013 read with Rule 8 (3) (B) of the Companies (Accounts) Rules, 2014 regarding technology absorption.

(iii) Foreign Exchange Earnings and Outgo

The disclosure required as per the provisions of Section 134 (3) (m) of the Companies Act, 2013 read with Rule 8 (3) (C) the Companies (Accounts) Rules, 2014 regarding foreign exchange earned in terms of actual inflows and Foreign Exchange outgo during the year under review in terms of actual outflows are given below:

₹ in Millions

Foreign Exchange Earnings and Outgo	2016-17	2015-16
Foreign Exchange Earned in terms of actual inflows	2.8	3.6
Foreign Exchange Outgo in terms of actual outflows	1.9	4.7

II. No written complaints have been received by the Company during the year under review pursuant to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

III. No stock options were granted to the Directors of your Company during the year under review.

IV. Additional information and details as specified in Rule 8(5) of the Companies (Accounts) Rules, 2014 are included in the Directors' Report.

22. General Disclosures

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

i. Details relating to deposits covered under Chapter V of the Companies Act, 2013.

ii. Issue of equity shares with differential rights as to dividend, voting or otherwise.

iii. Issue of shares including sweat equity shares to employees of the Company under any scheme save and except Employee Stock Options Scheme referred to in this Report.

iv. Neither the Managing Director nor the Whole-time Directors of the Company received any remuneration or commission from the subsidiary company.

v. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

23. Extracts of Annual Return

Pursuant to Sections 134 (3) (a) and 92 (3) of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the extracts of Annual Return as at March 31 , 2017 is annexed as Annexure E which forms part of this report.

24. Directors' Responsibility Statement

The Directors confirm that:-

i. in the preparation of the annual accounts for the year ended March 31, 2017, the applicable accounting standards have been followed and no material departures have been made from the same;

ii. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of the affairs of the Company at the end of the financial year 2016-17 and of the loss of the Company for that period;

iii. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. they have prepared the annual accounts on a going concern basis;

v. they have laid down internal financial controls for the Company and such internal financial controls are adequate and operating effectively; and

vi. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

25. Utilisation of net proceeds from the Initial Public Offering ("Issue")

Pursuant to the approval of the Members of the Company obtained through Postal Ballot on November 27, 2015 the objects of the issue as disclosed in the Prospectus dated May 22, 2012 issued by the Company for its Initial Public Offer were varied. In terms of variation, the Company had proposed to utilise the balance unutilised amount of ₹ 578.5 million as on March 31, 2015 towards development of new restaurants/ conversion of existing restaurants under new formats in various locations across the country depending upon various factors such as the customer's preference, competition, suitable location, selection of suitable premises at an affordable rent, etc., in the financial years 2015-18.

The Company had utilized ₹ 264.8 million upto March 31, 2017 out of the balance unutilized amount of ₹ 578.5 million towards the new objects relating to the business of the Company approved by the Members on November 27, 2015.

The Company has a good set of brands in different cuisines and segments and has also been investing in refreshing of brands to service the aspirations of all guests across geographies. The Company is well poised to effectively capture the growth opportunities in food and beverage domain.

The details of utilization of the IPO Proceeds and the balance outstanding as on March 31, 2017 are provided in the Corporate Governance Report.

26. Acknowledgement

Your Directors would like to express their appreciation for the assistance and co-operation received from the Banks, Government Authorities, Customers, Vendors and Members during the year under review.

Your Directors also wish to place on record their appreciation for the committed services by the Executives, Staff and Employees of the Company.

For and on behalf of the Board
Speciality Restaurants Limited

Susim Mukul Datta
Chairman
(DIN: 00032812)

Place: Mumbai.
Date: May 27, 2017

ANNEXURE A

(forming part of the Directors' Report)

Disclosure under Section 62 of Companies Act, 2013, Rule 12 of Companies (Share Capital and Debentures) Rules, 2014, Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (the "SEBI Guidelines") and Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014 (the "SEBI Regulations") for the year ended March 31, 2017.

Sr. No.		Description	Speciality Restaurants Limited-Employee Stock Options Scheme 2012
(i)	(a)	Date of Shareholders' approval	September 28, 2012
	(b)	Total number of options approved under ESOS	14,08,730
	(c)	No. of options granted	5,77,200
	(d)	No. of Options vested	3,61,800
	(e)	Total Number of Options exercised	Nil since no option was exercised.
	(f)	Total number of Ordinary Shares of ₹ 10 each arising as a result of exercise of options	Nil
	(g)	Total Number of Options lapsed	94,800
	(h)	Variation of terms of Options	Nil
	(i)	Money realized by exercise of options during the year	Nil since no option was exercised during the financial year 2016-17.
	(j)	Total number of Options in force	4,82,400
	(k)	Vesting requirements	Options granted under SRL-ESOP 2012 would vest not less than one year and not more than six years from the date of grant of such vesting options.
	(l)	Exercise Price	₹ 126.20
	(m)	Pricing Formula	The exercise price approved by the Board Governance and Remuneration Committee of the Company (now known as Nomination and Remuneration Committee) under the authority of the Board and Members, was the market price which was the latest available closing price on the stock exchange on which the shares of the Company are listed where there was highest trading volume prior to the date of meeting of the Committee in which the Options were granted.
	(n)	Maximum term of Options granted	During seven years from the date of grant.
	(o)	Source of shares	Primary (Allotment by the Company upon exercise of option).
(ii)	(a)	Method of calculation of employee compensation cost	The employee compensation cost has been calculated using the intrinsic value method of accounting for Options granted under the Company's Employee Stock Option Scheme.
	(b)	Difference between the employee compensation cost so computed at (ii) above and the employee compensation cost that shall have been recognized if it had used the fair value of the Options	₹ 5.93 million. The employee compensation cost as per the intrinsic value method for the financial year 2016-17 was ₹ Nil.
	(c)	The impact of this difference on profits and on Earnings Per Share of the Company	The effect on the profits and earnings per share, had the fair value method been adopted is presented below:- ₹ In Millions Profit After tax as reported (227.05) Add: Intrinsic Value Compensation Cost - Less: Fair Value Compensation Cost (Black Scholes model) (5.93) Adjusted Profit (232.98) Earnings per Share Basic (₹) / Diluted (₹) As reported (4.83) / (4.83) As adjusted (4.96) / (4.96)

<table>
<tr><th>Sr. No.</th><th>Description</th><th>Speciality Restaurants Limited-Employee Stock Options Scheme 2012</th></tr>
<tr><td>(iii)</td><td>Option movement during the year</td><td></td></tr>
<tr><td></td><td>Particulars</td><td>Details</td></tr>
<tr><td></td><td>Number of options outstanding at the beginning of the period</td><td>5,15,300</td></tr>
<tr><td></td><td>Number of options granted during the year</td><td>Nil</td></tr>
<tr><td></td><td>Number of options forfeited/ lapsed during the year</td><td>32,900</td></tr>
<tr><td></td><td>Number of options exercised during the year</td><td>Nil</td></tr>
<tr><td></td><td>Number of shares arising as a result of exercise of options</td><td>Nil</td></tr>
<tr><td></td><td>Money realized by exercise of options (INR), if scheme is implemented directly by the Company</td><td>Nil</td></tr>
<tr><td></td><td>Loan repaid by the Trust during the year from exercise price received</td><td>Not Applicable</td></tr>
<tr><td></td><td>Number of options outstanding at the end of the year</td><td>4,82,400</td></tr>
<tr><td></td><td>Number of options exercisable at the end of the year</td><td>3,61,800</td></tr>
<tr><td>(iv)</td><td>Weighted average exercise prices and weighted average fair values of Options granted for Options whose exercise price either equals or exceeds or is less than the market price of the stock.</td><td>Weighted average exercise price per Option: ₹ 126.20
Weighted average fair value per Option: ₹ 48.87</td></tr>
<tr><td>(v) (a)</td><td>Details of Options granted to Senior Management Personnel</td><td>As provided below</td></tr>
<tr><td></td><td>Sr. No.</td><td>Name</td><td>No. of Options Granted during the financial year 2013-14</td></tr>
<tr><td></td><td>1</td><td>Mr. Indranil Chatterjee*</td><td>50,000</td></tr>
<tr><td></td><td>2</td><td>Mr. Indraneil Palit</td><td>50,000</td></tr>
<tr><td></td><td>3</td><td>Mr. Phiroz Sadri</td><td>50,000</td></tr>
<tr><td></td><td>4</td><td>Mr. Rajesh Kumar Dubey</td><td>50,000</td></tr>
<tr><td></td><td>5</td><td>Mr. Rajesh Kumar Mohta*</td><td>38,400</td></tr>
<tr><td></td><td>6</td><td>Mr. Nripendra Chauhan</td><td>25,000</td></tr>
<tr><td></td><td>7</td><td>Mr. Ramchander</td><td>26,500</td></tr>
<tr><td></td><td colspan="3">*Key Managerial Personnel of the Company</td></tr>
<tr><td>(b)</td><td>Any other employee who received a grant in any one year of Options amounting to 5% or more of the Options granted during that year.</td><td>None</td></tr>
<tr><td>(c)</td><td>Identified employees who were granted Options during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.</td><td>None</td></tr>
<tr><td>(vi) (a)</td><td>A description of the method and significant assumptions used during the year to estimate the fair value of the Options</td><td>The fair value of each Option is estimated using Black Scholes Option Pricing model after applying the following key assumptions on a weighted average basis:-
<table>
<tr><td>(i) Risk-free interest rate</td><td rowspan="5">The Company has not granted any options during the financial year 2016-17.</td></tr>
<tr><td>(ii) Expected life</td></tr>
<tr><td>(iii) Expected volatility</td></tr>
<tr><td>(iv) Expected Dividend yield</td></tr>
<tr><td>(v) The price of the underlying Shares in market at the time of Option grant</td></tr>
</table></td></tr>
</table>

Sr. No.	Description	Speciality Restaurants Limited-Employee Stock Options Scheme 2012
(b)	the method used and the assumptions made to incorporate the effects of expected early exercise	Company has estimated the expected life of the options on the basis of average of minimum and maximum life of the Options. Historical data is not considered in expected life calculations.
(c)	how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility	Volatility is the measure of the amount by which a price has fluctuated or is expected to fluctuate during a period. The measure of volatility used in the Black-Scholes options pricing model is the annualized standard deviation of the continuously compounded rates of return on the stock over a period of time. For calculating volatility, the daily volatility of the stock prices on the National Stock Exchange of India, over a period prior to the date of grant, corresponding with the expected life of the options has been considered.
(d)	whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition.	No other feature has been considered for fair valuation of options except as mentioned in point vi (a) above.
(vii)	Diluted Earnings Per Share pursuant to issue of Ordinary Shares on exercise of Options calculated in accordance with Accounting Standard (AS) 20 'Earnings Per Share'.	Nil since no option was exercised during the year.

For and on behalf of the Board
Speciality Restaurants Limited

Susim Mukul Datta
Chairman
(DIN: 00032812)

Place: Mumbai
Date: May 27, 2017

ANNEXURE B

(forming part of Directors' Report)

Annual Report on Corporate Social Responsibility Activities

Pursuant to the provisions of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014. A brief summary of initiative taken during the financial year 2016-17 is given below:-

1	A brief outline of the Company's CSR Policy including overview of projects or programs proposed to be undertaken and a reference to web-link to the CSR Policy and Projects or programs	**A brief outline of the Companies CSR Policy:** The Company has framed the CSR Policy to identify and support initiatives aimed at: (i) eradicating hunger, poverty and malnutrition, promoting health care and sanitation and improving the quality of life and economic well being of individuals; (ii) training, providing and supporting educational needs of the underprivileged segments of society; and (iii) such other activities as may be permissible under Schedule VII of the Companies Act, 2013 and the relevant rules. The Board of Directors of the Company have already framed the Corporate Social Responsibility Policy based on the recommendation of CSR Committee and the same has been displayed on the Company's website at the following weblink: http://www.speciality.co.in/pdf/policies/CORPORATE_SOCIAL_RESPONSIBILITY_POLICY.pdf **Overview of the Projects undertaken:** During the financial year 2016-17 the Company continued its collaboration with Sri Sai Trust to carry out the CSR activity of providing nutritional food and health support for school children in tribal areas of Karjat region under the project viz. "Nutritional Support and Health Clinic Program" (**"Project"**) supplementing the Government mid-day meal scheme through additional nutrition. The Company carried out the following activities in connection with the project in collaboration with Sri Sai Trust during the financial year 2016-17:- (i) Provided nutrition-rich food to 200 children and 80 children attending formal school for six days in a week, 225 days and 110 days respectively. This nutritional support was provided alongwith regular mid-day meals provided by Zilla Parishad. (ii) Organised health check-up camps for children in the clinics by lady MBBS doctors, etc. (iii) Promoted setting up of Health Clinic at Anandwadi at Karjat.
2	Composition of the CSR Committee	The composition of the CSR Committee is as under:- Mr. Jyotin Mehta-Chairman* Mr. Dushyant Mehta-Chairman** Mrs. Suchhanda Chatterjee- Member Mr. Ullal Ravindra Bhat-Member*** ** Resigned with effect from February 8, 2017* *** Appointed as Chairman with effect from April 28, 2017* **** Appointed as Member with effect from April 28, 2017*
3	Average Net Profits of the Company for the past three financial years.	₹ 110.9 million
4	Prescribed CSR expenditure (Two Percent of the amount as in item 3 above).	₹ 2.2 million
5	Details of CSR spent during the financial year 2016-17.	
	(i) Total amount to be spent for the financial year.	₹ 2.2 million
	(ii) Amount un-spent if any.	₹ 0.3 million
	(iii) Manner in which the amount spent during the financial year 2016-17.	The manner in which the amount spent is annexed.

6	In case the Company has failed to spend the two per cent of the average net profits of the last three financial years or any part thereof, the Company shall provide the reasons for not spending in its Board Report.	During the financial year 2016-17, the Company made significant strides for providing Nutritional Food and Health Clinic Program in the tribal areas of Karjat by contributing ₹ 1.9 million (as against 0.55 million in previous year) as against ₹ 2.2 million required to be spent, which resulted into shortfall of ₹ 0.3 million. The shortfall in CSR spend was mainly due to the existing scale of the project, annual plan/budget received from the implementing agency and based on the mutually agreed payment milestones linked to project implementation. The Company has estimated a period of 3-5 years to achieve the desired impact and evaluating the results of the project. Your Company intend to ensure optimum deployment of available budgets to scale up the project.
7	A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.	The CSR Committee confirms that the implementation and monitoring of CSR Policy is in compliance with the CSR Objectives and Policy of the Company.

Annexure to CSR Report (Point 5(iii) of the CSR Report)

₹ in Millions

S. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (a) Local area or other (b) Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs (1) Direct expenditure on projects or programs (2) overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct or through Implementing agency	Details of Implementing agency if engaged
1	Nutritional Support and Health Clinic Program.	Eradicating hunger, poverty and malnutrition.	(i) Provided nutrition-rich food to 200 children and 80 children attending formal school for six days in a week, 225 days and 110 days respectively. This nutritional support was provided alongwith regular mid-day meals provided by Zilla Parishad at Anadwadi, Karjat, Maharashtra. (ii) Organised health check-up camps for children in the clinics by lady MBBS doctors, etc. at Anadwadi, Karjat, Maharashtra.	₹ 1.65	₹ 1.65	₹ 1.65	Implementing agency	Sri Sai Trust
2	Setting up of Health Clinic.	Promoting health care including preventive health care.	Promoted setting up of Health Clinic at Anandwadi, Karjat, Maharashtra.	₹ 0.25	₹ 0.25	₹ 0.25	Implementing agency	Sri Sai Trust
		Total		**₹ 1.9**	**₹ 1.9**	**₹ 1.9**		

Place: Mumbai
Date: May 27, 2017

Anjan Chatterjee
Managing Director
(DIN: 00200443)

Dushyant Mehta
Chairman–CSR Committee
(DIN: 00126977)

ANNEXURE C

(forming part of Directors' Report)

FORM NO. MR - 3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017

(Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

To,

The Members,

Speciality Restaurants Limited

Uniworth House,

3A, Gurusaday Road, Kolkata – 700 019.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Speciality Restaurants Limited** (hereinafter called "**the Company"**). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2017 complied with the statutory provisions of the applicable acts listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company**,** for the financial year ended on 31st March, 2017 according to the provisions of:

i. The Companies Act, 2013 (the Act) and the rules made thereunder;

ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment.

v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"), viz;

   a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   c. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and SEBI (Share based Employee Benefits) Regulations, 2014;

   d. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

We further report that the Company has a compliance system in place and we have examined the relevant documents and records with respect to other Acts as applicable which are as under:

vii. Other applicable acts,

   a. Food Safety and Standards Act, 2006.

   b. Legal Metrology Act, 2009.

   c. The Employees State Insurance Act, 1948.

   d. The Employees' Provident Funds and Miscellaneous Provisions Act, 1952.

   e. The Maternity Benefit Act, 1961.

   f. The Minimum Wages Act, 1948.

   g. The Payment of Bonus Act, 1965.

   h. The Payment of Gratuity Act, 1972.

   i. The Payment of Wages Act, 1936.

   j. The Child Labour (Prohibition and Regulation) Act, 1986.

k. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
l. The Air (Prevention and Control of Pollution) Act, 1981.
m. The Environment (Protection Act), 1986.
n. The Water (Prevention and Control of Pollution) Act, 1974.
o. The Trade Marks Act, 1991.
p. The Bombay Shops & Establishment Act, 1948.
q. The Central Sales Tax Act, 1956 & other applicable state Sales Tax Acts
r. The Professional Tax Act, 1975.
s. The Income Tax Act, 1961.
t. The Finance Act, 1994 (Service Tax).

We have also examined compliance with the applicable clauses of the following:

i. Secretarial Standards with respect to Board and General Meetings (SS-1 and SS-2) specified by The Institute of Company Secretaries of India;
ii. The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance and a system exist for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions are carried out unanimously at Board Meetings and Committee Meetings and recorded in the minutes of the meeting of the Board of Directors or Committees of the Board, as the case may be.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the year under report, the Company has not undertaken event/action having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, etc. referred to above.

For **GMJ & ASSOCIATES**
Company Secretaries

[CS PRABHAT MAHESHWARI]
PARTNER
COP No.: 1432
FCS No.: 2405

Place: MUMBAI
Date: 27th May, 2017

Note: This report is to be read with our letter of even date that is annexed as Annexure I and forms an integral part of this report.

'Annexure I' to Secretarial Audit Report

To,

The Members,

Speciality Restaurants Limited

Uniworth House,

3A, Gurusaday Road,

Kolkata – 700 019.

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions of corporate and other applicable laws, rules and regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **GMJ & ASSOCIATES**

Company Secretaries

[CS PRABHAT MAHESHWARI]
PARTNER
COP No.: 1432
FCS No.: 2405

Place: MUMBAI
Date: 27th May, 2017

ANNEXURE D

(forming part of the Directors' Report)

Statement of Disclosure of Remuneration under Section 197 (12) of the Companies Act, 2013 and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

1. The ratio of remuneration of each Director to the median remuneration of the employees of the Company and the percentage increase in remuneration of Managing Director, Whole-time Directors, Non-Executive Directors, Executive Director-Finance & CFO and Company Secretary for the financial year 2016-17 are given below:-

Sr. No.	Name of the Director/ Key Managerial Personnel ("KMP")	Designation	Ratio of remuneration of each Director to median remuneration of Employees	Percentage increase in Remuneration
1	Mr. Anjan Chatterjee	Managing Director	41.85	Nil
2	Mrs. Suchhanda Chatterjee	Whole-time Director	14.65	Nil
3	Mr. Indranil Chatterjee	Whole-time Director	14.65	Nil
4	Mr. Susim Mukul Datta	Chairman Non Executive Independent Director	10.88	Nil
5	Mr. Dushyant Mehta	Non Executive Independent Director	12.14	Nil
6	Mr. Jyotin Mehta*	Non Executive Independent Director	9.21	Nil
7	Mr. Rajesh Kumar Mohta	Executive Director- Finance and CFO	Not applicable	33.60
8	Mr. V.S. Satyamoorthy**	Company Secretary	Not applicable	Nil
9	Mr. Avinash Kinhikar***	Company Secretary & Legal Head	Not applicable	Not applicable

*Resigned with effect from February 8, 2017.

**Retired from the Services of the Company with effect from May 24, 2017.

***Appointed with effect from May 25, 2017.

2. The percentage increase in the median remuneration of employees in the financial year 2016-17 was 19%.
3. The Company has 3,796 permanent employees on the rolls of the Company as on March 31, 2017.
4. Other Details

Sr. No.	Particulars	Remarks
1	Average percentage increase already made in the salaries of employees other than the Managerial personnel in the last financial year	During the financial year 2016-17, the overall salary of the Employees increased to around 4.21 %
2	Percentile increase in managerial remuneration	There was no increase in the managerial remuneration as compared to previous year.
3	The comparison with the percentile increase in the Employees remuneration with managerial remuneration and justification thereof	Not comparable as there was no increase in the remuneration of managerial personnel.
4	Any exceptional circumstances for increase in the managerial remuneration	Not applicable

5. It is affirmed that the remuneration is as per the remuneration policy of the Company.

For and on behalf of the Board
Speciality Restaurants Limited

Susim Mukul Datta
Chairman
(DIN: 00032812)

Place: Mumbai
Date: May 27, 2017

ANNEXURE E
(forming part of Directors' Report)
FORM NO. MGT-9
Extract of Annual Return
as on the financial year ended on March 31, 2017

[Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12 (1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	L55101WB1999PLC090672
ii)	Registration Date	1st December, 1999
iii)	Name of the Company	Speciality Restaurants Limited
iv)	Category / Sub-Category of the Company	Company limited by shares/Indian Non-Government Company
v)	Address of the Registered office and contact details	Uniworth House, 3A Gurusaday Road, Kolkata, West Bengal-700019 Tel. No: (91 33) 22837964/65/66 Fax No: (91 33) 22809282 Email: corporate@speciality.co.in Website: www.speciality.co.in
vi)	Whether listed company	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited C 101, 247 Park, L.B.S. Marg, Vikhroli West, Mumbai - 400 083. Tel. No: (91 22) 49186000, 49186270 Fax No: (91 22) 4918 6060 Email: rnt.helpdesk@linkintime.co.in Website: www.linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sr.No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Restaurants & Mobile food service activity	5610	100.00

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

Sr. No	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Mainland China Restaurant, LLC P O Box No. 220 Doha, Qatar	N.A Foreign Company	Associate (Joint Venture)	49%	2(6)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	2,40,40,000	0	2,40,40,000	51.19	2,40,40,000	0	2,40,40,000	51.19	0.00
b) Central/State Govt	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any Other - Relatives	57	0	57	0.00	57	0	57	0.00	0.00
Sub-total (A) (1):-	**2,40,40,057**	**0**	**2,40,40,057**	**51.19**	**2,40,40,057**	**0**	**2,40,40,057**	**51.19**	**0.00**
(2) Foreign									
a) NRIs - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other – Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any Other	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A) (2):-	0	0	0	0.00	0	0	0	0.00	0.00
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**2,40,40,057**	**0**	**2,40,40,057**	**51.19**	**2,40,40,057**	**0**	**2,40,40,057**	**51.19**	**0.00**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	37,47,094	0	37,47,094	7.98	13,23,063	0	13,23,063	2.82	-5.16
b) Banks / FI	1,280	0	1,280	0	4,560	0	4,560	0.01	0.01
c) Central/ State Govt	0	0	0	0	0	0	0	0	0
d) Venture Capital Funds	0	0	0	0	0	0	0	0	0
e) Insurance Companies	0	0	0	0	0	0	0	0	0
f) FIIs	68,83,466	0	68,83,466	14.66	0	0	0	0	-14.66
g) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)									
a) Trust	1,664	0	1664	0	1,500	0	1,500	0	0
b) Foreign Portfolio Investors (Corporate)	12,35,330	0	12,35,330	2.63	71,74,735	0	71,74,735	15.28	12.65
Sub-total (B)(1):-	**1,18,68,834**	**0**	**1,18,68,834**	**25.27**	**85,03,858**	**0**	**85,03,858**	**18.11**	**-7.16**
2. Non- Institutions									
a) Bodies Corp.									
i) Indian	14,10,045	0	14,10,045	3.00	16,97,190	0	16,97,190	3.61	0.61
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals.									
i) Individual shareholder holding nominal share capital upto ₹ 1 lakh	28,81,398	199	28,81,597	6.14	30,10,210	200	30,10,410	6.41	0.27
ii) Individual shareholder holding nominal share capital in excess of ₹ 1 lakh	12,87,297	0	12,87,297	2.74	45,22,683	0	45,22,683	9.63	6.89
c) Others									
i) Clearing Member	60,031	0	60,031	0.13	7,87,596	0	7,87,596	1.68	1.55
ii) Non Resident Indian (Repat)	1,74,119	0	1,74,119	0.37	2,39,623	0	2,39,623	0.51	0.14
iii) Non Resident Indian (Non Repat)	1,17,369	0	1,17,369	0.25	1,39,352	0	1,39,352	0.30	0.05
iv) Foreign Companies	49,92,140	0	49,92,140	10.63	30,31,348	0	30,31,348	6.46	-4.17
v) Director/Relative of director	4,159	0	4,159	0.01	3,859	0	3,859	0.01	0.00
(vi) Hindu Undivided Family	1,22,009	0	1,22,009	0.26	9,81,681	0	9,81,681	2.09	1.83
Sub-total (B)(2):-	**1,10,48,567**	**199**	**1,10,48,766**	**23.53**	**1,44,13,542**	**200**	**1,44,13,742**	**30.70**	**7.17**
Total Public Shareholding (B) = (B)(1)+(B)(2)	**2,29,17,401**	**199**	**2,29,17,600**	**48.81**	**2,29,17,400**	**200**	**2,29,17,600**	**48.81**	**0.00**
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0
Grand Total (A+B+C)	**4,69,57,458**	**199**	**4,69,57,657**	**100**	**4,69,57,457**	**200**	**4,69,57,657**	**100**	**0.00**

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Mr. Anjan Chatterjee	1,20,70,000	25.70	0	1,20,70,000	25.70	0	0
2	Mrs. Suchhanda Chatterjee	1,19,70,000	25.49	0	1,19,70,000	25.49	0	0
	Total	**2,40,40,000**	**51.19**	**0**	**2,40,40,000**	**51.19**	**0**	**0**

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year				Cumulative Shareholding during the year	
		Change in Shareholding	Date of change in Shareholding	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
There was no change in the Shareholding pattern of the Promoters of the Company as specified in (ii) above during the financial year ended March 31, 2017.							

(iv) Shareholding pattern of top ten shareholders (other than Directors, Promoters and Holders of GDR's and ADR's

Sr. No.	Name of the Shareholder	Date of Transaction	Nature of Transaction	No. of Shares held at the beginning of the year		Cumulative Shareholding during the year	
1	SAIF III Mauritius Company Limited*	01-04-2016	Opening Balance	49,92,140	10.63	49,92,140	10.63
		17-03-2017	Sale	2,02,091	0.43	47,90,049	10.20
		24-03-2017	Sale	9,10,000	1.94	38,80,049	8.26
		31-03-2017	Sale	8,48,701	1.81	30,31,348	6.46
		31-03-2017	Closing Balance	-	-	30,31,348	6.46
2	SAIF India IV FII Holdings Limited* (Formerly known as SAIF Advisors Mauritius Limited A/C SAIF India IV FII Holdings Limited)	01-04-2016	Opening Balance	38,77,964	8.26	38,77,964	8.26
		17-03-2017	Sale	1,70,252	0.36	37,07,712	7.90
		24-03-2017	Sale	7,07,000	1.51	30,00,712	6.39
		31-03-2017	Sale	40,000	0.09	29,60,712	6.31
		31-03-2017	Closing Balance	-	-	29,60,712	6.31
3	Retail Employees Superannuation Pty. Limited As Trustee For Retail Employees Superannuation Trust*	01-04-2016	Opening Balance	17,59,863	3.75	17,59,863	3.75
		31-03-2017	Closing Balance	-	-	17,59,863	3.75
4	Reliance Capital Trustee Co. Ltd A/C Reliance equity Opportunities Fund*	01-04-2016	Opening Balance	25,27,663	5.38	25,27,663	5.38
		05-08-2016	Sale	3,00,000	0.64	22,27,663	4.74
		14-10-2016	Sale	5,00,000	1.06	17,27,663	3.68
		24-03-2017	Sale	2,27,000	0.48	15,00,663	3.20
		31-03-2017	Sale	1,80,000	0.38	13,20,663	2.81
		31-03-2017	Closing Balance	-	-	13,20,663	2.81
5	Deepak Bhagnani#	01-04-2016	Opening Balance	-	-	-	-
		24-03-2017	Purchase	4,57,570	0.97	4,57,570	0.97
		31-03-2017	Purchase	5,70,383	1.21	10,27,953	2.19
		31-03-2017	Closing Balance	-	-	10,27,953	2.19
6	Paradice Global Small Mid Cap Fund*	01-04-2016	Opening Balance	8,74,449	1.86	8,74,449	1.86
		31-03-2017	Closing Balance	-	-	8,74,449	1.86
7	Hostplus pooled superannuation trust paradice Investment Management Pty Limited*	01-04-2016	Opening Balance	7,99,251	1.70	7,99,251	1.70
		31-03-2017	Closing Balance	-	-	7,99,251	1.70
8	Deepak Bhagnani (HUF)#	01-04-2016	Opening Balance	-	-	-	-
		24-03-2017	Purchase	4,67,373	1.00	4,67,373	1.00
		31-03-2017	Purchase	2,38,792	0.51	7,06,165	1.50
		31-03-2017	Closing Balance	-	-	7,06,165	1.50
9	Kirti Bhagnani#	01-04-2016	Opening Balance	-	-	-	-
		24-03-2017	Purchase	4,57,785	0.97	4,57,785	0.97
		31-03-2017	Purchase	13,916	0.03	4,71,701	1.00
		31-03-2017	Closing Balance	-	-	4,71,701	1.00
10	Tasha Enterprises LLP#	01-04-2016	Opening Balance	-	-	-	-
		24-03-2017	Purchase	1,48,307	0.32	1,48,307	0.32
		31-03-2017	Purchase	3,20,838	0.68	4,69,145	1.00
		31-03-2017	Closing Balance	-	-	4,69,145	1.00
11	Kedia Securities Private Limited@	01-04-2016	Opening Balance	5,00,000	1.06	5,00,000	1.06
		02-09-2016	Sale	5,00,000	1.06	0	0
		31-03-2017	Closing Balance	-	-	-	-
12	Eastspring Investments-India Equity Fund@	01-04-2016	Opening Balance	3,71,190	0.79	3,71,190	0.79
		31-03-2017	Closing Balance	-	-	3,71,190	0.79
13	L and T Mutual Fund Trustee Ltd. – L and T Equity Fund@	01-04-2016	Opening Balance	8,60,931	1.83	8,60,931	1.83
		10-02-2017	Sale	1,42,157	0.30	7,18,774	1.53
		17-02-2017	Sale	62,997	0.13	6,55,777	1.40
		24-02-2017	Sale	9,475	0.02	6,46,302	1.38
		03-03-2017	Sale	13,317	0.03	6,32,985	1.35
		10-03-2017	Sale	11,323	0.02	6,21,662	1.32
		17-03-2017	Sale	6,21,662	1.32	0	0
		31-03-2017	Closing Balance	-	-	-	-
14	L & T Mutual Fund Trustee Limited – L & T Emerging Business Fund@	01-04-2016	Opening Balance	3,58,500	0.76	3,58,500	0.76
		15-07-2016	Purchase	10,000	0.02	3,68,500	0.78
		17-03-2017	Sale	3,68,500	0.78	0	0
		31-03-2017	Closing Balance	-	-	-	-

*Common top 10 shareholders as on April 1, 2016 and March 31, 2017

@ Top 10 shareholders only as on April 1, 2016

Top 10 shareholders only as on March 31, 2017

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Name of the Director/KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	% change in share holding during the year	% of total shares of the company
1	Mr. Anjan Chatterjee	1,20,70,000	25.70	1,20,70,000	25.70
2	Mrs. Suchhanda Chatterjee	1,19,70,000	25.49	1,19,70,000	25.49
3	Mr. Indranil Chatterjee	1,299	0.00	1,299	0.00
4	Mr. Dushyant Mehta	1,280	0.00	1,280	0.00
5	Mr. Rajesh Kumar Mohta	1,280	0.00	1,280	0.00
6	Mr. V.S. Satyamoorthy*	400	0.00	400	0.00
7	Mr. Avinash Kinhikar**	0	0.00	0	0.00
There were no changes in the Shareholding pattern of the Directors and Key Managerial Personnel of the Company during the financial year ended March 31, 2017.					

*Retired from the Services of the Company with effect from May 24, 2016

** Appointed with effect from May 25, 2016

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment **(In ₹)**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	29,63,522	-	-	29,63,522
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	29,63,522	-	-	29,63,522
Change in Indebtedness during the financial year				
• Addition	-	-	-	-
• Reduction	17,14,644	-	-	17,14,644
Net Change	17,14,644	-	-	17,14,644
Indebtedness at the end of the financial year				
i) Principal Amount	12,48,878	-	-	12,48,878
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**12,48,878**	**-**	**-**	**12,48,878**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: **(In ₹)**

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		Mr. Anjan Chatterjee (MD)	Mrs. Suchhanda Chatterjee (WTD)	Mr. Indranil Chatterjee (WTD)	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	60,00,000	21,00,000	21,00,000	1,02,00,000
	(b) Value of perquisites u/s 17(2) Income-tax Act,1961	-	-	-	-
	(c) Profits in lieu of salary u/s 17(3) Income-tax Act,1961	-	-	-	-
2	Stock Option	-	-	50,000 options	-
3	Sweat Equity	-	-	-	-
4	Commission				
	as % of profit	-	-	-	-
	others, specify…	-	-	-	-
5	Others, please specify	-	-	-	-
	Total (A)	**60,00,000**	**21,00,000**	**21,00,000**	**1,02,00,000**
	Ceiling as per the Act	The remuneration paid to the Managing Director and Whole-time Directors was within the ceiling as per the Companies Act, 2013.			

B. Remuneration to other directors:

(In ₹)

Sr. No.	Particulars of Remuneration	Name of Directors			
		Mr. Susim Mukul Datta	**Mr. Jyotin Mehta***	**Mr. Dushyant Mehta**	**Total Amount**
1	**Independent Directors**				
	• Fee for attending Board, Committee Meetings	1,30,000	1,10,000	1,45,000	3,85,000
	• Commission for the year 2015-16	-	-	-	-
	• Others, please specify	-	-	-	-
	Total (1)	**1,30,000**	**1,10,000**	**1,45,000**	**3,85,000**
2	Other Non-Executive Directors				
	• Fee for attending Board, Committee Meetings	-	-	-	-
	• Commission	-	-	-	-
	• Others, please specify	-	-	-	-
	Total (2)	**-**	**-**	**-**	**-**
	Total (B)=(1+2)	**1,30,000**	**1,10,000**	**1,45,000**	**3,85,000**
	Total Managerial Remuneration				**3,85,000**
	Overall Ceiling as per the Act	The remuneration paid to the Independent Directors was within the ceiling as per the Companies Act, 2013.			

*Resigned with effect from February 8, 2017.

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(In ₹)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		Mr. V.S. Satyamoorthy - Company Secretary*	**Mr. Avinash Kinhikar – Company Secretary & Legal Head****	**Mr. Rajesh Kumar Mohta – Executive Director-Finance & CFO**	**Total**
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2,46,089	14,35,625	47,71,800	**64,53,514**
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	**-**
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	**-**
2	Stock Option granted during the year 2013-14	19,000 options	-	38,400 options	**57,400 options**
3	Sweat Equity	-	-	-	**-**
4	Commission as % of profit	-	-	-	**-**
	others, specify…	-	-	-	**-**
5	Others, please specify	-	-	-	**-**
	Total Remuneration paid in financial year 2016-17	**2,46,089**	**14,35,625**	**47,71,800**	**64,53,514**

*Retired from the Services of the Company with effect from May 24, 2016.

** Appointed with effect from May 25, 2016.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: - There were no penalties, punishment or compounding of offences under the Companies Act, 2013, during the financial year ended March 31, 2017.

For and on behalf of the Board
Speciality Restaurants Limited

Place: Mumbai
Date: May 27, 2017.

Susim Mukul Datta
Chairman
(DIN: 00032812)

MANAGEMENT DISCUSSION AND ANALYSIS

Economic Overview

Indian economy followed a path of recovery registering growth in the first three quarters of the year 2016. The prospect for economic growth became buoyant with the agrarian and rural economy benefiting from a good monsoon. The growth was affected in the last quarter of the year by the impact of the demonetization scheme. The financial year ended with GDP growth at around 7.1%. After moderating continuously over the first three quarters of the year 2016 to a historic low, retail inflation measured by year-on-year changes in the consumer price index (CPI) turned up in March 2017 to 3.81%.

Financial year 2016-17 was marked by economic reforms by introducing Goods and Services Tax (GST), a single tax intended to replace the existing Central and State indirect taxes, which is expected to come into force from July 2017. The rollout of the demonetization scheme in early November aimed to usher in greater transparency in financial transactions and a transition towards a cashless economy; in the short term, it has squeezed liquidity and consumption across the economy.

The latest data released by the Central Statistics Office suggested that the impact of demonetisation on economic activity was modest. Economic activity is expected to pick up in 2017-18, although there is usual uncertainty about the monsoon at this stage. Several lead indicators suggest some improvement in the economic outlook. The outlook for 2017-18 brightens as liquidity in the economy moves towards normalization, with expectations for early revival and growth in overall consumption across several sectors including food and beverage.

Food and Beverages Services Industry-Overview

The Indian Food and Beverage (F&B) service Industry has witnessed unprecedented growth in the recent past few years, contributing a significant proportion to India's economic performance, dominated by restaurants and fast food outlets and continues to expand rapidly. The favourable Indian demographics coupled with increasing disposable incomes and urbanisation have contributed to growth of the industry. It is estimated that the food services sector will contribute 2.1% to India's GDP by 2021. The restaurant sector contributes highest to manpower requirement in the hospitality sector and provides impetus to other sectors as well, such as agriculture, food processing, supply chain and logistics, real estate sector, kitchen equipment and commissary.

The total Indian F&B service market (organised and unorganised) is ₹ 3,09,110 crore, projected to grow at compounded annual growth rate (CAGR) of 10% per annum and is expected to reach ₹ 4,98,130 crore by 2021. The market share of the restaurant chain segment in the organised market is ₹ 20,400 crore (20%), this is expected to grow at a CAGR of 20% to reach ₹ 50,950 crore (25% of the organised market) by 2021. The Fine Dine market chain is growing at CAGR of 3% per annum and is expected to be ₹ 615 crore by 2021. The sector is dominated primarily by the traditional segment. The brands and restaurant chains of both Indian origin and multinationals have not optimally penetrated the market so far. The F&B sector has evolved over the past decade, giving rise to exciting new concepts in food and beverage offerings and new and innovative service elements (Source: NRAI India Food Services Report 2016).

Segments such as fine dining, casual dining, quick service restaurants, cafes, etc., have found favour with the consumers. The F&B industry has been at the forefront of attracting investments into India and has played an integral role in portraying India as a land of opportunity.

The food services market in India has evolved from home grown, standalone, family run business ventures into international partnerships with multipolar and integrated business model. A large number of international chains have come into Indian market.

The Indian food industry landscape is dominated by the unorganised sector, is experiencing a gradual shift with the expansion in the market share of organised players. Owing to the large consumer base and significant growth potential, the food service market in India has attracted a large number of foreign players to launch their operations. International as well as domestic organised food service players are looking to expand their operations in India by opening new outlets, engaging in partnerships, employing more manpower etc., which would help fast track the growth of organised food service sector in India.

Industry Trends

Consumers' Eating Out Behaviour

Over the years, the Indian consumers' profile, behaviour and spending patterns have evolved with the changing economic, social and demographic landscape. The widening exposure to new cultures and cuisines, and the increased propensity of eating out, along with the growing popularity of home delivery and take away has led to the growth of food service market.

Eating Out as an Occasion

Eating out is not restricted to occasions but has become an occasion in itself. Other reasons to eat out which are not occasion specific like business meetings, alternate to home cooking, looking to try new cuisines etc., are emerging trends and allow brands to innovate.

Technology Platforms

With the emergence of technology enabled food service and restaurant discovery players the consumers are now ordering food either online or through a phone call and use mobile wallets for paying the bills. Application based online aggregators and development of third party logistics service providers have introduced a whole new dimension to food service business.

The use of social media to stimulate customer connect

Social media has become an integral part of the young population's lifestyle. It has become an avenue for them to express their views and opinions, compare and evaluate choices and share feedback. Indian food service operators are making use of social media to communicate offers, incentives, product information and promotions.

Market Segments

The market segment of the food service industry that is right on top are the Quick Service Restaurants with 43% market share followed by

casual dine-in at 31% while cafe chains, frozen desserts and ice-creams form 6% of the share followed by fine dining at 4% . The rest of the market is shared by pubs, bars, clubs and lounges. QSR and casual dine-in are popular with the working professionals while fine dining is family and occasion oriented.

Evolving Customer Preferences

Rising incomes, increasing working population, expanding urbanization and spiraling consumerism have evolved the lifestyle of today's progressive Indian and he has become more demanding as Indians have started travelling abroad a lot more. This has led to the need for advancements and innovations across industries to keep pace with the consumer's needs. The same is the case with the restaurant industry which needs to respond to this change in the social and business environment.

According to latest research, the Indian food services industry is largely driven by changing consumer preferences. Key players in the industry are continuously monitoring such patterns and accordingly offering innovative and new products. Whether it is the health-conscious nature of a particular age group or changing consumer taste; the Indian food service industry has started a regular modification of product and services. Customization of products and services have become the key success driver in today's industry.

Key Cuisines offered across food service segments

The strong cosmopolitan culture of major metros of India is also represented by the cuisine mix of the cities. The Chinese and Western Cuisines each have a 22% market share as compared to Indian Cuisines. Beverages contribute to around ₹ 30,000 crore to the food services market of which about ₹ 20,000 is contributed by non-alcoholic beverages.

Increasing Demand for World Cuisines

Consumers in India are continuously changing their preferences and have begun to experiment with various world cuisines and this is a growing trend in all metros. The food service industry has taken note of these changing trends and has begun to cater to these demands by serving a variety of foods from across the world like Italian, Mexican, Japanese, Middle Eastern, European, African besides the popular Chinese, Thai and American fast foods.

Emerging retail formats

Dedicated food courts and food malls, and new retail avenues such as airports, amusement parks are driving consumers towards food services. As a vital sub-category of food retail in malls, fine-dining restaurants offer a controlled operating environment atmosphere and provide parking, which is a very essential factor to any retailing establishment's success. Also, because they are juxtaposed with other and often lower-grade eating establishments, they offer the opportunity of displaying a visible degree of class differentiation. Mall developers consider fine-dining restaurants very important to their overall tenant mix because they help the establishment to attain a degree of exclusiveness and give customers a more holistic experience.

Over the last couple of years, fine dining restaurants have been on the rise in India, and many operators are coming up with novel concepts. The upwardly mobile Indian customer has lapped it all up, and there is a significant increase in interest by mall operators to include fine dining options. There is a lot of space for more brands in the ecosystem, and this market is bound to grow astronomically over the next 3-5 years.

International Opportunities

Indian cuisines has also been accepted and gained popularity in the international markets. With a vision to tap this opportunity, many established Indian food service operators including your Company are evaluating key markets such as Middle East, United Kingdom and United States of America for profitable growth.

Opportunities and Threats

New opportunities are emerging in the organised segment in certain locations where a high density of people congregate, including shopping malls, travel terminals, office complexes and medical institutions. In particular, shopping malls are becoming a customary place for congregation and customer spending in shopping malls is increasing. Shopping malls tend to favour efficient formats such as kiosks and food courts, which are most suitable for fast food restaurants and casual dining full-service restaurants will likely remain standalone as mall developers are expected to encourage kiosks and food courts that house multiple establishments.

Opportunities to the Company are -

- Increasing share of delivery and take-away formats, with a focus on convenience.
- Experimentation with new formats, themes and menus; interest through entrepreneurial ventures.
- Indian brands going international.
- Strategic pricing for the buffet format for weekday and weekend
- Riding on the technology wave by tying up with Tech savvy consumers and online food aggregators.
- New formats, sweating of assets and extended hours at select locations to build operational leverage.

Some of the threats to the Company's prospects are economic and market factors such as high food cost inflation, fragmented market and increasing competition, operational challenges including real estate, manpower, fragmented supply chain and liquor sourcing, regulatory concerns such as high taxes, burden of new taxes and over licensing and increasing interest from private equity and venture capital investors in the industry.

Competitive Advantage

During the financial year 2016-17, the Company has opened six (6) restaurants of which three (3) are Company Owned Company Operated (COCO) and three (3) are Franchise Owned Company Operated (FOCO). The Company closed financial year 2016-17 with 105 restaurants (including 24 franchisee) and 18 confectionaries.

Your Company continues to enjoy leadership position in the Fine Dining Industry. The key to this has been the continuous and well-paced focus on innovation, building on existing strengths and pragmatic expansions.

Mainland China, our flagship brand focuses on serving Chinese cuisine with contrasting flavours and spices. The Company has succeeded in retaining a high brand recall over the years and has won many awards for the same.

Your Company has gone in for a Brand Refresh under the brand '**Asia Kitchen by Mainland China**'. It has 60% of Mainland China's offerings but there is 40% new offerings in the form of Pan Asian cuisine which includes gourmet dishes from Hong Kong, Singapore, Malaysia, Thailand, Japan, Korea, Myanmar in addition to China. The outlets has a more casual atmosphere with a much younger crowd mix.

Oh! Calcutta continues to be the coveted destination for Bengali food lovers and remains one of our core brands. With a rare cuisine that celebrates Calcutta's melting pot of cultures, Oh! Calcutta's appeal reaches out to food connoisseurs far beyond Bengali's looking for the flavour of home.

Gong sacred chinese gongs are inscribed with the Mandarin chinese characters called Tai Loi, which means, happiness has arrived. GONG- Modern Asian takes you to a new level of happiness with its high energy ambience that is a contemporary take on traditional Japanese temple architecture and diverse Asian flavours that are prepared using western cooking techniques and presentations to take you journey through the mysterious culinary traditions of the Far-East.

Sigree Global Grill has already become a core brand serving grilled flavours from Mediterranean, Oriental, Spanish, Mexican and Indian cuisine. It has an innovative format with live grills on each table.

Hoppipola which was launched to attract younger generation has seen two more outlets opened during the year. It is an All Day Bar serving finger food, bar nibbles and innovative mocktails. Its target market is those of young-at-heart.

Cafe Mezzuna which offers European food extends the cuisines and makes the brand portfolio well rounded. It serves dishes with Mediterranean, Moroccan, Spanish, French and Italian flavours alongwith a complimenting bar menu.

Sweet Bengal is a chain of confectionaries serving traditional Bengali sweets and snacks created with pure cow's milk by "Karigars" from West Bengal. The Company plans to keep its expansion focused on Mumbai, for now.

The **Haka** menu features modern Chinese cuisine with small dishes including dim sum and other snacks typically found in modern Chinese casual dinners in Hong Kong and Shanghai city streets. The contemporary ambience of each Haka restaurant is created by red walls and modern impressionist's artwork. The design and construction emphasizes efficiency and functionality in layout.

With four outlets of **Zoodles**, a Quick Service Restaurant, your Company is proceeding cautiously with a 'Hub and Spokes' model to ensure efficient operations without compromise on quality and service.

Risk, concerns and Mitigation

Business risks such as industry risk, general economic conditions, socio-political risks and company specific risks exist for any enterprise having national and international exposure. Your Company also faces some such risks, the key ones being - a longer than anticipated delay in economic revival, continuing inflationary conditions, heavy dependence on fine-dine segment, competition from global chains and other segments of the restaurant industry and any change in regulatory framework for the industry.

The Company is well aware of these risks and challenges and has put in place mechanisms to ensure that they are managed and mitigated with adequate timely actions.

Raw Material Costs

In addition to renewing contracts at better rates, the Company is undertaking import substitution to the extent possible without compromising quality.

Fixed Costs

Going forward, in order to reduce the overheads of the cost of individual restaurants, the new restaurants which are being introduced are of a more compact size. The kitchen area which used to be about 1500 square feet has already been reduced to 800-900 square feet without affecting the quality and service aspects. This will reduce the fixed costs to a great extent. Similarly, every aspect of cost is being looked into and measures to further enhance efficiencies are being implemented.

Productivity

In order to improve the realization from a particular store or improvement on per square feet basis, the Company is working towards increase in service hours by keeping restaurants open between lunch and dinner at feasible locations, thereby enhancing sales and productivity.

Increasing Competition

The two cornerstones of having a competitive edge remain brand positioning for the existing brands and introduction of new brands targeted at niche cuisines or customer markets. Hoppipola which is specifically for younger crowds and Café Mezzuna which covers European cuisine are examples of the same. Mainland China is now being positioned as Asia Kitchen by Mainland China. Here, the Company has included Pan Asian dishes in addition to the traditional fare of Chinese cuisine. Sigree Global Grill is being positioned as another flagship brand and is receiving a great response.

Internal Controls System and their Adequacy

Your Company has in place its own adequate internal controls system to ensure that all assets are protected, with documented procedures covering all corporate functions and restaurants. Systems of internal controls are designed to provide reasonable assurance regarding the effectiveness and efficiency of operations, the adequacy of safeguards for assets, the reliability of financial controls and compliance with applicable laws and regulations.

Adequate internal control systems are in the form of various policies & procedures issued by the Management covering all critical and important activities viz. Revenue Management, Restaurant Operations, Purchase, Finance, Human Resources, Safety, etc. These policies & procedures are updated from time to time and compliance is monitored by Internal Auditor. The Company continues its efforts to align all its processes and controls with best practices. The effectiveness of internal controls is reviewed through the internal audit process, which is undertaken for every operational unit and all major corporate functions.

The Company uses an Enterprise Resource Planning (ERP) application to record data for accounting, consolidation and management information purposes and connects to different locations for efficient exchange of information. The Company's internal control systems are commensurate with the nature of its business, the size and complexity of operations.

The Audit Committee of the Board oversees the adequacy of the internal control environment through regular reviews of the audit findings and monitoring implementations of internal audit recommendations through the compliance reports submitted to them.

The Managing Director and Executive Director-Finance & CFO of the Company have provided a certificate on the adequacy and effectiveness of internal controls system and procedures, which forms part of this annual report.

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, 2013 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 2016-17

Financial Performance as a measure of Operational Performance

a) **Total Revenue** **(₹ In Millions)**

	2016-17	2015-16	Change (₹)	Change (%)
Revenue From Operations	3124.2	3213.5	(89.3)	(2.78)
Other Income	52.4	83.0	(30.6)	(36.87)
Total	**3176.6**	**3296.5**	**(119.9)**	**(3.64)**

Total Income which comprises of Revenues from Operations and Other Income registered a reduction of 3.64 % for the year. The decrease in revenue operations was mainly due to the reduction of revenue in the comparable units and reduction of revenue in units at south city mall Kolkata as the mall is under renovation. Other income includes interest received from Banks/Others, Dividend on Mutual Funds Investments, Profit on Sale of Current Investments and Fixed Assets (Net), Foreign Exchange Gains (Net), Excess Credit Balance written back (Net) and Miscellaneous Income

b) **Cost of Material Consumed** **(₹ In Millions)**

	2016-17	2015-16	Change (₹)	Change (%)
Cost of Material Consumed	1009.4	1055.0	(45.6)	(4.32)

Cost of Materials consumed for the year has reduced by 4.32 % as compared to the previous year. This was primarily due to better operational efficiency and reduction in prices of certain raw materials.

c) **Employee Benefit Expenses** **(₹ In Millions)**

	2016-17	2015-16	Change (₹)	Change (%)
Employee Benefit Expenses	832.1	831.7	0.4	0.1

Employee Benefit Expenses comprises salary, bonus, allowances, Staff welfare expenses and Company's contribution to Provident Fund and Gratuity. There is an overall 0.1% increase in Employee Benefit expenses during the year under review as compared to previous year.

d) **Finance Costs** **(₹ In Millions)**

	2016-17	2015-16	Change (₹)	Change (%)
Interest	0.2	0.5	(0.3)	(60)

The interest cost on vehicle loan has decreased by 60% due to repayment of vehicle loans. There was no Long-term/Short-term debt raised during the year.

e) **Depreciation / Amortization / Impairment** **(₹ In Millions)**

	2016-17	2015-16	Change (₹)	Change (%)
Depreciation and Amortization / Impairment Expenses	326.6	283.3	43.3	15.28

The charge for depreciation on tangible assets was higher for the year under review as compared to last year due to opening of new restaurants as well as full charge for the restaurants opened during the second half of 2015-16. The amortisation expenses are towards intangible assets (Software, Patents and Trademarks), Impairment charges aggregating to ₹ 8.6 million against previous year of ₹ 8.5 million.

f) **Other Expenses** **(₹ In Millions)**

	2016-17	2015-16	Change (₹)	Change (%)
Other Expenses	1,275.3	1,155.3	120	10.39

Other Expenses includes rent, power & fuel, rates, taxes & license fee, Insurance, Operating Supplies, Advertising and Marketing Expenses, repairs and maintenance and Other Miscellaneous Expenses. The increase in other expenses was mainly due to inflation and expenses pertaining to new restaurants.

g) **Profitability** **(₹ In Millions)**

	2016-17	2015-16	Change (₹)	Change (%)
Profit Before Tax (PBT)	(267.0)	(29.3)	(237.7)	811.3
Profit After Tax (Net Profit)	(227.1)	2.6	(229.7)	(8,834.6)

Downward trend of discretionary spend, same store sales growth being in negative territory, lower footfalls during weekdays, extended breakeven period of new restaurants coupled with increase in other expenses impacted the margin which resulted in loss for the year.

Financial Position

a) **Net Worth** **(₹ In Millions)**

	2016-17	2015-16	Change (₹)	Change (%)
Paid Up Share Capital	469.6	469.6	-	-
Reserves & Surplus	2,382.2	2609.3	(227.1)	(8.7)
Total Net Worth	**2,851.8**	**3078.9**	**(227.1)**	**(7.4)**

Total Net worth of the Company decreased during the year due to loss for the year.

b) **Total Borrowings** **(₹ In Millions)**

	2016-17	2015-16	Change (₹)	Change (%)
Short Term Borrowings	-	-	-	-
Long Term Borrowings	0.3	1.3	(1.0)	(76.9)
Total Borrowings	**0.3**	**1.3**	**(1.0)**	**(76.9)**

The decrease in borrowing during the financial year 2016-17 was due to repayment of vehicle loans in installments. The Company did not have any debts on its books and thus continues to be a debt free company.

c) **Liabilities and Provisions** **(₹ In Millions)**

	2016-17	2015-16	Change (₹)	Change (%)
Current Liabilities and Provisions	535.6	495.5	40.1	8.1

Current Liabilities comprise of trade payables, short term provisions and other current liabilities.

d) **Net Fixed Assets** **(₹ In Millions)**

	2016-17	2015-16	Change (₹)	Change (%)
Fixed Assets after Depreciation (Net)	1480.3	1694.1	(213.8)	(12.6)

There was an overall decrease of 12.6% in the Net Fixed Assets of the Company primarily due to depreciation being more in the year vis-a-vis addition of assets during the year.

e) **Investments** **(₹ In Millions)**

	2016-17	2015-16	Change (₹)	Change (%)
Non-Current Investments				
- Unquoted Investments	9.1	9.1	-	-
Current Investments				
- Units of Mutual Funds	688.6	703.8	(15.2)	(2.2)
Total	**697.7**	**712.9**	**(15.2)**	**(2.1)**

The Company's investment of surplus cash in Debt Mutual Funds decreased by 2.2% due to redemption of funds from the Mutual Funds for utilisation towards capital expenditure in the restaurants.

f) **Trade Receivables** **(₹ In Millions)**

	2016-17	2015-16	Change (₹)	Change (%)
Outstanding for period exceeding six months from due date of payment				
- Considered Good	5.6	2.6	3.0	115.4
- Considered Doubtful	56.4	55.6	0.8	1.4
Others				
- Considered Good	44.0	34.7	9.3	26.8
- Considered Doubtful	-	-	-	-
Less : Provisions	56.4	55.6	0.8	1.4
Total	**49.6**	**37.3**	**12.3**	**33.0**

The increase was primarily due to less recovery of the outstanding dues on account of other receivables and franchisee reimbursement of expenses.

g) **Cash & Cash Equivalents** **(₹ In Millions)**

	2016-17	2015-16	Change (₹)	Change (%)
Balance with Bank in Current Account	3.8	9.9	(6.1)	(61.6)
Balance with Bank in Fixed Deposits	33.1	39.2	(6.1)	(15.6)
Cash on Hand	2.1	3.6	(1.5)	(41.7)
Other Bank Balances in earmarked accounts	0.1	1.9	(1.8)	(94.7)
Total	**39.1**	**54.6**	**(15.5)**	**(28.4)**

Cash and Cash Equivalents decreased during the year due to parking of surplus cash temporarily in Mutual Funds/Bank and Fixed Deposits.

Consolidated Financial Results

Your Company has consolidated its Financial Statements with its Joint Venture company (together referred as 'Group Companies' or 'Group') in accordance with Generally Accepted Accounting Principles prevailing in India. The Consolidated Statements include the financial position of Mainland China Restaurant LLC, Jointly Controlled Entity on a line by line basis to the extent of proportionate holding.

The following table sets forth the Consolidated Financial results for the year ended March 31, 2017. (₹ In Millions)

Particulars	March 31, 2017
Revenue from operations	3,151.7
Other Income	49.5
Total Income	**3,201.2**
Earnings before Interest, Depreciation, Amortization and Tax	33.8
Less:	
Finance Costs	0.2
Depreciation /Amortization	337.3
(Loss) / Net Profit for the year before Taxes	**(303.7)**
Less: Taxes Expenses / (credit)	
Current Tax	2.4
Deferred Tax	(46.5)
Short provision for tax relating to prior years	4.2
Loss for the year	**(263.8)**
Add: Balance brought forward from previous year	940.0
Available for Appropriations	676.2
Less: Appropriations:-	
Proposed Dividend on Equity Shares – Nil (Previous Year ₹ 1 per share of ₹ 10 each)	-
Corporate Dividend Tax	-
Balance of Profit carried forward to Balance Sheet	**676.2**

Disclosure of accounting treatment in preparation of financial statements

The Company has followed prescribed Accounting Standards as laid down by the Institute of Chartered Accountants of India in preparation of its financial statements.

Outlook

An improvement in the macro-economic fundamentals is expected to spur demand by improving the overall consumer sentiment. The Company expects demand to pick up as and when the disposable income in the hands of consumers increases due to pick up in economic activity and various government initiatives in the areas of ease of doing business, accelerating the growth of the industry through single window clearance, reduction in number of licenses required, infrastructure, opening FDI, targeting inflation for monetary policy, smart cities campaign, urban development, encouraging startups, skill development etc.

The Company has a good set of brands in different cuisines, formats and segments and has also been investing in refreshing of brands to service the aspirations of all guests across geographies. The Company is well poised to effectively capture the growth opportunities in food and beverage domain.

Material developments in Human Resources

Human Resource is the most vital factor to achieve the goals of your organization. Being a progressive organization, your Company firmly believes in the strength of its most vital asset of over 3,700 strong workforce. To maintain its competitive edge in a highly dynamic industry, your Company recognizes the importance of having a work force which is consumer-focused and performance-driven. In keeping with this, a number of policies and initiatives have been drawn up to ensure a healthy balance between business needs and individual aspirations. Training of employees is carried out both by in-house and outside trainers at various locations to sharpen the skill set of the workforce.

Cautionary Statement

This Annual Report and the Management Discussion and Analysis report contains certain "forward-looking statements". These forward-looking statements can generally be identified by words or phrases such as "aim", "anticipate", "believe", "expect", "estimate", "intend", "objective", "plan", "project", "will", "will continue", "will pursue", "seek to" or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans, prospects or goals are also forward-looking statements. Forward-looking statements reflect the current views of our Company as of the date of this Management Discussion and Analysis report and are not a guarantee of future performance. These statements are based on the management's beliefs and assumptions, which is in turn and based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based to be reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect.

REPORT ON CORPORATE GOVERNANCE

Pursuant to Regulation 34 (3) read with Schedule V to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations") a report on Corporate Governance for the year ended March 31, 2017 is detailed below:-

1. Company's Philosophy on Code of Governance

Good Corporate Governance is essential to achieve long-term corporate goals, enhance shareholder value and attain highest level of transparency. Your Company is committed to adopt the highest standard of Corporate Governance, accountability and equity in its operations and in interaction with all stakeholders. Your Company believes that all its operations and actions must serve the underlined goal of enhancing customer satisfaction and shareholder value over a sustained period of time as also to 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 and Non-Executive Directors. The Board comprises six Directors, of whom three are Independent Directors including Chairman and three Executive Directors.

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

During the financial year ended March 31, 2017, Mr. Tara Sankar Bhattacharya and Mr. Jyotin Mehta, Non-Executive Independent Directors of the Company resigned with effect from May 9, 2016 and February 8, 2017 respectively. Mr. Ullal Ravindra Bhat was appointed as an Additional Director of the Company with effect from April 28, 2017.

The particulars of Directors seeking appointment / re-appointment by the Members have been included in the Notice of the Annual General Meeting.

The Composition of the Board, category of Directors and details of shares held by them are as under:

Category	Name of the Director	Designation	No. of Shares held as on March 31, 2017#
Promoter Executive Directors	Mr. Anjan Chatterjee*	Managing Director	1,20,70,000
	Mrs. Suchhanda Chatterjee *	Whole-time Director (Director -Interior & Design)	1,19,70,000
Executive Director	Mr. Indranil Chatterjee	Whole-time Director (Director -Commercial Operations)	1,299
Independent Non-Executive Directors	Mr. Susim Mukul Datta	Chairman	Nil
	Mr. Dushyant Mehta	Director	1,280
	Mr. Ullal Ravindra Bhat	Additional Director	Nil

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

The Company has not issued any convertible instruments.

2.2 Meeting of the Board of Directors and Board Procedures

The Board of Directors had met six (6) times during the year under review on May 28, 2016, August 11, 2016, October 6, 2016, November 9, 2016, February 8, 2017 and March 23, 2017.

The Agenda for the Board Meetings together with the appropriate supporting documents and relevant information are circulated well in advance of the meetings to enable the Board to take informed decisions.

2.3 Attendance at Board Meetings and Last Annual General Meeting

Attendance of each Director at the Board Meetings held during the financial year 2016-17 and the last Annual General Meeting (AGM) of the Company held on August 24, 2016 and the number of Companies and Committees where they are Directors/Members or Chairperson as on March 31, 2017 are given below:-

Attendance Particulars			No. of Directorship(s) held in other Indian Public Limited companies*	No. of Directorship(s) in other companies*	Membership(s) of Committees of other companies ##	Chairperson of Committees of other companies ##
Name of the Director	No. of Board Meetings Attended	AGM				
Mr. Susim Mukul Datta	6	Yes	9	1	6	2
Mr. Anjan Chatterjee	5	Yes	-	11	-	-
Mrs. Suchhanda Chatterjee	3	Yes	-	8	-	-
Mr. Indranil Chatterjee	6	Yes	-	4	-	-
Mr. Jyotin Mehta**	5	Yes	NA	NA	NA	NA
Mr. Dushyant Mehta	6	Yes	1	1	-	-

* Excluding Foreign Companies.

Includes only Audit Committee and Stakeholders' Relationship Committee.

** Resigned as a Director with effect from February 8, 2017.

The number of Directorships, Committee Memberships/Chairmanships of all Directors is within respective limits prescribed under the Companies Act, 2013 and Listing Regulations.

2.4 Separate Meeting of Independent Directors

As stipulated by the Code for Independent Directors under the Companies Act, 2013 and Regulation 25(3) of the Listing Regulations a separate meeting of Independent Directors of the Company was held on March 23, 2017 to review (i) the performance of Non-Independent Directors and the Board of Directors as a whole; (ii) the performance of the Chairman of the Company by taking into consideration the views of Executive Directors and Non-Executive Directors. The Independent Directors also assessed the quality, quantity, and timeliness of flow of information between the Management and the Board of Directors and it's Committees which is necessary to effectively and reasonably perform their duties.

2.5 Evaluation of Board's Performance

Pursuant to the provisions of the Companies Act, 2013 and Regulations 17 and 25 of the Listing Regulations, the Board had carried out an evaluation of the Directors as well as the evaluation of the Board and its Committees. The exercise was carried out through structured evaluation process covering various aspects of the Board's functioning such as composition of the Board and its Committees, experience and competencies, performance of specific duties and obligations, governance issues, etc. Separate exercise was carried out to evaluate the performance of individual Directors including the Board Chairman, who were evaluated on parameters such as attendance, contribution at the meetings and otherwise, independent judgement, safeguarding of minority shareholders interest, etc.

The Board's functioning was evaluated on various aspects, including inter alia structure of the Board, including qualifications, experience, competency of Directors, diversity of the Board, meeting of the Board including regularity and frequency, logistics, agenda, discussion and dissent, recording of Minutes, dissemination of information, functions of the Board; including role and responsibilities, strategy and performance evaluation, governance and compliance, evaluation of risks, grievance redressal for Investors, conflict of interest, stakeholder value and responsibility, corporate culture and values, review of Board evaluation, facilitation of independent directors; evaluation of management's performance and feedback, Independence of the management from the Board, access of the management to the Board and Board access to the management, secretarial support, fund availability, succession plan and professional development.

Whole-time Directors including Managing Director were evaluated on aspect such as professional qualification, experience, knowledge and competency, fulfilment of functions, ability to function as a team, Initiative, commitment, availability, attendance and participation in the discussion at the Meetings, adherence to the Code of Conduct and Business Ethics of the Company, contribution to the growth of the Company, leadership Initiative like new ideas and planning towards the growth of the Company, team work attributes and supervising and training of staff members, Initiating steps for development of new brands for its products, compliance with policies, Reporting of frauds, violation etc. and disclosing disclosure of interest, safeguarding the interest of whistle blowers under vigil mechanism and Safeguarding of confidential information and Maintaining integrity

Chairman of the Board was evaluated on key aspects of his effectiveness of leadership and ability to steer the meetings, co-ordination, commitment, Independent judgement, advise provided to the executive management, ability to keep shareholders' interest in mind and Impartiality

Areas on which the Committees of the Board were evaluated included mandate and composition effectiveness of the Committee, structure of the Committee and Meetings, Independence of the Committee from the Board and contribution to decisions of the Board.

Independent Directors were evaluated on various aspects, including inter alia qualifications, experience, knowledge and competency, fulfilment of functions, Initiative, commitment, Independence, Independent views and judgement, availability, attendance and participation in the discussion at the Meetings, adherence to the Code of conduct of the Company as well as the Code for independent Directors as applicable, understanding the environment in which the company operates and contribution to strategic decision, contribution for resolving the issues at the meeting and raising valid concerns at the Board, interpersonal relations with other directors and management, objective evaluation of Board's performance, rendering independent unbiased opinion, safeguarding of confidential information and Maintaining integrity.

The Nomination and Remuneration Committee (NRC) also reviewed the performance of the Board, its Committees and of the Directors. The Chairman of the NRC provided feedback to the Board as well as Directors on an individual basis, as appropriate.

The Performance evaluation of the Independent Directors (including the Chairman) was carried out by the entire Board. The performance evaluation of the non-independent Directors including the Executive Directors was carried by the Independent Directors. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors, who also reviewed the performance of the Board as a whole.

The Directors were satisfied with the evaluation results, which reflected the overall engagement of the Board and its Committees.

2.6 Familiarisation Programme for Independent Directors

In accordance with the requirements of the Listing Regulations and Schedule IV of the Companies Act, 2013, as amended, the Company has a programme (the "**Programme**") to regularly familiarise the Independent Directors (the "**Independent Directors**") of the Company including in relation to the business model of the Company, nature of industry in which the Company operates and the roles, rights and responsibilities of the Independent Directors.

The Programme aims at enabling the Independent Directors to understand the business model of the Company and keep them updated on an ongoing basis about the significant changes which occur in the industry in which the Company operates.

The Company, through various presentations and/or discussions familiarises the Independent Directors on the overall economic trends, the performance of the food and beverage sector and analysis of the circumstances which have adversely impacted the Company's performance and the initiatives taken / proposed to be taken to bring about an overall improvement in the performance of the Company, comparison of the Company's performance with its peers in the Industry as available in public domain, marketing/ brand strategy, business risks and mitigation plan etc.

The summary of the presentations made to the Independent Directors during the Financial Year 2016-17 as part of the ongoing familiarization programme is available on the website of the Company under the web link: http://www.speciality.co.in/details_of_familiarization_programme_imparted_to_independent_directors.php.

3. Audit Committee

3.1 Composition, Meeting and Attendance

The Audit Committee 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 the field of banking, finance, secretarial and accounting matters. The Executive Director-Finance & CFO is a permanent invitee for the meetings. The statutory auditors are also invited to the meetings. The internal auditors are also invited to share internal audit findings with the Committee. The Company Secretary acts as the Secretary to the Audit Committee.

The Audit Committee met six times during the year under review on May 28, 2016, August 11, 2016, October 6, 2016, November 9, 2016, February 8, 2017 and March 23, 2017.

The particulars of Members and their attendance at the Meetings are as under:

Name of the Director	Designation	Category of Directorship	No. of Meetings during the year	
			Held	Attended
Mr. Jyotin Mehta*	Chairman	Non-Executive Independent Director	6	5
Mr. Anjan Chatterjee	Member	Managing Director	6	5
Mr. Dushyant Mehta	Member	Non-Executive Independent Director	6	6
Mr. Susim Mukul Datta	Member	Non-Executive Independent Director	6	6
Mr. Ullal Ravindra Bhat**	Chairman	Non-Executive Independent Director	NA	NA

* Resigned with effect from February 8, 2017.

** Appointed as Member with effect from April 28, 2017 and Chairman with effect from May 27, 2017.

3.2 Terms of reference

The terms of reference of this Committee are wide enough to cover the matters specified for the Audit Committee under Regulation 18 read with Part C of Schedule II to Listing Regulations, as well as Section 177 of the Companies Act, 2013 which are as follows:

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

ii. Recommendation for appointment, re-appointment and ratification of the auditors appointment, if required, the replacement of statutory auditors, remuneration and terms of appointment of auditors of the Company;

iii. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;

iv. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:

   a. Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;

   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. Modified opinion(s) in the draft audit report.

v. Reviewing, with the management, the quarterly, half yearly and annual financial statements before submission to the Board for approval;

vi. 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;

vii. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;

viii. Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

ix. 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;

x. Discussion with internal auditors of any significant findings and follow up there on;

xi. 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;

xii. Discussion 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;

xiii. To look into the reasons for substantial defaults in the payment to the depositors, debentureholders, shareholders (in case of non-payment of declared dividends) and creditors;

xiv. To review the functioning of the Whistle Blower mechanism;

xv. Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;

xvi. Carrying out any other function as is mentioned in the terms of reference of the audit committee;

xvii. Approval or any subsequent modification of transactions of the company with related parties;

xviii. Scrutiny of inter-corporate loans and investments;

xix. Valuation of undertakings or assets of the Company wherever it is necessary; and

xx. Evaluation of Internal Financial Controls and risk management systems.

3.3 Mandatory review of information

In accordance with Para B of Part C of Schedule II to the Listing Regulations, the audit committee shall mandatorily review the following information:-

i. Management Discussion and analysis of financial conditions and results of operations;

ii. Statement of significant related party transactions, submitted by the management;

iii. Management letters/letters of internal control weaknesses issued by the Statutory Auditors;

iv. Internal audit reports relating to internal control weaknesses;

v. The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee; and

vi. Statement of deviations:

a. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to the stock exchange(s) in terms of Regulation 32 (1) of the listing regulations.

b. Annual statement of funds utilised for purposes other than those stated in the offer document/ prospectus/ notice in terms of Regulations 32 (7) of the Listing Regulations.

4. Nomination and Remuneration Committee

The Board at its meeting held on May 28, 2014, reconstituted the Board Governance and Remuneration Committee as the Nomination and Remuneration Committee ("NRC") for reviewing and recommending the remuneration payable to the Directors and senior executives of the Company and assisting the Board with respect to the process of appointment or re-election of Chairman of the Board of Directors and other executive and non-executive Directors.

4.1 Composition, Meetings and Attendance

NRC comprises of three Non-Executive Directors, all of whom are independent Directors. Mr. Dushyant Mehta is the Chairman of NRC. Mr. Jyotin Mehta resigned as a Member of the Committee with effect from February 8, 2017. Mr. Ullal Ravindra Bhat was appointed as a Member of the Committee with effect from April 28, 2017. The Company Secretary acts as Secretary to the Committee. One Meeting of NRC was held during the year under review on March 23, 2017.

The particulars of Members and their attendance at the Meeting is as under:

Name of the Director	Designation	Category of Directorship	No. of Meetings during the year	
			Held	Attended
Mr. Dushyant Mehta	Chairman	Non-Executive Independent Director	1	1
Mr. Susim Mukul Datta	Member	Non-Executive Independent Director	1	1
Mr. Jyotin Mehta*	Member	Non-Executive Independent Director	NA	NA
Mr. Ullal Ravindra Bhat**	Member	Non-Executive Independent Director	NA	NA

* Resigned as Member with effect from February 8, 2017.

** Appointed as Member with effect from April 28, 2017.

4.2 Terms of reference

The terms of reference of the Committee are in line with the requirements of the Companies Act, 2013 and Regulation 19 read with Part D of Schedule II to the Listing Regulations which are as under:-

i. To assist the Board of Directors with the process of appointment or re-election of Chairman of the Board of Directors and other non-executive and executive directors. In this regard, the NRC shall adhere to the following:

a. For the appointment/ re-election of the Chairman of the Board and with a view of reaching unequivocal consensus of the Members of the Board on the candidate, the Chairman of the NRC shall conduct a consultation with the Members of the Board and report the conclusion to the Board, after having discussed the same with the Members of the NRC;

b. To submit to the Board the names of candidates for new Members of the Board and to make relevant proposals to the Board in the event of renewal, resignation or possible retirement of any existing Member of the Board. With regard to proposals for appointment of Members of the Board, the NRC shall discuss with the Board, the Board's equilibrium criteria and profile of the candidate.

ii. To draft procedures and propose modifications thereof for the appointment of Members of the Board, Managing Director and Chief Executive Officer;

iii. 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;

iv. To recommend to the Board of Directors, the terms of compensation of the Executive Directors;

v. To recommend compensation to the Non-Executive Directors in accordance with the provisions of the Companies Act, 2013;

vi. To approve any changes in the system of remuneration of the Company's senior executives;

vii. To prepare remuneration report to be included in the report on corporate governance forming part of the annual report of the Company;

viii. To consider and administer the ESOP Scheme and to formulate the detailed terms and conditions of the ESOP scheme including the following matters:

a. The quantum of options to be granted under an employee stock option scheme per employee and in aggregate;

b. The conditions under which options vested in employees may lapse in case of termination of the employment for misconduct;

c. The exercise period within which the employee should exercise that option and that option would lapse on failure to exercise the option within the exercise period;

d. The specified time period within which the employee shall exercise the vested options in the event of termination or resignation of the employee;

e. The right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period;

f. The procedure for making fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions such as rights issue, bonus issues, merger, sale of division and others. In this regard the following shall be taken into consideration by the NRC:-

(i) the number and the price of stock options shall be adjusted in a manner such that the total value of the stock options remains the same after the corporate action;

(ii) for this purpose global best practices in this area including the procedures followed by the derivative markets in India and abroad shall be considered;

(iii) the vesting period and the life of the options shall be left unaltered as far as possible to protect the rights of the option holders.

g. The grant, vest and exercise of option in case of employees who are on long leave; and

h. The procedure for cashless exercise of option.

ix. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, to recommend to the Board their appointment and removal and shall carry out the performance evaluation of each of the directors of the Company including independent directors.

x. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other employees.

xi. The NRC while formulating the above policy shall ensure that:

a. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;

b. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

c. remuneration to directors, key managerial personnel, and senior management involves balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

xii. formulation of criteria for evaluation of performance of independent directors and the board of directors.

xiii. devising a policy on diversity of board of directors.

xiv. whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

4.3. Performance evaluation criteria for independent directors

Independent Directors are evaluated on parameters such as qualifications, experience, knowledge and competency, fulfilment of functions, ability to function as a team, initiative, commitment, Independence, Independent views and judgement, availability, attendance and participation in the discussion at the Meetings, adherence to the Code of conduct of the Company as well as the Code for independent Directors as applicable, understanding the environment in which the company operates and contribution to strategic decision, Contribution for resolving the issues at the meeting and raising valid concerns at the Board, Interpersonal relations with other directors and management, Objective evaluation of Board's performance, rendering independent unbiased opinion, Safeguarding of confidential information and Maintaining integrity.

4.4 Remuneration Policy

The Company follows a policy on remuneration of Directors, Key Managerial Personnel and Senior Management Employees which is as under:

4.4.1 Remuneration of Executive Directors

NRC shall determine the remuneration payable to the Whole-time/Managing Director and recommend to the Board for its approval. The Board's approval shall be subject to the prior or post approval ratification of the Members of the Company and/or central government, if required, under applicable laws. The Remuneration packages for the Whole-time/Managing Director(s) shall be in accordance with the applicable percentages/slabs/conditions as set out in the Articles of Association of the Company, the Companies Act, 2013 and rules made thereunder, which may be in force from time to time. The Whole-time/Managing Director(s) remuneration shall comprise of salary, perquisites and other allowances like medical insurance apart from other retirement benefits like Gratuity, etc., as per the Rules of the Company. The Whole-time/Managing Director is entitled to commission on net profits calculated in accordance with the performance of the Company, subject to the approval of the Board.

Minimum Remuneration: If in any financial year the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time/ Managing Director(s) in accordance with the provisions of Schedule V of the Companies Act, 2013.

4.4.2 Remuneration of Non-Executive Directors

Non-executive Directors may be paid remuneration in the form of sitting fees for attending the Board and Committee Meetings as fixed by the Board of Directors from time to time subject to the limits prescribed under the Companies Act, 2013.

In addition to the above the Non-Executive Directors may also be paid commission on net profits not exceeding 1% of the net profits of the Company as decided by the Board and approved by the Members from time to time.

The Non-Executive Directors are entitled to be paid all travelling and other expenses they incur for attending to the Company's affairs, including attending and returning from General Meetings of the Company or Meetings of the Board of Directors or Committee of Directors.

Any increase in the maximum aggregate remuneration payable to the Non-Executive Directors and/or Whole-time/Managing Director(s) beyond the permissible limit under the Companies Act, 2013 shall be subject to the approval of the Members at the Annual General Meeting by special resolution and/or of the Central Government as may be applicable.

4.4.3 Remuneration to Key Managerial Personnel (KMP) and Senior Management Personnel (SMP)

Remuneration to KMP and SMP other than Whole-time Directors /Managing Director is decided by the Managing Director. The remuneration consists of the following components:

i. Basic Salary;
ii. House Rent Allowance;
iii. Other Allowances; and
iv. Retirement benefits such as Contribution to PF, Gratuity, Ex-Gratia, etc. as per the Rules of the Company.

4.4.4 Remuneration to Other Employees

The power to decide structure of remuneration for other employees has been delegated to HR department of the Company.

4.4.5 Stock Options

Subject to the provision of the Companies Act, 2013, the Whole-time/Managing Director(s), KMPs; SMPs may be eligible for stock option or any other benefits as may be decided by NRC from time to time except for:

i. An Employee who is a promoter or relative of the promoter(s);
ii. Any Director holding more than 10% of Equity Shares of the Company either directly or indirectly; and
iii. Independent Directors.

5 Remuneration of Directors

5.1 Pecuniary relationship or transactions of Non-Executive Directors

During the year, there were no pecuniary relationships or transactions between the Company and any of its Non-Executive Directors apart from sitting fees.

5.2 Criteria and Remuneration paid to Non-Executive Directors of the Company

Non-Executive Directors may be paid remuneration by way of fee (sitting fee) for attending each meeting of the Board of Directors and its Committees thereof and reimbursement of expenses for participation in the meetings of the Board of Directors or Committees thereof or for any other purpose whatsoever as may be decided by the Board from time to time subject to the limits prescribed under the Companies Act. They are entitled to be paid all travelling and other expenses they incur for attending the Company's affairs, including attending and returning from General Meeting of the Company or the Meetings of the Board of Directors or Committee of Directors. The Company pays its Non-Executive Directors sitting fees of ₹ 10,000/- per meeting of the Board of Directors and ₹ 7,500/- per meeting of the Committee of Directors attended by them. The Company has not granted any stock option to any of its Non-Executive Directors.

Besides the sitting fees, all Non-Executive Directors may also be paid commission subject to the overall limit of 1% of the net profits of the Company in pursuance of the approval granted by the Members of the Company at the Annual General Meeting held on August 24, 2016.

The details of payment of sitting fees paid to the Non-Executive Independent Directors during the financial year 2016-17 were as under:

Sr. No.	Name of the Director	Sitting fees paid for the FY 2016-17 (₹)
1	Mr. Susim Mukul Datta	1,30,000
2	Mr. Jyotin Mehta*	1,10,000
3	Mr. Dushyant Mehta	1,45,000
Total		**3,85,000**

*Resigned as Director w.e.f. February 8, 2017

In view of the lower profitability of the Company during the financial year 2015-16, no commission was paid to the Non-Executive Independent Directors.

5.3 Remuneration to Managing Director/Whole-time Directors of the Company

The Remuneration of Managing Director/Whole-time Directors are decided on the recommendation of the Nomination and Remuneration Committee and approved by the Board of Directors and Members.

The remuneration package of Managing Director/Whole-time Directors comprises of salaries, allowances, perquisites and contribution to provident fund and other funds and/or commission. The details of remuneration paid for the financial year 2016-17 are summarised below:-

Sr. No.	Name of the Director	Designation	Salary, Allowances and Perquisites (₹)	Company's contribution to Provident Fund (₹)
1	Mr. Anjan Chatterjee	Managing Director	60,00,000/-	Nil
2	Mrs. Suchhanda Chatterjee	Whole-time Director (Director-Interior & Design)	21,00,000/-	Nil
3	Mr. Indranil Chatterjee	Whole-time Director (Director-Commercial Operations)	21,00,000/-	Nil
		Total	**1,02,00,000/-**	**-**

5.4 Stock option details

The Board granted 50,000 stock options during the financial year 2013-14 in favour of Mr. Indranil Chatterjee, Whole-time Director of the Company at an exercise price of ₹ 126.20 per share. The options granted to Mr. Indranil Chatterjee shall vest over a period of 4 years and are exercisable within 3 years from the date of vesting.

No option was granted during the financial year 2016-17. During the financial year 2016-17, 12,500 stock options were vested in favour of Mr. Indranil Chatterjee on September 6, 2016 and 37,500 stock options on cumulative basis as on March 31, 2017. No vested options were exercised by him as on March 31, 2017.

5.5 Service contracts, notice period and severance fees

Service of Managing Director and Whole-time Director of the Company may be terminated by either party giving the other party 180 days' notice or the Company paying 180 days' salary in lieu thereof. There is no separate provision for payment of severance fees.

6. Stakeholders Relationship Committee

The Stakeholders Relationship Committee ("SRC") has been constituted for the redressal of the grievances of security holders of the Company.

6.1 Composition, Meetings and Attendance

As on March 31, 2017, 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 SRC. The Company Secretary acts as the Secretary to the Committee and is also the Compliance Officer of the Company. One Meeting of SRC was held during the year under review on November 9, 2016, which was attended by all the Members.

6.2 Terms of reference

The terms of reference of the Stakeholders Relationship Committee include the following:

i. Redressal of Shareholders'/Investors' complaints;

ii. Allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;

iii. Issue of duplicate and new share certificates on split/consolidation/renewal;

iv. Non-receipt of declared dividends, annual reports of the Company;

v. Carrying out any other function contained in the Listing Regulations; and

vi. To consider and resolve the grievance of the security holders of the Company.

6.3 Status report on number of shareholders' complaints received, resolved and pending during the year ended March 31, 2017

The Company had appointed Link Intime India Private Limited as Registrars and Share Transfer Agents of the Company for carrying out all work relating to shares of the Company.

During the financial year under review the Company had received three (3) complaints. All the complaints were resolved during the year to the satisfaction of the shareholders /investors and no complaints were pending as at the close of the financial year.

7. Corporate Social Responsibility Committee

The Company has constituted a Corporate Social Responsibility Committee ("CSR Committee") as required under Section 135 of the Companies Act, 2013.

7.1 Composition, Meetings and Attendance

The CSR Committee comprises of three Members namely, Mr. Dushyant Mehta, Mrs. Suchhanda Chatterjee and Mr. Ullal Ravindra Bhat. Mr. Jyotin Mehta, Chairman of the Corporate Social Responsibility Committee resigned with effect from February 8, 2017. Mr. Dushyant Mehta is appointed as Chairman of the Committee with effect from April 28, 2017. Mr. Ullal Ravindra Bhat is appointed as Member of the Committee with effect from April 28, 2017. The Company Secretary acts as the Secretary to the Committee and is also the Compliance Officer of the Company.

During the financial year 2016-17, the CSR Committee met two times on October 6, 2016 and February 8, 2017.

The particulars of Members and their attendance at the meetings are as under:

Name of the Director	Designation	Category of Directorship	No. of meetings during the year	
			Held	Attended
Mr. Jyotin Mehta*	Chairman	Non-Executive Independent Director	2	2
Mrs. Suchhanda Chatterjee	Member	Whole-time Director	2	1
Mr. Dushyant Mehta**	Chairman	Non-Executive Independent Director	2	2
Mr. Ullal Ravindra Bhat***	Member	Non-Executive Independent Director	NA	NA

* Resigned as Chairman with effect from February 8, 2017.

** Appointed as Chairman with effect from April 28, 2017.

*** Appointed as Member with effect from April 28, 2017.

7.2 Terms of reference

The terms of reference of the CSR Committee include the following:

i. To formulate and recommend to the Board a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013;

ii. To recommend the amount of expenditure to be incurred on the activities in connection with corporate social responsibility to be undertaken by the Company in accordance with Section 135 of the Companies Act, 2013; and

iii. To monitor the Corporate Social Responsibility Policy of the Company from time to time.

8. Risk Management Committee

The Company has constituted a Risk Management Committee.

8.1 Composition, Meetings and Attendance

The Committee comprises of three Members namely, Mr. Indranil Chatterjee, Chairman, Mr. Dushyant Mehta and Mr. Ullal Ravindra Bhat.

Mr. Jyotin Mehta, Chairman of the Risk Management Committee resigned with effect from February 8, 2017. Mr. Ullal Ravindra Bhat is appointed as a Member of the Committee with effect from April 28, 2017. Mr. Indranil Chatterjee is appointed as Chairman of the Committee with effect from April 28, 2017. The Company Secretary acts as the Secretary to the Committee and is also the Compliance Officer of the Company.

During the financial year 2016-17, one Meeting of the Risk Management Committee was held on October 6, 2016 which was attended by all the Members of the Committee.

8.2. Terms of reference

The terms of reference of the Risk Management Committee include the following:

i. Laying down risk assessment and minimisation procedures and the procedures to inform the Board of the same;

ii. Framing, implementing, reviewing and monitoring the Risk Management plan for the Company; and

iii. Performing such other activities as may be delegated by the Board of Directors and/or statutorily prescribed under any law to be attended by the Risk Management Committee.

9. General Body Meetings

9.1 Location, date, time of the Annual General Meeting (AGM) held and the special resolutions passed thereat for the last 3 years are as under:

Sr. No.	Financial Year	Annual General Meeting	Date	Time	Location	Particulars of special resolution
1	2015-16	17th AGM	August 24, 2016	11.00 a.m.	Kala Mandir, 48, Shakespeare Sarani, Kolkata-700017	**Resolution No. 4:** Payment of remuneration to Non-Executive Directors
2	2014-15	16th AGM	August 26, 2015	11.00 a.m.	Kala Mandir, 48, Shakespeare Sarani, Kolkata-700017	**Resolution No. 4:** Ratification of the remuneration received by Mr. Anjan Chatterjee in excess of the limits for the financial year 2014-15 and modification of the terms and conditions of Remuneration with effect from April 1, 2015. **Resolution No. 5** Re-appointment of Mrs. Suchhanda Chatterjee as a Whole-time Director of the Company. **Resolution No. 6** Re-appointment of Mr. Indranil Chatterjee as a Whole-time Director of the Company.
3	2013-14	15th AGM	September 15, 2014	11.00 a.m.	Science City, Mini Auditorium, JBS Haldane Avenue, Kolkata- 700046.	**Resolution No. 9:** Amendment to the Articles of Association

All Special Resolutions in the Previous three AGMs of the Company were passed with requisite majority.

All Resolutions were approved through e-voting/ ballot at the meeting held on August 24, 2016 last year.

10. Postal Ballot

No postal ballot was conducted during the year under review. At present, there is no proposal for passing any Special Resolution through Postal Ballot. None of the business proposed to be transacted at the ensuing Annual General Meeting require passing a special resolution through postal ballot.

11. Means of Communication

11.1 Quarterly results

The financial results are normally published in the Business Standard (all editions) and Aaj Kaal (a regional newspaper published in the State of West Bengal) newspapers and also displayed on the website of the Company at www.speciality.co.in

The Company, from time to time and as may be required, communicates with its shareholders and investors through multiple channels of communications such as dissemination of information on the on-line portal of the Stock Exchanges, press releases, Annual Report and uploading relevant information on its website.

11.2 Presentations made to institutional investors or to the analysts

The presentations made to the institutional investors or to the analysts were submitted to Stock Exchanges and uploaded on the website of the Company.

12. General Shareholder Information

12.1 Eighteenth Annual General Meeting

Day, Date & Time : Monday, August 21, 2017 at 11.00 a.m.

Venue : Kala Mandir, 48, Shakespeare Sarani, Kolkata-700017.

12.2 Financial Calendar for 2017-18

Financial reporting for the quarter ending June 30, 2017.	2nd Week of September, 2017
Financial reporting for the quarter/half year ending September 30, 2017.	2nd week of December, 2017
Financial reporting for the quarter ending December 31, 2017.	2nd week of February, 2018
Financial reporting for the year ending March 31, 2018.	Last week of May, 2018

12.3 Book-closure date - Monday, August 14, 2017 to Monday, August 21, 2017 (Both days inclusive)

12.4 Listing Details

The Company's Equity Shares are listed on the Stock Exchanges mentioned below:

National Stock Exchange of India Limited, ("NSE") "Exchange Plaza", Plot No. C/1, G-Block, Bandra-Kurla Complex, Bandra East, Mumbai 400 051.	**BSE Limited, ("BSE")** Phiroze Jeejhabhoy Towers, Dalal Street, Mumbai 400 001.

12.5 Stock Codes

Stock Exchange	Stock code
National Stock Exchange of India Limited	Speciality
BSE Limited	534425

The Listing Fees have been paid to NSE and BSE for the financial year 2017-18.

12.6 Stock Market Data

The monthly high/low of the market price of the shares of the Company during the financial year 2016-17 is given below.

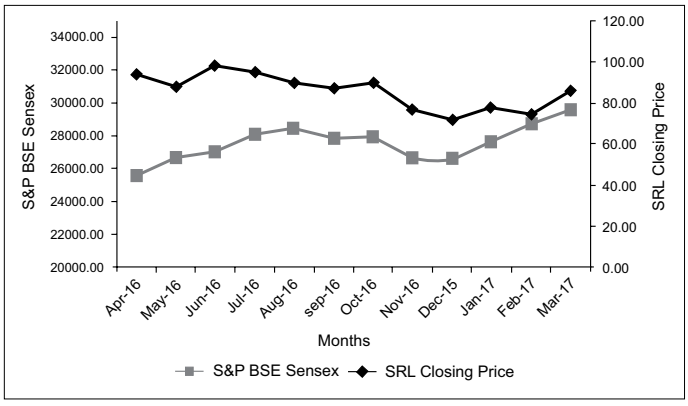
Months	BSE Limited (BSE)				National Stock Exchange of India Limited (NSE)			
	High ₹	Low ₹	No. of Shares traded	S&P BSE Sensex Closing	High ₹	Low ₹	No. of Shares traded	Nifty 50 Index Closing
April 2016	99.00	84.00	42,301	25,606.62	100.00	83.70	3,11,617	7,849.80
May 2016	99.00	87.00	65,385	26,667.96	100.00	87.25	3,23,793	8,160.10
June 2016	102.80	85.00	1,31,902	26,999.72	103.00	85.00	8,96,017	8,287.75
July 2016	100.95	87.00	78,883	28,051.86	100.00	90.00	3,47,562	8,638.50
August 2016	97.40	80.00	4,16,607	28,452.17	97.90	80.00	12,27,144	8,786.20
September 2016	100.00	83.20	1,07,082	27,865.96	100.00	83.05	6,43,768	8,611.15
October 2016	91.75	84.00	3,84,111	27,930.21	92.10	84.50	7,97,271	8,625.70
November 2016	91.00	72.05	75,073	26,652.81	91.40	72.10	6,87,621	8,224.50
December 2016	79.70	71.90	53,553	26,626.46	79.50	71.00	4,58,656	8,185.80
January 2017	80.30	71.50	94,094	27,655.96	79.80	70.00	6,36,208	8,561.30
February 2017	80.65	73.10	1,18,411	28,743.32	80.95	73.00	6,43,889	8,879.60
March 2017	92.65	59.50	16,90,661	29,620.50	91.45	59.50	1,05,60,127	9,173.75

Source: BSE- S&P BSE Sensex and NSE- Nifty 50 Index

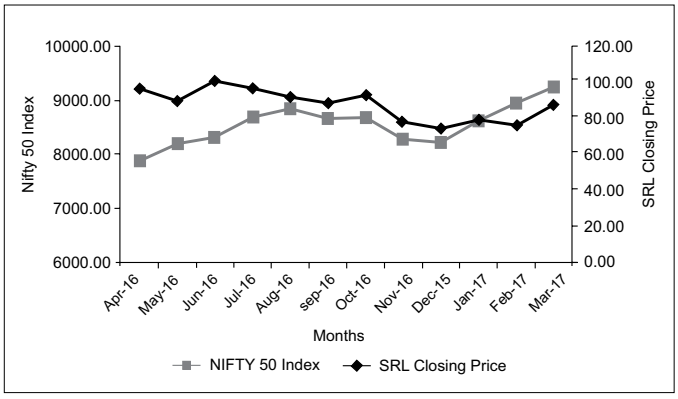
12.7 Stock Performance in comparison to broad based indices such as S&P BSE Sensex, etc.

The performance of Speciality Restaurants Limited's ("SRL") Equity Shares relative to the S&P BSE Sensex and NIFTY 50 Index is given in the charts below:

Stock Performance of SRL vs. S&P BSE Sensex



Stock Performance of SRL vs. Nifty 50 Index



12.8 Registrar and Share Transfer Agents

Link Intime India Private Limited

C 101, 247 Park, L.B.S. Marg, Vikhroli West, Mumbai 400 083.

Tel No. (91 22) 49186000/ 49186270

Fax No. (91 22) 49186060 E-mail: rnt.helpdesk@linkintime.co.in

12.9 Shares Transfer System (Physical Form)

The Board has delegated the authority for approving the transfer, transmission, etc. of the Company's Equity Shares to the Stakeholders Relationship Committee comprising of Mr. Susim Mukul Datta, Mr. Anjan Chatterjee and Mr. Indranil Chatterjee as its Members. The transfer of share certificates in physical form are effected in 15 days and certificates are issued within 30 days from the date of receipt, if the documents are clear in all respects.

The Company obtains from the Practising Company Secretaries half yearly certificate/s of compliance with regard to the share transfer formalities as required under 40(9) of the Listing Regulations and the same has been filed with the Stock Exchanges for the applicable period.

12.10 Distribution of Shareholding as on March 31, 2017

No. of Equity Shares held	No. of Members	% of Members	No. of Shares held	Total % to the Paid up share capital
1 – 500	11,049	87.71	11,02,736	2.35
501 - 1,000	687	5.45	5,38,855	1.15
1,001 – 2,000	394	3.13	5,82,874	1.24
2,001 - 3,000	129	1.02	3,36,877	0.72
3,001 – 4,000	65	0.52	2,36,285	0.50
4,001 - 5,000	54	0.43	2,53,529	0.54
5,001 – 10,000	96	0.76	7,28,427	1.55
10,001 and above	123	0.98	4,31,78,074	91.95
Total	**12,597**	**100.00**	**4,69,57,657**	**100.00**

12.11 Shareholding Pattern as on March 31, 2017

Category	No. of Share held	Total % to the Paid up share capital
Promoters and their relatives	2,40,40,057	51.20
Foreign Company	30,31,348	6.46
Mutual Funds	13,23,063	2.82
Other Bodies Corporate	16,97,190	3.61
Foreign Portfolio Investors (Corporate)	71,74,735	15.28
Non Resident Indians	3,78,975	0.81
Non-Nationalised Banks	4,560	0.01
Public and Others	93,07,729	19.81
Total	**4,69,57,657**	**100.00**

12.12 Top ten shareholders as on March 31, 2017

Name of the Shareholder	No. of Share held	% of Shareholding
Mr. Anjan Chatterjee	1,20,70,000	25.70
Mrs. Suchhanda Chatterjee	1,19,70,000	25.49
SAIF III Mauritius Company Limited	30,31,348	6.46
SAIF India IV FII Holdings Limited	29,60,712	6.31
Retail Employees Superannuation Pty Limited as Trustee for Retail Employees Superannuation Trust	17,59,863	3.75
Reliance Capital Trustee Company Limited A/c Reliance Equity Opportunities Fund	13,20,663	2.81
Deepak Bhagnani	10,27,953	2.19
Paradice Global Small Mid Cap Fund	8,74,449	1.86
Hostplus Pooled Superannuation Trust Paradice Investment Management Pty Limited	7,99,251	1.70
Deepak Bhagnani (HUF)	7,06,165	1.50
Total	**3,65,20,404**	**77.77**

12.13 Reconciliation of Share Capital Audit

Reconciliation of Share Capital Audit to reconcile the total admitted equity share capital with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and the total issued and listed equity share capital was carried out on a quarterly basis in accordance with the Regulation 55A of SEBI (Depositories and Participants) Regulations, 1996. M/s. GMJ & Associates, Company Secretaries have been appointed by the Company to conduct such audit. The Reconciliation of Share Capital Audit Reports of M/s. GMJ & Associates which have been submitted to the Stock Exchanges within the stipulated period, inter-alia confirms that the equity shares of the Company held in dematerialised form and in physical form tally with the issued and paid-up equity share capital of the Company.

12.14 Dematerialisation of Shares

4,69,57,457 Equity Shares representing 99.99 % of the paid-up Equity Share Capital has been dematerialized as on March 31, 2017. The Company's equity shares are regularly traded on NSE and BSE, in dematerialised form.

Under the depository system, the International Securities Identification Number (ISIN) allotted to the Company's equity shares is INE247M01014.

12.15 Outstanding GDRs/ADRs/Warrants or any Convertible instruments, Conversion date and likely impact on equity

No GDRS/ADRS/Warrants or any convertible instruments have been issued by the Company which were pending for conversion as on March 31, 2017.

12.16 Commodity Price risk or foreign exchange risk and hedging activities

The Company is not exposed to any commodity price risk. The disclosure of the foreign exchange risk and Company's hedging activities wherever required is given in the Page No. 96 of the Annual Report.

12.17 Dealing with securities which have remained unclaimed

In terms of Regulation 39(4) read with schedule VI of the Listing Regulations, the Company has delegated procedural requirements to Link Intime India Private Limited, the Share Transfer Agent (STA) of the Company. The STA has confirmed that they do not have any unclaimed shares lying with them as on March 31, 2017.

12.18 Unpaid and Unclaimed Dividends

Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed dividend amounts lying with the Company as on August 24, 2016 on the Company's website www.speciality.co.in and on the website of the Ministry of Corporate Affairs.

13. Locations of Restaurants and Confectionaries as on March 31, 2017

Location of Company Owned Company Operated restaurants (COCO Model):

Sr. No.	Name of the Restaurant	Address of the Restaurant
1	Mainland China	3A, Gurusaday Road, Uniworth House, Kolkata-700019.
2	Mainland China	South City Mall, Shop No.313, 3rd Floor, 375, Prince Anwar Shah Road, Kolkata-700068.
3	Mainland China	Silver Arcade, 3rd Floor, 5, J.B.S. Haldane Avenue, T1-T2 (EM Bypass), Kolkata–700105.
4	Oh! Calcutta	10/3, Elgin Road, 4th Floor, Forum Mall, Kolkata - 700020.
5	Oh! Calcutta	Silver Arcade, 3rd Floor, 5, J.B.S. Haldane Avenue, T-1, T-2 (EM Bypass), Kolkata –700105.
6	Sigree Global Grill	Silver Arcade, 1st Floor, 5, J.B.S. Haldane Avenue, T-1, T-2 (EM Bypass), Kolkata -700105.
7	Flame & Grill	Shop No 310, South City Mall, 375, Prince Anwar Shah Road, Kolkata - 700068.
8	Flame & Grill	Mani Square, 4th Floor, Shop Nos. 403/404, 164/1 Manicktala Main Road, (EM Bypass), Kolkata-700054.
9	Machaan	Mani Square, 4th Floor, Shop No. 407, 164/1, Manicktala Main Road, (EM Bypass), Kolkata -700054.
10	Haka	E-205, Block-E, City Centre, DC Block, Sector-1, Salt Lake, Kolkata - 700064.
11	Haka	Mani Square, 4th Floor, Shop Nos. 403/404, 164/1 Manicktala Main Road, (EM Bypass), Kolkata-700054.
12	Hoppipola	Mani Square, 4th Floor, Shop Nos. 403/404, 164/1, Manicktala Main Road, (EM Bypass), Kolkata - 700054.
13	Kix	E-205, Block-E, City Centre, DC Block, Sector-1, Salt Lake, Kolkata - 700064.
14	Café Mezzuna	Forum Mall, 4th Floor, Shop Nos. 401-402, 10/3, Elgin Road, Kolkata, 700020.
15	Asia Kitchen by Mainland China	Acropolis Mall, Unit No. R 002, 4th Floor, 1858/1, Rajdanga Main Road, Kolkata 700107
16	Hoppipola	Acropolis Mall, 4th Floor, Premises No. 1858/1, RajdangaMain Road, Kolkata 700107
17	Café Mezzuna	South City Mall, 2nd Floor, 375, Prince Anwar Shah Road, Kolkata 700068
18	Asia Kitchen & Bar	Sakinaka Junction, Andheri Kurla Road, Sakinaka, Andheri East, Mumbai - 400072.
19	Mainland China	Shalimar Morya Park, Ground Floor, Off New Link Road, Andheri (W), Mumbai- 400053.
20	Mainland China	City Park, 1st Floor, Central Avenue, Hiranandani Business Park, Next to D'Mart, Hiranandani, Powai, Mumbai-400076.
21	Mainland China	Unit No.TF-308, Infiniti Mall II, Link Road, Malad West, Mumbai-400064.
22	Mainland China	Unit No. S-OO, Growels 101 Mall, Kandivali (East), Mumbai-400101.
23	Mainland China	R City Mall, 3rd Floor, L.B.S Marg, Ghatkopar (West), Mumbai - 400086.
24	Mainland China	Viviana Mall, F-38, 1st Floor, Subhash Nagar, Next to Jupiter Hospital, Thane West-400606.
25	Mainland China	Plot Nos. 17/18, Restaurant-1, 1st Floor, Platinum Techno Park, Sector 30 A, Vashi, Navi Mumbai-400703.
26	Oh! Calcutta	Hotel Rosewood, 99/C Tulsiwadi Lane, Opp. Mahindra Heights, Tardeo, Mumbai - 400034.
27	Oh! Calcutta	Melbourn Society, Shastri Nagar, Lokhandwala Complex, Andheri (West), Mumbai - 400053.
28	Hoppipola	757, Hotel Ramee Guestline, Md. Ali Quereshi Chowk, S.V.Road, Khar West, Mumbai- 400052.
29	Hoppipola	Shop Nos. 135-138 A, Galleria Shopping Center, Hiranandani Gardens, Powai, Mumbai 400059.
30	Hoppipola	First Floor, Todi Building, Mathurudas Mill Compound, Opp. Kamala Mills, Lower Parel, Mumbai 400013
31	Hoppipola	Third Floor, Infinity Mall – II, Link Road, Malad West, Mumbai 400064
32	Sigree	Plot Nos. 17/18, Restaurant-1, 1st Floor, Platinum Techno Park, Sector 30 A, Vashi, Navi Mumbai-400703.
33	Sigree-Global Grill	Ventura Shopping, 1st Floor Central Avenue Road, Hiranandani Business Park, Hiranandani Gardens, Powai, Mumbai-400076.
34	Sigree-Global Grill	Palm Spring, Unit No.812, 8th Floor, Next to D'Mart Store, Link Road, Kanchpadha, Malad (W), Mumbai–400064.
35	Asia Kitchen by Mainland China	Unit No. T-16, 3rd Floor, Palladium Mall, Phoenix Mills Compound, 462, Senapati Bapat Marg, Lower Parel, Mumbai-400013.
36	Zoodles	Shop Nos. 4 & 5, Oshiwara Lotus Co-operative Housing Society Limited, Building No. 12, Plot No. 50, MHADA Complex, Oshiwara, Andheri West, Mumbai-400053.
37	Oh! Calcutta	757, Hotel Ramee Guestline, Md. Ali Quereshi Chowk, S.V.Road, Khar West, Mumbai-400052.
38	Asia Kitchen by Mainland China	Unit No. R-04, Third Floor, Oberoi Mall, International Business Park, Oberoi Garden City, Off. Western Express Highway, Goregaon (East), Mumbai-400063.
39	Zoodles	Unit No. FC-18, 3rd Floor, Oberoi Mall, International Business Park, Oberoi Garden City, Off Western Express Highway, Goregaon East, Mumbai 400063

Sr. No.	Name of the Restaurant	Address of the Restaurant
40	Zoodles	Unit No. FC-03, Second Floor, Viviana Mall, Pachpakhadi, Pokhran Road No. 2, Thane West - 400 606.
41	Café Mezzuna	Second Floor, Infinity Mall, New Link Road, Oshiwara, Andheri West, Mumbai 400053
42	Mainland China	City Point, Ground Floor, Dhole Patil Road, Pune-411001.
43	Mainland China	Plot No.403, Unit No.7, Ground Floor, ICC Tech Park, Pyramid Mall, Village Bhamburda (Shivaji Nagar), Senapati Bapat Road, Pune-411016.
44	Mainland China	Ground Floor, Mezzanine Floor and Garden, Shrinanda residency, Survey No. 126/2b, ITI Road, Aundh, Pune-411007.
45	Mainland China	EB-SF-15, 2nd Floor, East Block, Amanora Town Center, Hadapsar, Pune-411028.
46	Sigree Global Grill	City Tower, Ground floor, Dhole Patil Road, Pune-411011.
47	Sigree Global Grill	Ground Floor, East Block, 28-30 & 37-38, Amanora Park Township, Village Sadesatranali (17-1/2 Nali), Hadapsar Taluka Haveli, Pune 411004
48	Sigree	Ground Floor, Mezzanine Floor and Garden, Shrinanda residency, Survey No. 126/2b, ITI Road, Aundh, Pune-411007.
49	Hoppipola	Ground Floor, Shrinanda residency, Survey No. 126/2b, ITI Road, Aundh, Pune-411007.
50	Hoppipola	Ground Floor, East Block, 28-30 & 37-38, Amanora Park Township, Village Sadesatranali (17-1/2 Nali), Hadapsar Taluka Haveli, Pune 411004
51	Mainland China	Plot No. 4, Local Shopping Centre, Masjid Moth, Greater Kailash-II, New Delhi-110048.
52	Mainland China	Ground Floor, Plot No. K-1, Dharam Palace, Sector 18, Noida-201301.
53	Oh! Calcutta	Ground Floor, Block "E", American Plaza, International Trade Tower, Nehru Place, New Delhi-110019.
54	Oh! Calcutta	DLF Cyber Hub, Shop No. 9, Opposite Gateway Tower, Near Bldg 8, DLF City Phase 2, Gurgaon 122002.
55	Mainland China	14, Church Street, Bengaluru-560001.
56	Oh! Calcutta	14, Church Street, Bengaluru-560001.
57	Mainland China	No.4032, 100 ft Road, HAL-II Stage, Indiranagar, Bengaluru - 560038.
58	Mainland China	136, 1st Cross, 5th Block, Jyoti Niwas College Road, Opp. Java City, Koramangala, Bengaluru-560095.
59	Mainland China	19, 5th Block, 5th Main Road, 40th cross, Jayanagar, Bengaluru-560041.
60	Mainland China	Orion Mall, Brigade Gateway, 26/1, 80 Feet Road, 9A, Rajaji Nagar Extension, Malleswaram West, Bengaluru-560055.
61	Mainland China	28/2, 1st Floor, Siddapura, Whitefield Main Road, Bengaluru-560066.
62	Mainland China	5AC-430, 5th A Cross, Service Road, HRBR Layout, Kammanahalli, Bengaluru-560043.
63	Sigree Global Grill	28 /2, Primus Building, Siddapura, Whitefield Main Road, Bengaluru-560066.
64	Sigree Global Grill	2nd & 3rd Floor, 5AC - 430, 5th A Cross, Service Road, HRBR Layout, Kammanahalli, Bengaluru-560043.
65	Hoppipola	No.4052, 100 ft Road, HAL-II Stage, Indiranagar, Bengaluru- 560038.
66	Hoppipola	3rd Floor, 14, Church Street, Bengaluru - 560001.
67	Café Mezzuna	15/16, House of Lords, St. Marks Road, Bengaluru 560001
68	Hoppipola	5AC-430, 5th A Cross, Service Road, HRBR Layout, Kammanahalli, Bengaluru-560043
69	Mainland China	Phoenix Market City, Ist Floor, Velachery Road, Chennai – 600042.
70	Sigree Global Grill	5/360, 1st Floor, Rajiv Gandhi Salai, Okkiyum, Thoraipakkam, Chennai 600097.
71	Asia Kitchen by Mainland China	Ground Floor, The Spring Hotel, 11, Kodambakkam Road, Nungambakkam, Chennai, Tamilnadu 600034
72	Sigree Global Grill	4th Floor, The Spring Hotel, 11, Kodambakkam Road, Nungambakkam, Chennai 600034
73	Hoppipola	Ground Floor, The Spring Hotel, 11, Kodambakkam Road, Nungambakkam, Chennai 600034
74	Mainland China	Building No.6-3-1186/1/1, 2nd & 3rd Floors, Near ITC Kakatiya Hotel, Begumpet, Hyderabad-500020.
75	Mainland China	Plot Nos. 1 & 2, Survey No. 64 (P), Rohini Layout, Opp. Silparamam, Hi Tech City, Madhapur, Hyderabad-500081.
76	Oh! Calcutta	Building No.6-3-1186/1/1, Ground Floor, Near ITC Kakatiya Hotel, Begumpet, Hyderabad-500020.
77	Sigree	Building No.6-3-1186/1/1, First Floor, Near ITC Kakatiya Hotel, Begumpet, Hyderabad-500020.
78	Kibbeh	Building No.6-3-1186/1/1, Fourth Floor, Near ITC Kakatiya Hotel, Begumpet, Hyderabad-500020.
79	Flame & Grill	Building No.6-3-1186/1/1, 2nd and 3rd Floor, Near. ITC Kakatiya Hotel, Begumpet, Hyderabad-500020.
80	Hoppipola	Plot No. 1 & 2, Survey No. 64 (P), Rohini Layout, Opp. Silparamam, Hi Tech City, Madhapur, Hyderabad-500081.
81	Mainland China	Dreams Hotel, S.A.Road, Ernakulam Junction, Cochin-682020.

Location of Franchise Owned Company Operated Restaurants (FOCO Model):

Sr. No.	Name of the Restaurant	Address of the Restaurant
1	Mainland China	3rd Level, Centre Square Mall, Near Genda Circle, Sarabhai Road, Vadodara- 390007.
2	Mainland China	A1/ (a), IRC Village, Nayapalli, Bhubaneshwar-751015.
3	Mainland China	S.C.O. 40, Sector-26, Madhya Marg, Chandigarh-160019.
4	Mainland China	Riverside Mall, Plot No. 3. 3rd Floor, Vipin Kunj, Gomti Nagar, Vipinkhand, Lucknow- 226010.
5	Mainland China	Shop No.301, 3rd Floor, Junction Mall, City Center, Durgapur-713216.
6	Mainland China	Central Mall, 5th Floor, Frazer Road, Patna-800004.
7	Mainland China	Gulmohar Mahal, 4th Floor, Satellite Road, Ahmedabad-380015.
8	Mainland China	Siam Tower, Road No.15, Sector 3,Uttara Model Town, Dhaka, Bangladesh
9	Mainland China	Fine Dining-4, 3rd Floor, Avani River Side Mall, 32, Jagat Banerjee Ghat Road, Howrah-711102.
10	Machaan	Fine Dining-4, 3rd Floor, Avani River Side Mall, 32, Jagat Banerjee Ghat Road, Howrah-711102.
11	Mainland China	SCO 26, Sector-29, Gurgaon-122002.
12	Mainland China	Srinivas Towers, NBR 5 Centhop Road, Chennai-600018.
13	Sigree	15, First Floor, Sardar Patel Road, Adyar, Chennai–600020.
14	Mainland China	D-3, Ground Floor, Malviya Marg, (City Corporate), C-Scheme, Jaipur-302001.
15	Mainland China	City Centre Mall, Next to Keys Hotel, Pune-Pimpri Highway, Pimpri, Pune-411018.
16	Sigree Global Grill	City Centre Mall, Next to Keys Hotel, Pune–Pimpri Highway, Pimpri, Pune 411018.
17	Sigree	Dynasty Tower, Plot-1, Road-12, Block-C, Section-6, Mirpur, Dhaka-1216, Bangladesh
18	Sigree	Uhuru Heights, Bibi Titi Mohamed Road, P.O.Box 1494, Dar Es Salaam, Tanzania.
19	Mainland China	Uhuru Heights, Bibi Titi Mohamed Road, P.O.Box 1494, Dar Es Salaam, Tanzania.
20	Mainland China	New No. 96. Old No. 15, S Block, 5th Avenue, (Opposite T.N.E.B. Office), Anna Nagar, Chennai-600040.
21	Zoodles	Food Court, Level III, Domestic Departure, Terminal 2, Chhatrapati Shivaji International Airport, Sahar Road, Andheri East, Mumbai 400099
22	Sigree	Plot No. 4737, New Door Nos.17, 19, 21, Old Door No. AA24, AA Block, 3rd Street, Annanagar East, Chennai – 600040.
23	Mainland China	Plot No. 19, Kannamwar Nagar, Opp. Sonegaon Police Station, Wardha Road, Nagpur – 440015.
24	Sigree	Plot No. 19, Kannamwar Nagar, Opp. Sonegaon Police Station, Wardha Road, Nagpur – 440015.

Confectionaries (Company Owned and Company Operated):

Sr. No.	Name of the Confectionary	Address of the Confectionary
1	Sweet Bengal	Shop No. 9, Saooli Bldg, Apt, Opp. Andheri Sports Complex, J. P. Road, Andheri (W), Mumbai–400058.
2	Sweet Bengal	Shop No. 8, Kenwood Bldg, Ambedkar Road, Bandra (W), Mumbai–400050.
3	Sweet Bengal	Shop No. 8, Fairlawn Co-Op Hsg. Society Ltd, Near Bahri Petrol Pump, Sion-Trombay Road, Chembur, Mumbai-400071.
4	Sweet Bengal	Shop No.72-A, Maker Arcade Premises Co. Op. Society, Cuffee Parade, Mumbai-400005.
5	Sweet Bengal	29, Om Geeta Niwas, Shivaji Park, Mahim, Mumbai–400016.
6	Sweet Bengal	Shop No.4, Shivgauri Apts, Ahimsha Marg, Off. Link Road, Malad (W), Mumbai-400064.
7	Sweet Bengal	Shop No.10, Matru Ashish, Nepean Sea Road, Mumbai–400036.
8	Sweet Bengal	Shop No.126, Galleria Shopping Complex, Hiranandani Gardens, Powai, Mumbai–400076.
9	Sweet Bengal	2, Shaswat, M.G. Road, Opp: Jain Mandir, Vile Parle (E), Mumbai-400057.
10	Sweet Bengal	L-12, Gokuldham Shopping Center, Gokuldham, Goregaon (East), Mumbai-400 063.
11	Sweet Bengal	Shop No. 29, E.M.P. 51, Evershine Halley Co-operative Housing Society, Thakur Village, Kandivali East, Mumbai - 400 101.
12	Sweet Bengal	Queens Gate, Shop No.6, Ghodbunder Road, Hiranandani Estate, Thane- 400607.
13	Sweet Bengal	Shop no-18, Trimbak Tower, Plot no-86, Sector-15, CBD Belapur, Palm - Beach Road, Navi Mumbai - 400614.
14	Sweet Bengal	Viviana Mall, Voltas Compound, Pokhran Road No. 2, Subhash Nagar, Thane (West) - 400 610
15	Sweet Bengal	Unit No.K-02, Third Floor, International Business Park, Oberoi Mall, Oberoi Garden City, Off Western Express Highway, Goregaon (East), Mumbai 400063
16	Sweet Bengal	Unit No TF309 , Infinity Mall - II, Link Road, Malad West, Mumbai -400064
17	Sweet Bengal	Shop Nos. 4 & 5, Oshiwara Lotus Co-operative Housing Society Limited, Building No. 12, Plot No. 50, MHADA Complex, Oshiwara, Andheri West, Mumbai – 400053.
18	Sweet Bengal	Shop No. 54, situated on Plot No.73 at Ground Floor of The Welfare Chamber Co-Op Housing Society Ltd., Sector 17, Vashi, Navi Mumbai – 400703.

The Company has a Sweet Bengal factory at 108, Bazarward, Khetani Mill Compound, Maganlal Nathu Road, Kurla West, Mumbai.

14. Address for correspondence

Shareholder correspondence should be addressed to the Company's Registrars, Link Intime India Private Limited at C 101, 247 Park, L.B.S. Marg, Vikhroli West, Mumbai 400 083. or contact on Tel. No. (91 22) 49186000/ 49186270, Fax No. (91 22) 4918 6060. Email rnt.helpdesk@linkintime.co.in

Shareholders may also write to or contact the Company Secretary and Legal Head at the Corporate Office at the following address for any assistance.

Mr. Avinash Kinhikar
Company Secretary & Legal Head
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 6700
Fax No. (91 22) 3340 6878
E-Mail: investor@speciality.co.in or avinash@speciality.co.in

15. Other Disclosures

15.1 Disclosure on materially significant Related Party Transactions

There were no materially significant transactions during the year ended March 31, 2017 with related parties, vis., Promoters, Directors or the Key Managerial Personnel or their relatives or Joint Venture company that had potential conflicts with the interests of the Company at large.

The Audit Committee had granted its approval for all Transactions with related parties which were in the ordinary course of business and on an arm's length pricing basis. The Audit Committee also granted omnibus approval for certain repetitive transactions with the related parties. The same were reviewed on a quarterly basis by the Audit Committee. Transactions with the related parties as per the requirements of Accounting Standard 18 are disclosed in Note No. 28 to the Financial Statements.

15.2 Strictures and Penalties

No strictures or penalties have been imposed on the Company by the Stock Exchanges or by the Securities and Exchange Board of India (SEBI) or by any statutory authority on any matters related to capital markets during the last three years.

15.3 Vigil Mechanism/Whistle Blower Policy

In terms of the provisions of Section 177 (9) of the Companies Act, 2013 read with Regulation 22 of the Listing Regulations, the Company has established a vigil mechanism policy for its Directors and Employees to report genuine concerns. The Policy has been disclosed on the website of the company at www.speciality.co.in. During the year under review no employee was denied access to the Audit Committee.

15.4 Compliance with mandatory requirements and adoption of the non-mandatory requirements

The Company has complied with the mandatory requirements of corporate governance report specified under Regulation 34(3) read with Para C of Schedule V to the Listing Regulations as disclosed above.

In addition, the Company has also adopted the following non-mandatory/discretionary requirement as per Regulation 27 read with Part E of Schedule II to the Listing Regulations to the extent mentioned below:-

i. The Board

The Company is contributing to maintain a separate Chairman's office for the Non-Executive Chairman.

ii. Shareholder Rights

The quarterly financial results of the Company are published in leading newspapers as mentioned under the heading 'Means of Communication' and also uploaded on the website of the Company www.speciality.co.in alongwith the investor presentations.

Since the financial results are published in the newspapers having wide circulation, only the annual accounts are sent to each Member.

iii. Modified opinion(s) in audit report

The Auditors have not issued any modified opinion in audit report on the financial statements of the Company for the year ended March 31, 2017.

iv. Separate posts of Chairman and Chief Executive Officer

The Chairman of the Board is a Non-Executive Independent Director and his position is separate from that of the Managing Director.

v. Reporting of Internal Auditor

The Internal Auditor of the Company reports directly to the Audit Committee.

15.5 Subsidiary Company

During the year ended March 31, 2017, the Company did not have any material listed/unlisted Subsidiary Company as defined in Regulation 16 of the Listing Regulations. The Company's policy for determining material subsidiaries is placed on the Company's website at the following weblink http://www.speciality.co.in/pdf/policies/POLICY_FOR_DETERMINING_MATERIAL_SUBSIDIARIES.pdf

15.6 Policy on dealing with related party transactions

The Policy for dealing with related party transactions has already been displayed on the website of the Company viz., www.speciality.co.in under the following web link:- http://www.speciality.co.in/pdf/policies/POLICY_ON_MATERIALITY_OF_RELATED_PARTY_TRANSACTIONS_AND_ALSO_ON_DEALING_WITH_RELATED_PARTY_TRANSACTIONS.pdf

15.7 Commodity price risks and hedging activities

The Company is not exposed to any commodity price risk.

15.8 The Company has complied with corporate governance requirements specified in Regulation 17 to 27 of the Listing Regulations disclosed in the section on corporate governance of this annual report. The Company has disseminated on its website www.speciality.co.in the information specified in the clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations.

16. Details of utilization of funds out of the proceeds from the Public Issue

Pursuant to the approval of the Board and the Shareholders received in the year 2012, the Company had undertaken an initial public offering of its equity shares of ₹ 10 each (the "**IPO**"). The net proceeds from the IPO were ₹ 1760.90 million. The disclosures regarding utilization of net proceeds of the Issue in the Prospectus included the following: (i) development of new restaurants and (ii) development of a food plaza (the "**Objects**"). Whilst the Company has made its best efforts to utilise the proceeds of the Issue, it has been unable to utilise approximately ₹ 578.5 million, as of March 31, 2015 (the "**Unutilised Amount**") towards the Objects. The Utilisation of IPO proceeds as on March 31, 2017 is summarised below:

(₹ in million)

Particulars	Details of Planned utilisation of IPO proceeds in accordance with Prospectus dated May 22, 2012.	Spent upto March 31, 2015	Balance to spent post variation	Variations in plan approved	To spend	Amount Utilised upto March 31, 2017	Balance amount to be utilised
A	B	C	D	E	F	G	H
(i) Development of new restaurants	1316.0	894.1	421.9	(421.9)	-	-	-
(ii) Development of new restaurants/ conversion of existing restaurants **(Refer Note below)**	-	-	-	578.5	578.5	264.8	313.7
(iii) Development of a food plaza	151.0	-	151.0	(151.0)	-	-	-
(iv) Repayment of Term Loan facilities	94.2	94.2	-	-	-	-	-
(v) General Corporate purpose	10.5	10.5	-	-	-	-	-
	1571.7	**998.8**	**572.9**	**5.6**	**578.5**	**264.8**	**313.7**
(vi) Issue related expenses	189.2	183.6	5.6	(5.6)	-	-	-
Total	**1760.9**	**1182.4**	**578.5**	**-**	**578.5**	**264.8**	**313.7**

Note: The amount shown in column (G) (ii) represents utilised amount after March 31, 2015 related to the objects disclosed in the prospectus dated May 22, 2012. ₹ 66.1 million was spent from April 1, 2015 upto the date of approval by the shareholders on November 27, 2015, which is included in total spent of ₹ 264.8 million.

17. Code of Conduct

The Board of Directors has laid down a Code of Conduct for Business and Ethics (the Code) for all the Board Members and all the employees in the Management cadre of the Company as required under Regulation 17 (5) of the Listing Regulations.

All the Members of the Board and the Senior Management Personnel of the Company have affirmed compliance to the Code of Conduct of the Company as on March 31, 2017.

The Board of Directors has also laid down a separate Code for Independent Directors as per the requirements of Schedule IV of the Companies Act, 2013.

All the Independent Directors have affirmed compliance to the above Code for Independent Directors as on March 31, 2017.

The Code of Conduct for Business and the Ethics and the Code for Independent Directors has been disclosed on the Company's website at www.speciality.co.in

A declaration to this effect signed by the Managing Director is attached and forms part of the Annual Report of the Company.

18. Code for Prevention of Insider Trading

In compliance with the requirements of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 which came into effect from May 14, 2015 the Company had formulated and adopted the (i) "Code of Conduct for Regulating, Monitoring and Reporting of Trading by Insiders" and (ii) "Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information" (SRL Code).

The Company Secretary is responsible for implementation of the Code.

Declaration as required under Regulation 34(3) read with Part D of Schedule V to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

I hereby declare that all the Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct / Business Ethics Policy and Code for Independent Directors, as applicable for Board Members / Senior Management Personnel as adopted by the Company for the Financial Year ended March 31, 2017.

Anjan Chatterjee
Managing Director
(DIN: 00200443)

Place: Mumbai
Date: May 27, 2017

CERTIFICATION BY MD/EXECUTIVE DIRECTOR – FINANCE & CFO

(Issued in accordance with the provisions of Regulation 17(8) read with Part B of Schedule II to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,

The Board of Directors

Speciality Restaurants Limited

(A) We have reviewed the financial statements and the cash flow statement of Speciality Restaurants Limited for the year ended March 31, 2017 and that to the best of our knowledge and belief:

(1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(2) These statements together 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 ended March 31, 2017 which are fraudulent, illegal or violative 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 for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

(D) We have indicated to the Auditors and the Audit Committee:

(1) Significant changes in internal control over financial reporting during the year ended March 31, 2017

(2) Significant changes, if any, in accounting policies made during the year ended March 31, 2017 and that the same have been disclosed in the notes to the financial statements; and

(3) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Yours sincerely,

Anjan Chatterjee	**Rajesh Kumar Mohta**
Managing Director	**Executive Director –**
(DIN: 00200443)	**Finance & CFO**

Place: Mumbai

Date: May 27, 2017

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 (the **"Company"**) for the financial year ended on 31st March, 2017 as per Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the **"Listing Regulations"**).

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 of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on 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 Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Listing Regulations, as applicable.

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

(CS PRABHAT MAHESHWARI)
PARTNER
C.P. NO. 1432
F.C.S NO. 2405

Place : Mumbai

Date : 27th May, 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SPECIALITY RESTAURANTS LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **SPECIALITY RESTAURANTS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31 March, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, based on our audit, we report, to the extent applicable that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
   c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
   d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under section 133 of the Act.

e) On the basis of the written representations received from the directors as on 31 March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

   iv. The Company has provided requisite disclosures in the standalone financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8 November, 2016 of the Ministry of Finance, during the period from 8 November 2016 to 30 December, 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rakesh N. Sharma
(Partner)
(Membership No. 102042)

Place: Mumbai
Date: 27 May, 2017

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **SPECIALITY RESTAURANTS LIMITED** ("the Company") as of 31 March, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rakesh N. Sharma
(Partner)
(Membership No. 102042)

Place: Mumbai
Date: 27th May, 2017

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under "Report on Other Legal and Regulatory Requirements" Section of our report of even date)

i. In respect of its fixed assets:

   a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

   b. The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

   c. According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of land which are freehold, are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land that have been taken on lease and disclosed as fixed assets in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

ii. In respect of its inventories:

   a. As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

iii. According to the information and explanations given to us, the Company had granted loan to a Company covered in the register maintained under section 189 of the Companies Act, 2013.

   a. The terms and conditions of the grant of such loans are, in our opinion, *prima facie*, not prejudicial to the Company's interest.

   b. The principal amount of loan would be converted to equity shares as per Board of Directors resolution dated March 23, 2017. Repayment of interest has not been regular. Interest of ₹ 4.19 millions is outstanding for more than 90 days.

iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans and making investments. The Company has not provided any guarantees and securities.

v. According to the information and explanations given to us, the Company has not accepted any deposit during the year. There are no unclaimed deposits.

vi. Having regard to the nature of the Company's business / activities, reporting under clause (vi) of CARO 2016 Order is not applicable.

vii. According to the information and explanations given to us, in respect of statutory dues:

   a. The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.

   b. There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Value Added Tax, Cess and other material statutory dues in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.

   c. Details of dues of Income-tax, Sales Tax, Service tax, Excise duty and Value Added Tax and that have not been deposited on account of disputes are given below:

Name of the Statute	Nature of dues	Forum where the dispute is pending	Period to which the amount relates	Amount (₹ in Millions)
Income Tax Act, 1961	Income Tax	High Court, Bombay	2010-11	1.55
		Commissioner of Income tax	2011-12	0.92
Bombay Sales tax Act, 1959	Sales Tax	Sales tax Appellate Tribunal	1999-00	0.11
Tamil Nadu VAT Act 2006	Value Added Tax	Sales Tax Appellate Tribunal-Additional	2006-09	5.43
Central Sales Tax Act 1956	Sales Tax	Joint Commissioner of Sales Tax (Appeal)	2008-12	14.13
Central Sales Tax Act 1956	Sales Tax	Deputy Commissioner of Sales Tax (Appeal)	2012-13	9.38
Maharashtra Value Added Tax 2002	Value Added Tax	Joint Commissioner of Sales Tax (Appeal)	2008-12	6.67
Maharashtra Value Added Tax 2002	Value Added Tax	Deputy Commissioner of Sales Tax (Appeal)	2012-13	7.22

Name of the Statute	Nature of dues	Forum where the dispute is pending	Period to which the amount relates	Amount (₹ in Millions)
Andhra Pradesh VAT Act 2005	Value Added Tax	Appellate Deputy Commissioner	2012-16	1.89
Uttar Pradesh Value Added Tax Act, 2005	Value Added Tax	Deputy Commissioner-Commercial Taxes	2015-16	0.37
Central Excise Act, 1944	Excise	Deputy Commissioner-Excise	2008-15	6.25
Finance Act, 1994	Service Tax	Commissioner Service Tax	2012-15	78.75

viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks and financial institutions. The Company has not issued any debentures.

ix. In our opinion and according to the information and explanations given to us, money raised by way of initial public offer and the term loans have been applied by the Company during the year for the purposes for which they were raised or as per the purposes revised with the appropriate approvals, other than temporary deployment pending application of proceeds.

x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

xi. In our opinion and according to the information and explanations given to us, the Company has paid managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

xiii. In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

xiv. During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 Order is not applicable.

xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rakesh N. Sharma
(Partner)
(Membership No. 102042)

Place: Mumbai
Date: 27th May, 2017

Balance Sheet as at 31 March, 2017

₹ In Millions

Particulars	Note No.		As at 31 March, 2017		As at 31 March, 2016
A. EQUITY AND LIABILITIES					
(1) Shareholders' funds					
(a) Share capital	3		469.58		469.58
(b) Reserves and surplus	4		2,382.21		2,609.26
(2) Non-current liabilities					
(a) Long-term borrowings	5		0.26		1.25
(3) Current liabilities					
(a) Trade payables					
(i) Total outstanding dues of micro enterprises and small enterprises	6		-		-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises			377.73		374.24
(b) Other current liabilities	7		157.82		121.22
Total			**3,387.60**		**3,575.55**
B. Assets					
(1) Non-current assets					
(a) Property, Plant and Equipment					
(i) Tangible assets	8	1,135.66		1,321.21	
(ii) Intangible assets		17.66		24.59	
(iii) Capital work-in-progress		327.01	1,480.33	348.27	1,694.07
(b) Non-current investments	9		9.05		9.05
(c) Deferred tax asset	27		206.64		160.13
(d) Long term loans and advances	10		676.38		681.25
(e) Other non-current assets	11		0.41		0.38
(2) Current assets					
(a) Current investments	12		688.64		703.78
(b) Inventories	13		71.36		71.06
(c) Trade receivables	14		49.65		37.27
(d) Cash and cash equivalents	15		39.08		54.65
(e) Short-term loans and advances	10		165.90		163.73
(f) Other current assets	16		0.16		0.18
Total			**3,387.60**		**3,575.55**
Significant accounting policies	2				
The accompanying Notes 1 to 39 are an integral part of the financial statements					

In terms of our report attached.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Rakesh N. Sharma
Partner

Place: Mumbai
Date: 27th May, 2017

For and on behalf of the Board of Directors

Susim Mukul Datta
Chairman

Anjan Chatterjee
Managing Director

Dushyant Mehta
Director

Rajesh Kumar Mohta
Executive Director - Finance & Chief Financial Officer

Avinash Kinhikar
Company Secretary & Legal Head

Place: Mumbai
Date: 27th May, 2017

Statement of Profit and Loss for the year ended 31 March, 2017

₹ In Millions

Particulars	Note No.	For the year ended 31 March, 2017	For the year ended 31 March, 2016
I. Revenue from operations	17	3,124.18	3,213.49
II. Other income	18	52.43	82.96
III. Total revenue (I +II)		**3,176.61**	**3,296.45**
IV. Expenses:			
Cost of materials consumed	19	1,009.40	1,055.00
Employee benefits expense	20	832.14	831.66
Finance costs	21	0.18	0.46
Depreciation/amortisation/impairment	8	326.61	283.27
Other expenses	22	1,275.27	1,155.34
Total expenses		**3,443.60**	**3,325.73**
V. Loss before tax (III -IV)		**(266.99)**	**(29.28)**
VI. Tax expense / (credit):			
(1) Current tax	27	2.41	12.27
(2) Deferred tax		(46.51)	(44.18)
(3) Short provision for tax relating to prior years		4.16	-
VII. (Loss)/Profit for the year (V - VI)		**(227.05)**	**2.63**
VIII. Earnings per equity share (of ₹ 10/- each):	29		
(1) Basic (in ₹)		(4.83)	0.06
(2) Diluted (in ₹)		(4.83)	0.06
Significant accounting policies	2		
The accompanying Notes 1 to 39 are an integral part of the financial statements			

In terms of our report attached.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Rakesh N. Sharma
Partner

Place: Mumbai
Date: 27th May, 2017

For and on behalf of the Board of Directors

Susim Mukul Datta
Chairman

Anjan Chatterjee
Managing Director

Dushyant Mehta
Director

Rajesh Kumar Mohta
Executive Director - Finance & Chief Financial Officer

Avinash Kinhikar
Company Secretary & Legal Head

Place: Mumbai
Date: 27 May, 2017

Cash Flow Statement for the year ended 31 March, 2017

₹ In Millions

PARTICULARS	For the year ended 31 March, 2017	For the year ended 31 March, 2016
Cash flow from Operating Activities		
Loss before tax	**(266.99)**	**(29.28)**
Adjustments for:		
Depreciation / Amortisation / Impairment	326.61	283.27
Loss / (Profit) on Sale of Property, Plant and Equipment (net)	4.63	(4.08)
Profit on Sale of Investments (net)	(0.56)	(15.48)
Finance costs	0.18	0.46
Interest from Banks / others	(9.44)	(8.78)
Dividend on current investments	(40.96)	(45.25)
Provision for doubtful debts & advances	16.77	9.12
Foreign Exchange Gain (net)	0.80	(0.80)
Excess credit balance written back (net)	-	(7.89)
Operating Profit before working capital changes	**31.04**	**181.29**
Adjustments for (increase)/decrease in operating assets		
Inventories	(0.29)	(7.36)
Trade receivables	(13.36)	78.28
Short-term loans and advances	17.32	(47.65)
Long-term loans and advances	(48.45)	(52.74)
Other current assets	0.02	-
Other non current assets	(0.03)	(0.23)
Adjustments for increase/(decrease) in operating liabilities		
Trade payables	3.48	159.92
Other current liabilities	42.74	(2.12)
Cash generated from operations	**32.47**	**309.39**
Net income tax paid	(11.67)	(44.86)
A. Net cash generated from operating activities (A)	**20.80**	**264.53**
B. Cash flow from Investing Activities		
Capital expenditure on Property, Plant and Equipment	(150.60)	(379.53)
Proceeds from Sale of Property, Plant and Equipment / Capital work in progress	50.53	8.81
Purchase of current investments	(884.07)	(786.69)
Proceeds from sale of current investments	899.77	887.44
Proceeds from sale of subsidiary	-	5.70
Purchase of long-term investments	-	(0.04)
Loans given to staff	(10.33)	(18.35)
Loans repaid by staff	16.92	21.37
Interest received	2.34	3.41
Dividend received	40.96	45.25
Bank deposits placed	1.80	(1.08)
Increase in dividend account	-	(0.07)
B. Net cash used in Investing Activities (B)	**(32.68)**	**(213.78)**
C. Cash flow from Financing Activities		
Proceeds from long-term borrowings	(1.71)	(3.28)
Finance costs	(0.18)	(0.46)
Dividend paid	-	(46.96)
Dividend tax paid	-	(9.61)
C. Net cash used in Financing Activities (C)	**(1.89)**	**(60.31)**
Net decrease in cash and cash equivalents (A+B+C) = (D)	**(13.77)**	**(9.56)**
Cash and cash equivalents at the beginning of the year (E)	**52.72**	**62.28**
Cash and cash equivalents at the end of the year (D) +(E)	**38.95**	**52.72**
Reconciliation of Cash and cash equivalents with the Balance Sheet		
Cash and bank balances (Refer note 15)	39.08	54.65
Less: Bank balances not considered as cash and cash equivalents as defined in AS 3 Cash Flow Statements:		
In earmarked accounts		
- Unpaid Dividend account	0.13	0.13
- Balances held as securities against bank guarantees	-	1.80
Cash and cash equivalents	**38.95**	**52.72**

The accompanying Notes 1 to 39 are an integral part of the financial statements

In terms of our report attached.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Rakesh N. Sharma
Partner

Place: Mumbai
Date: 27th May, 2017

For and on behalf of the Board of Directors

Susim Mukul Datta
Chairman

Dushyant Mehta
Director

Avinash Kinhikar
Company Secretary & Legal Head

Place: Mumbai
Date: 27th May, 2017

Anjan Chatterjee
Managing Director

Rajesh Kumar Mohta
Executive Director - Finance & Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS

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.

2 SIGNIFICANT ACCOUNTING POLICIES:

a) Basis of preparation of Financial Statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, and the relevant provisions of the Companies Act, 2013 ("the 2013 Act"). The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

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 recognised in the periods in which the results are known / materialise.

c) Property, Plant and Equipment and Depreciation/Amortisation

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 present 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.

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation has been provided on WDV method. The estimated useful life which is in line with Schedule II to the Act is set out herein below.

Asset	Useful life
Computers	3 - 6 years
Plant and Equipment	15 years
Vehicles	6 - 8 years

The Company has assessed the estimated useful life of furniture and fixtures as 10 years based on past experience and technical evaluation.

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

Intangible assets are stated at their cost of acquisition, less accumulated amortisation and impairment losses. An intangible asset is recognised, 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 amortisable amount of intangible assets is allocated over the best estimate of its useful life on a straight-line basis.

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

Patents and Trademarks are amortised uniformly over a period of five years.

d) Capital work-in-progress:

Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost and related incidental expenses.

e) 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 recognised as an impairment loss in the Statement of Profit and Loss.

f) 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 recognise a decline, other than temporary, in the value of such investments.

g) Revenue Recognition

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

Revenue from restaurant and sweet shop sales (food and beverages) is recognised 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 recognised on formalisation of the franchisee agreement. The Initial Access Premium Fee is non-refundable, regardless of whether the restaurant outlet under the franchisee 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 recognised 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 recognised when the gift vouchers or points are redeemed on sale of meals to customers.

h) Other income:

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

i) Inventories:

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

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

j) Employee Benefits

Compensation to employees for services rendered is 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 obligation recognised in the balance sheet represents the present value of obligations as reduced by the fair value of plan assets.

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

k) Foreign Currency Transactions

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

Foreign currency monetary items of the Company 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.

l) Borrowing costs

Borrowing costs attributable to the acquisition or construction of qualifying assets, as defined in Accounting Standard 16 on Borrowing Costs are capitalised 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.

m) 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 realised.

Tax on distributed profits payable in accordance with the provisions of Section 115-O of the Income-Tax Act, 1961, is in accordance with the Guidance Note on Accounting for Corporate Dividend Tax, regarded as a tax on Distribution on profits and is not considered in determination of the profits of the Company.

n) 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.

o) Leases

Assets leased by the Company in its capacity as a lessee, where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and cost.

Operating lease payments are recognised 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 balance lease period

p) 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.

q) Provisions and contingencies

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.

r) Employee share based payments

The Company has constituted an Employee Stock Option Plan under the ESOP 2012 scheme. Employee Stock Options granted are accounted under the 'Intrinsic Value Method' stated in the Guidance Note on Employee Share Based Payments issued by the Institute of Chartered Accountants of India.

In accordance with the SEBI Guidelines, the excess, if any, of the closing market price on the day prior to the grant of the options over the exercise price is amortised on a straight-line basis over the vesting period.

3 Share capital **₹ In Millions**

Particulars	2016-2017		2015-2016	
	Number of shares	Amount	Number of shares	Amount
a. Authorised				
Equity shares of the par value of ₹ 10 each	51,000,000	510.00	51,000,000	510.00
Compulsorily convertible preference shares of the par value of ₹ 10 each	7,000,000	70.00	7,000,000	70.00
	58,000,000	**580.00**	**58,000,000**	**580.00**
b. Issued & Subscribed				
Equity shares				
Equity shares of ₹ 10 each fully paid up	46,957,657	469.58	46,957,657	469.58
(Of the above shares 6,689,118 (Previous year - 6,689,118) equity shares are allotted as fully paid-up on Conversion of compulsorily convertible Preference shares)				
(a) Reconciliation of number of shares outstanding at the beginning and end of the year :				
Outstanding at the beginning and end of the year	46,957,657		46,957,657	
(b) Rights, preferences and restrictions attached to equity shares				
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.				
(c) Shares reserved for issue under options (Refer note 30)	482,400		515,300	

Particulars	2016-2017		2015-2016	
	Number of shares	Amount	Number of shares	Amount
(d) Shareholders holding more than 5% equity shares in the Company are set out below:				
Anjan Chatterjee				
No. of shares	12,070,000		12,070,000	
% Holding	25.70		25.70	
Suchhanda Chatterjee				
No. of shares	11,970,000		11,970,000	
% Holding	25.49		25.49	
Saif III Mauritius Company Limited				
No. of shares	3,031,348		4,992,140	
% Holding	6.45		10.63	
Saif India IV FII Holdings Limited (Formerly known as Saif Advisors Mauritius Limited.)				
No. of shares	2,960,712		3,877,964	
% Holding	6.30		8.26	
Reliance Capital Trustee Co. Ltd				
No. of shares	1,320,663		2,527,663	
% Holding	2.81		5.38	
		469.58		**469.58**

4 Reserves & surplus **₹ In Millions**

Particulars	2016-2017	2015-2016
a. Capital reserve		
As per last balance sheet		
Money received against share warrants forfeited, option not exercised by warrant holders	1.67	1.67
b. Securities premium account		
As at the end of the year	1,626.50	1,626.50
c. Surplus in the Statement of Profit and Loss		
As at the beginning of the year	981.09	978.46
Add: Net (Loss)/Profit for the year	(227.05)	2.63
As at the end of the year	**754.04**	**981.09**
	2,382.21	**2,609.26**

5 Long-term borrowings **₹ In Millions**

Particulars	2016-2017	2015-2016
Secured loans		
Long term maturities of finance lease obligations		
Car loans (Refer note 7 for current maturity details of the finance lease obligations)	0.26	1.25
1) Details of security		
Secured by a specific hypothecation charge on the assets purchased		
The loan is repayable in equated monthly installments and interest rate is 9.21% p.a.		
2) Repayment terms		
a) Monthly installments payable over a period of 36 - 60 months from respective loan disbursements		
b) Maturity with respect to the Balance Sheet date :		
1-15 monthly installments due over the period April 17 - June 18		
	0.26	**1.25**

6 Total outstanding dues of micro enterprises and small enterprises

Disclosures relating to amounts payable as at the year-end together with interest paid/payable to Micro and Small Enterprise have been made in the accounts, as required under the Micro, Small and Medium Enterprises Development Act, 2006 to the extent of information available with the Company determined on the basis of intimation received from suppliers regarding their status and the required disclosures are given below.

₹ In Millions

	Particulars	2016-2017	2015-2016
(i)	Principal amount remaining unpaid to any supplier as at the end of the accounting year	-	-
(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	-	-
		-	**-**

Note:

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

7 Other current liabilities **₹ In Millions**

	Particulars	2016-2017	2015-2016
a.	Current maturities of finance lease obligations (Refer note 5)	0.99	1.71
b.	Income received in advance	1.63	0.92
c.	Unpaid dividend	0.13	0.13
d.	Other payables		
	(i) Statutory remittances	43.67	40.09
	(ii) Payables on purchase of fixed assets	28.11	33.51
	(iii) Payable on account of gratuity liability	11.99	7.49
	(iv) Rent	53.01	27.21
	(v) Deposit taken	3.10	-
	(vi) Credit balance of Debtors	15.19	10.16
		157.82	**121.22**

8 Property, Plant and Equipment

₹ In Millions

Particulars	Gross Block				Depreciation / Amortisation / Impairment				Net Block	
	Balance as at 1 April 2016	Additions	Deductions	Balance as at 31 March 2017	Balance as at 1 April 2016	For the year	Deductions	Balance as at 31 March 2017	Balance as at 31 March 2017	Balance as at 31 March 2016
Tangible Assets										
Land										
- Freehold	26.65	-	-	26.65	-	-	-	-	26.65	26.65
	(26.65)	-	-	(26.65)	-	-	-	-	(26.65)	
- Leasehold	86.36	-	16.25	70.11	3.99	0.48	1.48	2.99	67.12	82.37
	(51.92)	(37.85)	(3.41)	(86.36)	(3.70)	(0.53)	(0.24)	(3.99)	(82.37)	
Leasehold Improvements (Refer note 2)	1,055.31	89.52	79.54	1,065.29	407.95	175.66	70.87	512.74	552.55	647.36
	(841.65)	(225.75)	(12.09)	(1,055.31)	(288.78)	(126.19)	(7.02)	(407.95)	(647.36)	
Plant and Equipment	702.94	23.22	5.11	721.05	390.01	63.55	3.10	450.46	270.59	312.93
	(638.03)	(65.63)	(0.72)	(702.94)	(321.62)	(68.70)	(0.31)	(390.01)	(312.93)	
Furniture and Fixtures	639.12	40.68	2.01	677.79	413.40	67.94	1.20	480.14	197.65	225.72
	(550.27)	(89.49)	(0.64)	(639.12)	(345.80)	(67.77)	(0.17)	(413.40)	(225.72)	
Computers	63.09	3.31	-	66.40	55.47	4.18	-	59.65	6.75	7.62
	(57.79)	(5.30)	-	(63.09)	(50.40)	(5.07)	-	(55.47)	(7.62)	
Vehicles										
Owned	28.55	5.45	4.61	29.39	15.21	4.67	3.33	16.55	12.84	13.34
	(23.79)	(6.57)	(1.81)	(28.55)	(12.22)	(4.13)	(1.14)	(15.21)	(13.34)	
Taken under finance lease	13.27	-	7.61	5.66	8.05	1.50	5.40	4.15	1.51	5.22
	(13.27)	-	-	(13.27)	(5.65)	(2.40)	-	(8.05)	(5.22)	
Tangibles Total (A)	**2,615.29**	**162.18**	**115.13**	**2,662.34**	**1,294.08**	**317.98**	**85.38**	**1,526.68**	**1,135.66**	**1,321.21**
	(2,203.37)	(430.59)	(18.67)	(2,615.29)	(1,028.17)	(274.79)	(8.88)	(1,294.08)	(1,321.21)	
Intangible Assets										
Software	30.48	0.09	-	30.57	21.53	3.45	-	24.98	5.59	8.95
	(26.73)	(3.75)	-	(30.48)	(18.00)	(3.53)	-	(21.53)	(8.95)	
Patents and Trademarks	30.10	1.61	0.01	31.70	14.46	5.18	0.01	19.63	12.07	15.64
	(24.57)	(5.53)	-	(30.10)	(9.51)	(4.95)	-	(14.46)	(15.64)	
Intangibles Total (B)	**60.58**	**1.70**	**0.01**	**62.27**	**35.99**	**8.63**	**0.01**	**44.61**	**17.66**	**24.59**
	(51.30)	(9.28)	-	(60.58)	(27.51)	(8.48)	-	(35.99)	(24.59)	
TOTAL (A+B)	**2,675.87**	**163.88**	**115.14**	**2,724.61**	**1,330.07**	**326.61**	**85.39**	**1,571.29**	**1,153.32**	**1,345.80**
Previous Year	(2,254.67)	(439.87)	(18.67)	(2,675.87)	(1,055.68)	(283.27)	(8.88)	(1,330.07)	(1,345.80)	

Note: 1

Figures in parenthesis relate to the corresponding previous year figures.

Note: 2

Depreciation for the year includes impairment charge aggregating to ₹ 48.87 Million (Previous Year ₹ 14.26 Million)

9 Non current investments

₹ In Millions

	Particulars	2016-2017	2015-2016
	Investments (At cost)		
	Unquoted		
A	**Trade investments**		
	Investment in equity instruments of a Joint Venture Company		
	(490 Equity Shares of Mainland China Restaurant (LLC) of QAR 1,000 each, fully paid up)	8.88	8.88
B	**Other investments**		
	Investment in Government or Trust Securities	0.17	0.17
	(NSC - Held in the name of a Director of the Company (nominee) and deposited with the Government Authorities)		
		9.05	**9.05**

10 Loans and advances (Unsecured, considered good - unless otherwise stated) **₹ In Millions**

Particulars	Long term		Short term	
	2016-2017	2015-2016	2016-2017	2015-2016
a. Capital advances	16.34	39.22	-	-
b. Security and other deposits				
- Premises and other deposits (See notes (i) & (ii) below)	464.90	472.01	22.92	18.82
c. Loan to Joint Venture Company				
Mainland China Restaurant (LLC)	77.61	49.91	-	13.56
d. Other loans and advances (See note (i) below)				
Loans to employees	14.29	16.29	6.13	10.72
Advances to suppliers and others	24.87	8.88	77.56	75.76
Advance income tax (net of provision for tax ₹ 335.36 Million (As at 31 March 2016 ₹ 328.35 Million)	52.28	64.15	16.98	-
Balances with Government authorities	49.76	37.35	9.20	14.37
Prepayments and others	1.20	1.34	33.11	30.50
Less: Provision for doubtful loans and advances	24.87	7.90	-	-
	117.53	**120.11**	**142.98**	**131.35**
	676.38	**681.25**	**165.90**	**163.73**

Note :

	Long term		Short term	
	2016-2017	2015-2016	2016-2017	2015-2016
(i) Considered Good				
Loans to employees	14.29	16.29	6.13	10.72
Advance to Suppliers and others	-	0.98	77.56	75.76
Income Taxes (Net)	52.28	64.15	16.98	-
Balances with government authorities	49.76	37.35	9.20	14.37
Prepayments and others	1.20	1.34	33.11	30.50
Total	**117.53**	**120.11**	**142.98**	**131.35**
Considered Doubtful				
Security and other deposits	-	-	2.00	3.03
Advance to Suppliers and others	24.87	7.90	-	-
Total	**24.87**	**7.90**	**2.00**	**3.03**

(ii) Premises and other deposits include amounts receivable from:

Particulars	2016-2017	2015-2016
Directors		
Anjan Chatterjee	1.50	1.50
Suchhanda Chatterjee	1.50	1.50
Anjan Chatterjee (HUF)	1.60	1.60
Private Companies in which a director is a director or member		
Situations Advertising & Marketing Services Private Limited	50.00	50.00
Havik Exports Private Limited	4.50	4.50
Prosperous Promotors Private Limited	28.11	28.11
Shruthi Hotels Enterprises Private Limited	3.00	3.00

11 Other non-current assets **₹ In Millions**

Particulars	2016-2017	2015-2016
- Fixed deposits held as securities against bank guarantees	0.41	0.38
	0.41	**0.38**

12 Current Investments **₹ In Millions**

Particulars	2016-2017			2015-2016		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
Investment in Mutual Funds (At lower of cost and fair value)						
Reliance Liquid Fund - Treasury Plan - Direct Daily Dividend Option - Reinvest	-	2.42	2.42	-	0.31	0.31
1585 (As at 31 March, 2016 - 203) units of ₹ 1,000 each						
Reliance Liquid Fund - Treasury Plan - Daily Dividend Option - Reinvest	-	0.21	0.21	-	30.17	30.17
135 (As at 31 March, 2016 - 19,733) units of ₹ 1,000 each						
Reliance Medium Term Fund - Daily Direct Dividend Plan - Reinvest	-	60.74	60.74	-	90.23	90.23
3,552,991 (As at 31 March, 2016 -5,282,745) units of ₹ 1,000 each						
Reliance Quarterly Interval Fund- Series II- Direct Dividend Plan	-	-	-	-	50.00	50.00
Nil (As at 31 March, 2016 - 4,990,617) units of ₹ 1,000 each						
Reliance Banking & PSU Debt Fund - Direct Monthly Dividend Plan - Reinvest	-	104.02	104.02	-	-	-
10,137,784 (As at 31 March, 2016 - Nil) units of ₹ 1,000 each						
L&T Liquid Fund Direct Plan - Daily Dividend Reinvestment Plan	-	10.11	10.11	-	-	-
9,984 (As at 31 March, 2016 - Nil) units of ₹ 1,000 each						
UTI - Treasury Advantage Fund - Institutional Plan - Direct Plan - Daily Dividend - Reinvestment	-	7.14	7.14	-	58.83	58.83
7,123 (As at 31 March, 2016 - 58,693) units of ₹ 1,000 each						
Birla Sun Life Floating Rate Long Term - Daily Dividend - Regular Plan - Reinvest	-	127.96	127.96	-	120.82	120.82
1,276,621 (As at 31 March, 2016 - 1,205,732) units of ₹ 100 each						
ICICI Prudential Short Term Plan-Monthly Dividend Re-investment	-	-	-	-	5.19	5.19
Nil (As at 31 March, 2016 - 428,776) units of ₹ 10 each						
Birla Sun Life Saving Fund - Direct Plan -Daily Dividend Re-investment	-	-	-	-	51.65	51.65
Nil (As at 31 March, 2016 - 514,936) units of ₹ 100 each						
HDFC Floating Rate Income Fund - Short Term Plan - Wholesale Option - Direct Plan - Dividend Reinvestment	-	11.37	11.37	-	10.76	10.76
1,128,212 (As at 31 March, 2016 - 1,067,198) units of ₹ 10 each						
SBI Ultra Short Term Debt Fund- Direct Plan Daily Dividend	-	-	-	-	68.45	68.45
Nil (As at 31 March, 2016 - 68,106) units of ₹ 1,000 each						
Axis Treasury Advantage Fund - Direct Plan - Daily Dividend - Reinvest	-	12.49	12.49	-	31.61	31.61
12,426 (As at 31 March, 2016 - 31,460) units of ₹ 1,000 each						
Kotak Low Duration Fund Direct Monthly Dividend - Reinvest	-	41.19	41.19	-	22.34	22.34
39,794 (As at 31 March, 2016 - 21,557) units of ₹ 10 each						
Kotak Low Duration Fund Standard - Regular Plan - Monthly Dividend	-	-	-	-	41.26	41.26
Nil (As at 31 March, 2016 - 40,382) units of ₹ 10 each						
Kotak Treasury Advantage Fund - Direct Plan - Daily Dividend	-	-	-	-	41.87	41.87
Nil (As at 31 March, 2016 - 4,153,429) units of ₹ 10 each						
HDFC Floating Rate Income Fund - Short Term Plan - Wholesale Option - Direct Plan - Daily Dividend - Re-investment	-	-	-	-	10.75	10.75
Nil (As at 31 March, 2016 - 1,066,405) units of ₹ 10 each						
Kotak Bond (Short Term) - Direct Plan - Monthly Dividend - Reinvest	-	20.18	20.18	-	-	-
1,944,312(As at 31 March, 2016 - Nil) units of ₹ 10 each						
HDFC Floating Rate Income Fund - Short Term Plan - Wholesale Option - Regular Plan - Dividend Reinvestment - Daily - Reinvest	-	11.36	11.36	-	-	-
1,126,568 (As at 31 March, 2016 - Nil) units of ₹ 10 each						
HDFC Banking and PSU Debt Fund - Regular Plan - Dividend Option - Reinvest	-	50.23	50.23	-	-	-
4,938,645 (As at 31 March, 2016 - Nil) units of ₹ 10 each						

Particulars	2016-2017			2015-2016		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
HDFC Banking and PSU Debt Fund - Direct Dividend Option - Reinvest	-	25.14	25.14	-	-	-
2,460,396 (As at 31 March, 2016 - Nil) units of ₹ 10 each						
ICICI Prudential Short Term - Direct Plan - Monthly Dividend - Reinvest	-	63.42	63.42	-	69.54	69.54
5,158,038 (As at 31 March, 2016 - 5,662,596) units of ₹ 10 each						
Birla Sun Life Floating Rate Long Term - Daily Dividend-Direct Plan - Reinvest	-	25.30	25.30	-	-	-
252,036 (As at 31 March, 2016 - Nil) units of ₹ 100 each						
ICICI Prudential Short Term - Monthly Dividend - Reinvest	-	5.51	5.51	-	-	-
454,503 (As at 31 March, 2016 - Nil) units of ₹ 10 each						
ICICI Prudential Ultra Short Term - Direct Plan - Daily Dividend - Reinvest	-	109.85	109.85	-	-	-
10,869,542 (As at 31 March, 2016 - Nil) units of ₹ 10 each						
Total Book Value (A)	**-**	**688.64**	**688.64**	**-**	**703.78**	**703.78**
Note:						
Aggregate amount of unquoted investments	-	688.64	688.64	-	703.78	703.78
Market Value of quoted investments	-	-	-	-	-	-
Total (A)	**-**	**688.64**	**688.64**	**-**	**703.78**	**703.78**

13 Inventories (At lower of cost and net realisable value) **₹ In Millions**

Particulars	2016-2017	2015-2016
Inventories		
Food and beverage materials	65.80	65.77
Cutlery, crockery & other consumables	4.51	4.70
Stock in transit	1.05	0.59
	71.36	**71.06**

14 Trade receivables (Unsecured) **₹ In Millions**

Particulars	2016-2017	2015-2016
Outstanding for a period exceeding six months from the due date of payment		
- Considered good	5.63	2.58
- Considered doubtful	56.43	55.61
Others		
- Considered good	44.02	34.69
- Considered doubtful	-	-
	106.08	92.88
Less: Provision for doubtful trade receivables	56.43	55.61
	49.65	**37.27**

15 Cash and cash equivalents **₹ In Millions**

	Particulars	2016-2017	2015-2016
A.	**Cash and cash equivalents (as per AS 3 Cash Flow Statement)**		
a.	Cash on Hand	2.05	3.63
b.	Balances with Banks:		
	In Current Accounts	3.82	9.86
	In Fixed Deposit accounts	33.08	39.23
	Total cash and cash equivalents (as per AS 3 Cash Flow Statement) (A)	38.95	52.72
B.	**Other bank balances**		
a.	In earmarked accounts		
	- Unpaid dividend account	0.13	0.13
	- Balances held as securities against bank guarantees	-	1.80
	Total other bank balances (B)	0.13	1.93
	Total (A + B)	**39.08**	**54.65**

16 Other Current Assets ₹ In Millions

Particulars	2016-2017	2015-2016
Interest Receivable on Fixed Deposit	0.16	0.18
	0.16	**0.18**

17 Revenue from operations ₹ In Millions

Particulars	For the year ended	
	2016-2017	2015-2016
Sale of services		
a. Income from sale of food and beverages	3,068.90	3,160.04
b. Franchise income		
- Initial access premium	1.58	2.50
- Royalty and management fees	50.46	49.49
c. Other Operating revenue		
Designing & Consulting Fees	0.46	-
Income from display & sponsorship	1.87	-
Sale of scrap	0.91	1.46
	3,124.18	**3,213.49**

18 Other income ₹ In Millions

Particulars	For the year ended	
	2016-2017	2015-2016
Interest received from banks/others		
- Interest from banks on fixed deposits	1.37	1.90
- Other interest	8.07	6.88
Profit on sale of fixed assets	-	4.08
Dividend on mutual funds	40.96	45.25
Profit on sale of current investments (net)	0.56	15.45
Foreign exchange gain (net)	-	0.63
Excess credit balances written back (net)	-	7.89
Miscellaneous income	1.47	0.88
	52.43	**82.96**

19 Cost of materials consumed ₹ In Millions

Particulars	For the year ended	
	2016-2017	2015-2016
Food, Beverages		
Opening stock	66.36	57.73
Add: Purchases	1,009.89	1,063.63
	1,076.25	1,121.36
Less: Closing stock	66.85	66.36
	1,009.40	**1,055.00**

20 Employee benefits expense ₹ In Millions

Particulars	For the year ended	
	2016-2017	2015-2016
Salaries, bonus and allowances	707.58	699.01
Contribution to provident and other funds	44.94	47.84
Staff welfare expenses	79.62	84.81
	832.14	**831.66**

Note: Employee benefits

a. Defined contribution plan: **₹ In Millions**

Particulars	For the year ended	
	2016-2017	2015-2016
Company's contribution to provident and other funds	38.85	40.35

b. Defined benefit plans: **₹ In Millions**

Particulars	Gratuity	
	For the year ended	
	2016-2017	2015-2016
a) Liability recognised in the balance sheet		
Present value of obligation		
As at the beginning of the year	59.28	54.25
Service cost	13.12	12.50
Interest cost	5.33	5.06
Actuarial loss/(gain) on obligation	(9.24)	(7.00)
Benefits paid	(13.40)	(5.53)
As at the end of the year	**55.09**	**59.28**
Less: fair value of plan assets		
Opening fair value of plan assets	51.79	33.62
Expected return on plan assets	4.16	3.74
Actuarial gain	(1.04)	(0.67)
Contribution by employer	1.59	20.63
Benefits paid	(13.40)	(5.53)
Closing fair value of plan assets	**43.10**	**51.79**
Net liability	**11.99**	**7.49**
b) Expense during the year		
Service cost	13.12	12.50
Interest cost	5.33	5.06
Expected return on plan assets	(4.16)	(3.74)
Actuarial loss/(gain)	(8.20)	(6.34)
Total	**6.09**	**7.49**
c) Breakup of plan assets as a percentage of total plan assets		
Insurer managed funds	100%	100%
d) Expected rate of return on plan assets		
Insurer managed funds	7.50%	8.00%
e) Principal assumptions		
Discount rate	7.05%	7.75%
Salary escalation	4.5%	6%
Attrition rate		
From age bracket 21 to 57 years	1% - 30%	1% - 15%

The Company expects to contribute ₹ 11.99 Million (previous year ₹ 7.49 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 Indian assured Lives mortality 2006-08 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 into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The Expected Rate of Return on Plan Assets is determined considering several applicable factors, mainly the composition of Plan Assets held, assessed risks, historical results of return on Plan Assets and the Company's policy for Plan Assets Management.

The details of the composition of the plan asset, by category, from the insurers have not been received and hence the disclosures as required by AS 15 -Employee Benefits have not been given.

Other Disclosures: ₹ In Millions

Particulars As at	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13
Defined Benefit Obligation	55.09	59.28	54.25	34.77	33.66
Plan Assets	43.10	51.79	33.62	33.24	24.21
Deficit	(11.99)	(7.49)	(20.63)	(1.53)	(9.45)
Experience Adjustments on Plan Liabilities	(3.93)	(8.09)	5.20	(2.95)	0.99
Experience Adjustments on Plan Assets	(1.04)	(0.67)	(0.05)	(0.42)	0.32

21 Finance Costs ₹ In Millions

Particulars	For the year ended	
	2016-2017	2015-2016
Interest on finance lease obligations	0.18	0.46
	0.18	**0.46**

22 Other Expenses ₹ In Millions

Particulars	For the year ended	
	2016-2017	2015-2016
Rent (Refer note 25)	510.93	482.86
Power and fuel	188.19	189.09
Rates, taxes and licence fee	124.88	68.96
Operating supplies	63.44	83.37
Insurance	3.66	3.11
Advertisement and marketing expenses (net of recoveries)	64.72	33.61
Payment to auditors (Refer note 1 below)	4.71	5.62
Repairs and maintenance - Machinery	27.35	25.11
Repairs and maintenance - Building	92.57	74.47
Repairs and maintenance - Others	37.94	41.69
Expenditure on corporate social responsibility (Refer note 37)	1.90	0.55
Miscellaneous expenses	154.98	146.90
	1,275.27	**1,155.34**
Note 1:		
Payment to the auditors comprises:		
As auditor - statutory audit	3.75	3.55
For tax audit	0.40	0.40
For other services	0.45	1.59
For out of pocket expenses	0.11	0.08
	4.71	**5.62**

23 Contingent liabilities and commitments (To the extent not provided for) ₹ In Millions

Particulars	2016-2017	2015-2016
Contingent liabilities in respect of:		
Claims against the Company not acknowledged as debts		
a. Legal cases against the Company	166.16	167.18
b. Sales tax demands	58.32	44.68
c. Excise demands	6.25	6.25
d. Income tax demands	2.48	26.40
e. Service tax demands	78.75	78.75
	311.96	**323.26**
Future cash outflows in respect of above matters are determinable only on receipt of judgements / decisions pending at various forums / authorities		
Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	58.17	48.08
	58.17	**48.08**

24 Derivative instruments

There are no outstanding forward contracts as at 31 March, 2017 and 31 March, 2016.

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

Particulars	2016-2017	2015-2016
Amounts receivable in foreign currency on account of the following:		
Amount In Foreign Currency		
Royalty and Management fees receivable	USD 176,949	USD 167,646
Reimbursement of Expenses	USD 33,891	USD 33,319
	USD 210,840	**USD 200,965**
Amount in INR (In Millions)		
Royalty and Management fees receivable	12.20	11.72
Reimbursement of Expenses	2.05	2.00
	14.25	**13.72**
Amounts payable in foreign currency on account of the following:		
Amount In Foreign Currency		
Trademark and registration fees	USD 25,484	USD 27,094
	CND 2,725	-
	POUND 3,223	POUND 3,223
	YEN 222,400	YEN 222,400
	SGD 817	SGD 817
	AD 4,357	AD 4,357
Amount In INR (In Millions)		
Trademark and registration fees	2.43	2.50
	2.43	**2.50**

25 Disclosures in respect of Operating leases **₹ In Millions**

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

Particulars	2016-2017	2015-2016
Payable not later than one year	76.81	107.28
Payable later than one year but not later than five years	39.51	93.22
Payable later than five years	-	-
	116.32	**200.50**

b) Lease payments recognised in the Statement of Profit and Loss for the year ended 31 March, 2017 are as under:

Fixed lease rentals – ₹ 447.54 Million (Previous Year ₹ 415.36 Million)

Contingent rent – ₹ 63.39 Million (Previous Year ₹ 67.50 Million)

c) Premises are taken on Lease for periods ranging from 1 to 50 years with a non- cancellable period at the beginning of the agreement ranging from 1 to 5 years

d) For certain restaurant outlets rent is payable in accordance with the leasing agreement at the higher of:

i) Fixed minimum guarantee amount and;

ii) Revenue share percentage

26 Disclosures in respect of Finance Leases **₹ In Millions**

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

Particulars	2016-2017	2015-2016
Due not Later than one year		
Total future minimum lease payments	1.06	1.89
Less: Finance charge on future lease payments	0.07	0.18
Present value of lease payments	**0.99**	**1.71**
Due later than one year but not later than five years		
Total future minimum lease payments	0.27	1.33
Less: Finance charge on future lease payments	0.01	0.08
Present value of lease payments	**0.26**	**1.25**

b) Vehicles are taken on lease for periods ranging from 3 to 5 years.

27 Taxation

a. Current Tax comprises of: **₹ In Millions**

Particulars	2016-2017	2015-2016
Income Tax of Current year	2.41	12.27
Short provision for tax relating to prior years	4.16	-
	6.57	**12.27**

b. Components of Deferred tax asset **₹ In Millions**

Particulars	2016-2017	2015-2016
Deferred tax asset		
On differences between book balance and tax balance of Property, Plant and Equipment	161.58	121.96
Disallowances under Section 40 (a)(i) of the Income Tax Act, 1961	17.53	15.14
Provision for doubtful debts / advances / others	27.53	23.03
	206.64	**160.13**
Deferred tax asset	**206.64**	**160.13**

28 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
		Avik Chatterjee
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 Promotors Private Limited
		Havik Export (P) Limited
		Supriya Taxtrade Private Limited
		Span Promotions Private Limited
		Mainland Restaurants Private Limited
		Anjan Chatterjee - HUF
		Indroneil Chatterjee - HUF
3	Jointly controlled entity	Mainland China Restaurant (LLC)

₹ In Millions

Nature of the transaction	Key Management personnel	Enterprises over which directors or relatives of directors exercise control / significant influence	Jointly controlled entity	Total
Transactions during the year ended 31 March 2017				
Interest Income				
Mainland China Restaurant (LLC)	-	-	5.97	5.97
	-	-	(4.03)	(4.03)
Total	-	-	5.97	5.97
	-	-	**(4.03)**	**(4.03)**
Franchisee Income				
Mainland China Restaurant (LLC)	-	-	2.96	2.96
	-	-	**-**	**-**
Total	-	-	**2.96**	**2.96**
	-	-	**-**	**-**

Remuneration				
Mr. Anjan Chatterjee	6.00	-	-	6.00
	(6.00)	-	-	(6.00)
Mrs. Suchhanda Chatterjee	2.10	-	-	2.10
	(2.10)	-	-	(2.10)
Mr. Indroneil Chatterjee	2.10	-	-	2.10
	(2.10)	-	-	(2.10)
Mr. Avik Chatterjee	0.60	-	-	0.60
	(0.24)	-	-	(0.24)
Total	**10.80**	**-**	**-**	**10.80**
	(10.44)	**-**	**-**	**(10.44)**
Situations Advertising & Marketing Services Private Limited				
- Rent	-	35.28	-	35.28
	-	(35.86)	-	(35.86)
- Retainership Fees	-	1.20	-	1.20
	-	(1.20)	-	(1.20)
- Advertisement Expenses	-	5.62	-	5.62
	-	(7.01)	-	(7.01)
- Reimbursement of Expenses	-	5.76	-	5.76
	-	(5.23)	-	(5.23)
Mainland China Restaurant (LLC)	-	-	2.38	2.38
- Reimbursement of Expenses	-	-	(5.74)	(5.74)
Prosperous Promoters Private Limited	-	6.00	-	6.00
	-	(6.00)	-	(6.00)
Others	3.09	8.54	-	11.63
	(3.09)	(6.80)	-	(9.89)
Total	**3.09**	**62.40**	**2.38**	**67.87**
	(3.09)	**(62.10)**	**(5.74)**	**(70.93)**
Loan given to Joint Venture Company				
Mainland China Restaurant (LLC)	-	-	14.79	14.79
	-	-	(28.48)	(28.48)
Total	-	-	**14.79**	**14.79**
	-	-	**(28.48)**	**(28.48)**

₹ In Millions

Particulars	Key Management personnel	Enterprises over which directors or relatives of directors exercise control / significant influence	Jointly controlled entity	Total
Balance as at 31 March 2017				
Other payables				
Situations Advertising & Marketing Services Private Limited	-	7.83	-	7.83
	-	(6.74)	-	(6.74)
Prosperous Promotors Private Limited	-	1.55	-	1.55
	-	(1.55)	-	(1.55)
Others	2.17	2.56	-	4.73
	(2.07)	(2.85)	-	(4.92)
Total	**2.17**	**11.94**	**-**	**14.11**
	(2.07)	**(11.14)**	**-**	**(13.22)**

Security deposits				
Situations Advertising & Marketing Services Private Limited	-	50.00	-	50.00
	-	(50.00)	-	(50.00)
Prosperous Promotors Private Limited	-	28.11	-	28.11
	-	(28.11)	-	(28.11)
Others	3.00	9.10	-	12.10
	(3.00)	(9.10)	-	(12.10)
Total	**3.00**	**87.21**	**-**	**90.21**
	(3.00)	**(87.21)**	**-**	**(90.21)**
Franchisee Income Receivable				
Mainland China Restaurant (LLC)	-	-	2.96	2.96
	-	-	-	-
Total	**-**	**-**	**2.96**	**2.96**
	-	**-**	**-**	**-**
Advance to Joint Venture Company				
Mainland China Restaurant (LLC)	-	-	12.78	12.78
	-	-	(8.35)	(8.35)
Total	**-**	**-**	**12.78**	**12.78**
	-	**-**	**(8.35)**	**(8.35)**
Loan given to Joint Venture Company				
Mainland China Restaurant (LLC)	-	-	77.61	77.61
	-	-	(63.74)	(63.74)
Total	**-**	**-**	**77.61**	**77.61**
	-	**-**	**(63.74)**	**(63.74)**
Investment in Joint Venture Company				
Mainland China Restaurant (LLC)	-	-	8.88	8.88
	-	-	(8.88)	(8.88)
Total	**-**	**-**	**8.88**	**8.88**
	-	**-**	**(8.88)**	**(8.88)**

Figures in paranthesis relate to the corresponding previous year figures in relation to the Statement of Profit and Loss and the figures as at 31 March, 2016 in relation to the Balance Sheet

29 Earnings per Share

₹ In Millions (except as stated otherwise)

Particulars	2016-2017	2015-2016
Net (Loss)/Profit after Tax for Equity Shareholders for Basic EPS & Diluted EPS	(227.05)	2.63
Weighted Average Number of Equity Shares for Basic Earnings per share	46.96	46.96
Add: Effect of ESOP's	-	-
Weighted Average Number of Equity Shares for Diluted Earnings per share	46.96	46.96
Basic Earnings Per Share (in ₹)	(4.83)	0.06
Diluted Earnings Per Share (in ₹)	(4.83)	0.06
Nominal value per share (in ₹)	10.00	10.00

30 Employee Stock Option Scheme

a) During the previous year, the Board Governance & Remuneration committee in its meeting held on 6 September, 2013 granted 577,200 stock options under the Speciality Restaurants Limited - Employee Stock Option Scheme 2012 (ESOP 2012 Scheme) to few eligible employees of the Company. The options allotted under the ESOP 2012 scheme are convertible into equal number of equity shares of the face value of ₹ 10 each.

b) **Shares reserved for issue under ESOP**

Particulars	2016-2017	2015-2016
Equity shares of ₹ 10 each (number of shares)	577,200	577,200

c) **Terms and Conditions of Options Granted**

Each Option entitles the holder thereof to apply for and be allotted one equity share of the Company of ₹ 10 each upon payment of the exercise price during the exercise period. The exercise period commences from the date of vesting of the options and expires at the end of six years from the date of grant and would not exceed 3 years from the date of vesting in respect of Options granted under the ESOP 2012 Scheme.

The vesting period for conversion of Options is as follows:

On completion of 12 months from the date of grant of option	25% vests
On completion of 24 months from the date of grant of option	25% vests
On completion of 36 months from the date of grant of option	25% vests
On completion of 48 months from the date of grant of option	25% vests

The exercise price per option, being the fair market price at the date of grant, is ₹ 126.20 for 1 share of the face value of ₹ 10 each.

d) Employee stock options details as on the balance sheet date are as follows:

Particulars	**During the year ended 31 March, 2017**		**During the year ended 31 March, 2016**	
	Options	**Weighted average exercise price per option (₹)**	**Options**	**Weighted average exercise price per option (₹)**
Options outstanding at the beginning of the year:	515,300	126.20	515,300	126.20
Granted during the year:	-	-	-	-
Vested during the year:	386,475	126.20	128,825	126.20
Exercised during the year:	-	-	-	-
Lapsed during the year:	32,900	126.20	-	-
Options outstanding at the end of the year:	482,400	126.20	515,300	126.20
Options available for grant:	-	-	-	-

Weighted average remaining contractual life for options outstanding as at 31 March, 2017 is 1.94 year (As at 31 March, 2016 2.94 year).

e) The impact on Earnings per Share if the 'fair value' of the options (on the date of the grant) were considered instead of the 'intrinsic value' is as under:

₹ In Millions (except as stated otherwise)

Particulars	**For the year ended 31 March, 2017**	**For the year ended 31 March, 2016**
Profit as reported	(227.05)	2.63
Add / (Less): stock based employee compensation (intrinsic value)	-	-
Add / (Less): stock based compensation expenses determined under fair value method for the grants issued	(5.93)	(6.31)
Net Profit (proforma)	(232.98)	(3.68)
Basic earnings per share (as reported) (in ₹)	(4.83)	0.06
Basic earnings per share (proforma) (in ₹)	(4.96)	(0.08)
Diluted earnings per share (as reported) (in ₹)	(4.83)	0.06
Diluted earnings per share (proforma) (in ₹)	(4.96)	(0.08)

31 Earnings in Foreign Currency **₹ In Millions**

Particulars	**2016-2017**	**2015-2016**
Royalty and Management Fees	1.78	3.60
Other Fees	1.03	-
Total	**2.81**	**3.60**

32 Expenditure in Foreign Currency **₹ In Millions**

Particulars	**2016-2017**	**2015-2016**
Legal and Professional Fees	0.34	0.89
Travelling and Conveyance	0.44	0.31
Trademark and registration fees	1.08	3.45
Total	**1.86**	**4.65**

33 Value of Imported Goods on CIF basis **₹ In Millions**

Particulars	2016-2017	2015-2016
Capital Goods	-	1.60
Total	**-**	**1.60**

34 Interest in Joint Venture

The Company's Interest, as a venturer in the jointly controlled entity is reported as a Long term Investments (Refer note 9) and stated at cost. The Company's share of each of the assets, liabilities, income and expenses etc. related to it's interest in the Joint venture is as under:

₹ In Millions

Name	Amount of interest based on accounts for the year ended 31 March, 2017						
	% of Interest	Assets	Liabilities	Income	Expenditure	Contingent liabilities	Capital commitments
Mainland China Restaurant (LLC) Doha (Qatar)	49%	54.83	91.53	28.98	65.69	-	-
		(87.02)	(55.50)	(Nil)	(29.93)	(Nil)	(Nil)

Note: Figures in paranthesis relate to the previous year.

35 The utilisation of IPO proceeds is summarised below:-

₹ In Millions

	Details of Planned utilisation of IPO proceeds in accordance with Prospectus dated May 22, 2012.	Spent upto March 31, 2015	Balance to spent post variation	Variations in plan approved	To spend	Amount Utilised upto March 31, 2017	Balance amount to be utilised
A	B	C	D	E	F	G	H
(i) Development of new restaurants	1,316	894	422	(422)	-	-	-
(ii) Development of new restaurants/conversion of existing restaurants **(Refer Note below)**	-	-	-	579	579	265	314
(iii) Development of a food plaza	151	-	151	(151)	-	-	-
(iv) Repayment of Term Loan facilities	94	94	-	-	-	-	-
(v) General Corporate purpose	11	11	-	-	-	-	-
(vi) Issue related expenses	189	183	6	(6)	-	-	-
Total	**1,761**	**1,182**	**579**	**-**	**579**	**265**	**314**

Note:

The amount shown in column (G) (ii) represents utilised amount after March 31, 2015 related to the objects disclosed in the prospectus dated May 22, 2012. ₹ 66 Millions was spent from April 1, 2015 upto the date of approval by the shareholders on November 27, 2015, which is included in total spent of ₹ 265 Millions.

36 Details of consumption of imported and indigenous items

Particulars	2016-2017	
	₹ In Millions	%
Raw materials		
Imported	38.15	3.78%
	(19.79)	1.88%
Indigenous	971.25	96.22%
	(1,035.21)	98.12%
Note: Figures in parenthesis relate to the corresponding previous year figures.		

37 Details of Corporate Social Responsibility (CSR) expenditure

(a) Expenditure related to Corporate Social Responsibility as per Section 135 of the Companies Act, 2013 read with Schedule VII thereof - ₹ 1.9 Million (Previous year ₹ 0.55 Million)

(b) Gross amount required to be spent during the period - ₹ 2.19 Million (Previous year ₹ 4.45 Million).

38 Disclosure on Specified Bank Notes (SBNs)

Pursuant to the MCA notification G.S.R. 308(E) dated March 30, 2017, the details of Specified Bank Notes (SBNs) held and transacted during the period from November 8, 2016 to December, 30 2016, are given below:

	SBNs	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	4.40	0.29	4.69
(+) Permitted receipts	-	66.93	66.93
(-) Permitted payments	-	10.32	10.32
(-) Amount deposited in Banks	4.40	52.33	56.73
Closing cash in hand as on December 30, 2016	-	4.57	4.57

39 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

Anjan Chatterjee
Managing Director

Dushyant Mehta
Director

Rajesh Kumar Mohta
Executive Director - Finance & Chief Financial Officer

Avinash Kinhikar
Company Secretary & Legal Head

Place: Mumbai
Date: 27th May, 2017

CONSOLIDATED FINANCIAL STATEMENTS 2016-17

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SPECIALITY RESTAURANTS LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **SPECIALITY RESTAURANTS LIMITED** (hereinafter referred to as "the Company") and its jointly controlled entity, comprising of the Consolidated Balance Sheet as at 31 March, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company including its Jointly controlled entity in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act. The respective Board of Directors of the Company and of its jointly controlled entity are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and its jointly controlled entity and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their report referred to in sub-paragraph (a) of the Other Matters paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial statements of the jointly controlled entity referred to in the Other Matters paragraph below, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Company , and its jointly controlled entity as at 31 March, 2017, and their consolidated loss and their consolidated cash flows for the year ended on that date.

Other Matters

(a) We did not audit the financial statements of the jointly controlled entity, whose financial statements reflect total assets of ₹ 54.83 Millions as at 31 March, 2017, total revenues of ₹ 28.98 Millions and net cash (outflows) amounting to ₹(5.46) Millions for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our

opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this jointly controlled entity is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors. .

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of auditors of jointly controlled entity, referred in the Other Matters paragraph above we report, to the extent applicable, that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books, and the reports of the other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

(d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under Section 133 of the Act.

(e) On the basis of the written representations received from the directors of the Company as on 31 March, 2017 taken on record by the Board of Directors of the Company none of the directors of the Company is disqualified as on 31 March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditors' report of the Company, Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Company and . its and jointly controlled entity.

ii. The Company and its jointly controlled entity did not have any material foreseeable losses on long-term contracts including derivative contracts.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. The Company has provided requisite disclosures in the consolidated financial statements as regards the holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the relevant books of accounts maintained by the Company for the purpose of preparation of the consolidated financial statements and as produced to us.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rakesh N. Sharma
(Partner)
(Membership No. 102042)

Place: Mumbai
Date: 27th May, 2017

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March , 2017, we have audited the internal financial controls over financial reporting of **SPECIALITY RESTAURANTS LIMITED** (hereinafter referred to as "the Company"), as of that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("the ICAI)". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion to the best of our information and according to the explanations given to us, the Company, has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rakesh N. Sharma
(Partner)
(Membership No. 102042)

Place: Mumbai
Date: 27th May, 2017

Consolidated Balance Sheet as at 31 March, 2017

₹ In Millions

Particulars	Note No.		As at 31 March, 2017
A. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	3		469.58
(b) Reserves and surplus	4		2,304.79
(2) Non-current liabilities			
(a) Long-term borrowings	5		36.01
(3) Current liabilities			
(a) Trade payables			
(i) Total outstanding dues of micro enterprises and small enterprises	6		-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises			390.25
(b) Other current liabilities	7		158.33
Total			**3,358.96**
B. Assets			
(1) Non-current assets			
(a) Property, Plant and Equipment			
(i) Tangible assets	8	1,155.30	
(ii) Intangible assets		17.66	
(iii) Capital work-in-progress		327.01	1,499.97
(b) Non-current investments	9		0.17
(c) Deferred tax asset	27		206.64
(d) Long term loans and advances	10		638.35
(e) Other non-current assets	11		0.41
(2) Current assets			
(a) Current investments	12		688.64
(b) Inventories	13		71.60
(c) Trade receivables	14		48.41
(d) Cash and cash equivalents	15		43.26
(e) Short-term loans and advances	10		161.34
(f) Other current assets	16		0.17
Total			**3,358.96**
Significant accounting policies	2		
The accompanying Notes 1 to 35 are an integral part of the financial statements			

In terms of our report attached.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Rakesh N. Sharma
Partner

Place: Mumbai
Date: 27th May, 2017

For and on behalf of the Board of Directors

Susim Mukul Datta
Chairman

Anjan Chatterjee
Managing Director

Dushyant Mehta
Director

Rajesh Kumar Mohta
Executive Director - Finance & Chief Financial Officer

Avinash Kinhikar
Company Secretary & Legal Head

Place: Mumbai
Date: 27th May, 2017

Consolidated Statement of Profit and Loss for the year ended 31 March, 2017

₹ In Millions

Particulars		Note No.	For the year ended 31 March, 2017
I.	Revenue from operations	17	3,151.68
II.	Other income	18	49.53
III.	**Total revenue (I +II)**		**3,201.21**
IV.	Expenses:		
	Cost of materials consumed	19	1,016.83
	Employee benefits expense	20	853.18
	Finance costs	21	0.18
	Depreciation/amortisation/impairment	8	337.34
	Other expenses	22	1,297.40
	Total expenses		**3,504.93**
V.	**Loss before tax (III -IV)**		**(303.72)**
VI.	**Tax expense / (credit):**		
	(1) Current tax	27	2.41
	(2) Deferred tax		(46.51)
	(3) Short provision for tax relating to prior years		4.16
VII.	**Loss for the year (V - VI)**		**(263.78)**
VIII.	Earnings per equity share (of ₹ 10/- each):	29	
	(1) Basic (in ₹)		(5.62)
	(2) Diluted (in ₹)		(5.62)
Significant accounting policies		2	

The accompanying Notes 1 to 35 are an integral part of the financial statements

In terms of our report attached.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Rakesh N. Sharma
Partner

Place: Mumbai
Date: 27th May, 2017

For and on behalf of the Board of Directors

Susim Mukul Datta
Chairman

Anjan Chatterjee
Managing Director

Dushyant Mehta
Director

Rajesh Kumar Mohta
Executive Director - Finance & Chief Financial Officer

Avinash Kinhikar
Company Secretary & Legal Head

Place: Mumbai
Date: 27th May, 2017

Consolidated Cash Flow Statement for the year ended 31 March, 2017

₹ In Millions

PARTICULARS	For the year ended 31 March, 2017
Cash flow from Operating Activities	
Loss before tax	**(303.72)**
Adjustments for:	
Depreciation / Amortisation / Impairment	337.34
Loss on Sale of Property, Plant and Equipment (net)	4.63
Profit on Sale of Investments (net)	(0.56)
Finance costs	0.18
Interest from Banks/others	(6.50)
Dividend on current investments	(40.96)
Provision for doubtful debts & advances	16.77
Foreign Exchange Gain (net)	0.80
Operating Profit before working capital changes	**7.98**
Adjustments for (increase)/decrease in operating assets	
Inventories	(0.22)
Trade receivables	(12.11)
Short-term loans and advances	3.48
Long-term loans and advances	(27.97)
Other current assets	0.02
Other non current assets	(0.03)
Adjustments for increase in operating liabilities	
Trade payables	9.68
Other current liabilities	43.23
Cash generated from operations	**24.06**
Net income tax paid	(11.67)
A. Net cash generated from operating activities (A)	**12.39**
B. Cash flow from Investing Activities	
Capital expenditure on Property, Plant and Equipment	(150.31)
Proceeds from Sale of Property, Plant and Equipment / Capital work in progress	50.53
Purchase of current investments	(884.07)
Proceeds from sale of current investments	899.77
Loans given to staff	(10.33)
Loans repaid by staff	16.92
Interest received	2.34
Dividend received	40.96
Bank deposits placed	1.80
B. Net cash used in Investing Activities (B)	**(32.39)**
C. Cash flow from Financing Activities	
Proceeds from long-term borrowings	0.99
Finance costs	(0.18)
C. Net cash generated from Financing Activities (C)	**0.81**
Net decrease in cash and cash equivalents (A+B+C) = (D)	**(19.19)**
Cash and cash equivalents at the beginning of the year (E)	**62.32**
Cash and cash equivalents at the end of the year (D) +(E)	**43.13**
Reconciliation of Cash and cash equivalents with the Balance Sheet	
Cash and bank balances (Refer note 15)	43.26
Less: Bank balances not considered as cash and cash equivalents as defined in AS 3 Cash Flow Statements:	
In earmarked accounts	
- Unpaid Dividend account	0.13
Cash and cash equivalents	**43.13**

The accompanying Notes 1 to 35 are an integral part of the financial statements

In terms of our report attached.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
Rakesh N. Sharma
Partner

Place: Mumbai
Date: 27th May, 2017

For and on behalf of the Board of Directors

Susim Mukul Datta
Chairman
Dushyant Mehta
Director
Avinash Kinhikar
Company Secretary & Legal Head

Anjan Chatterjee
Managing Director
Rajesh Kumar Mohta
Executive Director - Finance & Chief Financial Officer

Place: Mumbai
Date: 27th May, 2017

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 COMPANY BACKGROUND

The Speciality Restaurants Limited (The Company) and its Joint Venture Company are primarily engaged in the business of operating restaurant outlets/sweet shops.

2 SIGNIFICANT ACCOUNTING POLICIES:

a) Principles of consolidation

The consolidated financial statements relate to the Company and its Joint Venture Company. The consolidated financial statements have been prepared on the following basis:

i. The financial statements of the Joint Venture Company used in the consolidation are drawn upto the same reporting date as that of the Company i.e., 31 March, 2017.

ii. Share of loss, assets and liabilities in the jointly controlled entity, have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, incomes and expenses on a proportionate basis to the extent of the Company's equity interest in such entity as per AS 27 "Financial Reporting of Interests in Joint Ventures". The intra-group balances, intra-group transactions and unrealised profits or losses have been eliminated to the extent of the Company's share in the entity.

iii. Following jointly controlled entity has been considered in the preparation of the consolidated financial statements:

Name of the Joint Venture Company	Country of Incorporation	% of Holding and voting power either directly or indirectly as at 31 March, 2017
Mainland China Restaurant LLC	Qatar	49%

iv. The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

b) Basis of preparation of Consolidated Financial Statements

The consolidated financial statements of the Company and its Joint Venture Company (together the group) have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013. The consolidated financial statements have been prepared on accrual basis under the historical cost convention.

c) Use of estimates

The preparation of the consolidated 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 consolidated 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 recognised in the periods in which the results are known / materialise.

d) Property, Plant and Equipment and Depreciation/Amortisation

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 present 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.

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation has been provided on WDV method. The estimated useful life which is in line with Schedule II to the Act is set out herein below.

Asset	Useful life
Computers	3 - 6 years
Plant and Equipment	15 years
Vehicles	6 - 8 years

The Company and the Joint Venture Company has assessed the estimated useful life of furniture and fixtures as 10 years based on past experience and technical evaluation.

Leasehold improvements are depreciated over the lower of the lease period and the management’s estimate of the useful life of the asset. Leasehold land is amortised over the duration of the lease.

Intangible assets are stated at their cost of acquisition, less accumulated amortisation and impairment losses. An intangible asset is recognised, 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 amortisable amount of intangible assets is allocated over the best estimate of its useful life on a straight-line basis.

The Company and the Joint Venture Company capitalises software costs where it is reasonably estimated that the software has an enduring useful life. Software is amortised over the management’s estimate of its useful life of five years.

Patents and Trademarks are amortised uniformly over a period of five years.

e) Capital work-in-progress:

Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost and related incidental expenses.

f) 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 recognised as an impairment loss in the Statement of Profit and Loss.

g) 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 recognise a decline, other than temporary, in the value of such investments.

h) Revenue Recognition

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

Revenue from restaurant and sweet shop sales (food and beverages) is recognised 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 recognised on formalisation of the franchisee agreement. The Initial Access Premium Fee is non-refundable, regardless of whether the restaurant outlet under the franchisee 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 recognised 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 and the Joint Venture Company, sales are recognised when the gift vouchers or points are redeemed on sale of meals to customers.

i) Other income:

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

j) Inventories:

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

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

k) Employee Benefits

Compensation to employees for services rendered is 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 and compensated leave absences relating to Company and the Joint Venture Company 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 Group's obligation recognised in the balance sheet represents the present value of obligations as reduced by the fair value of plan assets (if any).

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

l) Foreign Currency Transactions

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

Foreign currency monetary items of the Company and the Joint Venture Company 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.

In respect of the non integral foreign operations, all assets & liabilities are translated at year end rates and all revenue and expenses are translated at average rates of exchange at the date of the transaction. The exchange differences relating to non-integral foreign operations are accumulated in foreign currency translation reserve until disposal of the operations, in which case the accumulated balances of foreign currency translation reserve is recognised as income/expense in the same period in which the gain/loss on disposal is recognised.

m) Borrowing costs

Borrowing costs attributable to the acquisition or construction of qualifying assets, as defined in Accounting Standard 16 on Borrowing Costs are capitalised 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.

n) 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 realised.

Tax on distributed profits payable in accordance with the provisions of Section 115-O of the Income-Tax Act, 1961, is in accordance with the Guidance Note on Accounting for Corporate Dividend Tax, regarded as a tax on Distribution on profits and is not considered in determination of the profits of the Company.

o) Earnings Per Share

The Basic and Diluted Earnings per Share (EPS) are reported 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.

p) Leases

Assets leased by the Company and the Joint Venture Company in their capacity as a lessee, where substantially all the risks and rewards of ownership vest in the Company and the Joint Venture Company are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and cost.

Operating lease payments are recognised as an expense in the consolidated 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 balance lease period

q) Cash Flow Statement

The consolidated 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 and the Joint Venture Company.

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

r) Provisions and contingencies

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.

s) Employee share based payments

The Company has constituted an Employee Stock Option Plan under the ESOP 2012 scheme. Employee Stock Options granted are accounted under the 'Intrinsic Value Method' stated in the Guidance Note on Employee Share Based Payments issued by the Institute of Chartered Accountants of India.

In accordance with the SEBI Guidelines, the excess, if any, of the closing market price on the day prior to the grant of the options over the exercise price is amortised on a straight-line basis over the vesting period.

3 Share capital **₹ In Millions**

Particulars	2016-2017	
	Number of shares	Amount
a. Authorised		
Equity shares of the par value of ₹ 10 each	51,000,000	510.00
Compulsorily convertible preference shares of the par value of ₹ 10 each	7,000,000	70.00
	58,000,000	**580.00**
b. Issued & Subscribed		
Equity shares		
Equity shares of ₹ 10 each fully paid up	46,957,657	469.58
(Of the above shares 6,689,118 equity shares are allotted as fully paid-up on Conversion of compulsorily convertible Preference shares)		
(a) Reconciliation of number of shares outstanding at the beginning and end of the year :		
Outstanding at the beginning and end of the year	46,957,657	
(b) Rights, preferences and restrictions attached to equity shares		
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.		

Particulars	2016-2017	
	Number of shares	Amount
(c) Shares reserved for issue under options (Refer note 30)	482,400	
(d) Shareholders holding more than 5% equity shares in the Company are set out below:		
Anjan Chatterjee		
No. of shares	12,070,000	
% Holding	25.70	
Suchhanda Chatterjee		
No. of shares	11,970,000	
% Holding	25.49	
Saif III Mauritius Company Limited		
No. of shares	3,031,348	
% Holding	6.45	
Saif India IV FII Holdings Limited (Formerly known as Saif Advisors Mauritius Limited.)		
No. of shares	2,960,712	
% Holding	6.30	
		469.58

4 Reserves & surplus **₹ In Millions**

	Particulars	2016-2017
a.	Capital reserve	
	As per last balance sheet	
	Money received against share warrants forfeited, option not exercised by warrant holders	1.67
b.	Securities premium account	
	As at the end of the year	1,626.50
c.	Foreign Currency Translation Reserve	0.42
d.	Surplus in the Statement of Profit and Loss	
	As at the beginning of the year	939.98
	Add: Net Loss for the year	(263.78)
	As at the end of the year	**676.20**
		2,304.79

5 Long-term borrowings **₹ In Millions**

Particulars	2016-2017
Secured loans	
Long term maturities of finance lease obligations	
Car loans (Refer note 7 for current maturity details of the finance lease obligations)	0.26
1) Details of security	
Secured by a specific hypothecation charge on the assets purchased	
The loan is repayable in equated monthly installments and interest rate is 9.21% p.a.	
2) Repayment terms	
a) Monthly installments payable over a period of 36 - 60 months from respective loan disbursements	
b) Maturity with respect to the Balance Sheet date :	
1-15 monthly installments due over the period April 17 - June 18	
Unsecured Loans	
Share of Joint Venture - Jointly controlled entity	35.75
	36.01

6 Total outstanding dues of micro enterprises and small enterprises

Disclosures relating to amounts payable as at the year-end together with interest paid/payable to Micro and Small Enterprise have been made in the accounts, as required under the Micro, Small and Medium Enterprises Development Act, 2006 to the extent of information available with the Company determined on the basis of intimation received from suppliers regarding their status and the required disclosures are given below.

₹ In Millions

	Particulars	2016-2017
(i)	Principal amount remaining unpaid to any supplier as at the end of the accounting year	-
(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	-
		-

Note:

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

7 Other current liabilities **₹ In Millions**

	Particulars	2016-2017
a.	Current maturities of finance lease obligations (Refer note 5)	0.99
b.	Income received in advance	1.63
c.	Unpaid dividend	0.13
d.	Other payables	
	(i) Statutory remittances	43.67
	(ii) Payables on purchase of fixed assets	28.11
	(iii) Payable on account of gratuity liability	11.99
	(iv) Rent	53.01
	(v) Deposit taken	3.10
	(vi) Credit balance of Debtors	15.20
		157.83
	Share of Joint Venture - Jointly controlled entity (includes gratuity of ₹ 0.19 Million)	0.50
		158.33

Note 8

Property, Plant and Equipment **₹ In Millions**

Particulars	Gross Block				Depreciation / Amortisation / Impairment				Net Block
	Balance as at 1 April 2016	Additions	Deductions	Balance as at 31 March 2017	Balance as at 1 April 2016	For the year	Deductions	Balance as at 31 March 2017	Balance as at 31 March 2017
Tangible Assets									
Land									
- Freehold	26.65	-	-	26.65	-	-	-	-	26.65
- Leasehold	86.36	-	16.25	70.11	3.99	0.48	1.48	2.99	67.12
Leasehold Improvements (Refer note 1)	1,055.31	89.52	79.54	1,065.29	407.95	175.66	70.87	512.74	552.55
Plant and Equipment	702.94	23.22	5.11	721.05	390.01	63.55	3.10	450.46	270.59
Furniture and Fixtures	639.12	40.68	2.01	677.79	413.40	67.94	1.20	480.14	197.65
Computers	63.09	3.31	-	66.40	55.47	4.18	-	59.65	6.75
Vehicles									
Owned	28.55	5.45	4.61	29.39	15.21	4.67	3.33	16.55	12.84
Taken under finance lease	13.27	-	7.61	5.66	8.05	1.50	5.40	4.15	1.51
Share of Joint Venture - Jointly controlled entity	36.37	0.17	-	36.54	6.17	10.73	-	16.90	19.64
Tangibles Total (A)	**2,651.66**	**162.35**	**115.13**	**2,698.88**	**1,300.25**	**328.71**	**85.38**	**1,543.58**	**1,155.30**
Intangible Assets									
Software	30.48	0.09	-	30.57	21.53	3.45	-	24.98	5.59
Patents and Trademarks	30.10	1.61	0.01	31.70	14.46	5.18	0.01	19.63	12.07
Intangibles Total (B)	**60.58**	**1.70**	**0.01**	**62.27**	**35.99**	**8.63**	**0.01**	**44.61**	**17.66**
TOTAL (A+B)	**2,712.24**	**164.05**	**115.14**	**2,761.15**	**1,336.24**	**337.34**	**85.39**	**1,588.19**	**1,172.96**

Note: 1

Depreciation for the year includes impairment charge aggregating to ₹ 48.87 Million.

9 Non current investment ₹ In Millions

Particulars	2016-2017
Investment (At cost)	
Unquoted	
Other investment	
Investment in Government or Trust Securities	0.17
(NSC - Held in the name of a Director of the Company (nominee) and deposited with the Government Authorities)	
	0.17

10 Loans and advances (Unsecured, considered good - unless otherwise stated) ₹ In Millions

	Particulars	Long term	Short term
		2016-2017	2016-2017
a.	Capital advances	16.34	-
b.	Security and other deposits		
	- Premises and other deposits (See notes (i) & (ii) below)	464.90	22.92
c.	Loan to Joint Venture Company		
	Mainland China Restaurant (LLC)	39.58	-
d.	Other loans and advances (See note (i) below)		
	Loans to employees	14.29	6.13
	Advances to suppliers and others	24.87	74.90
	Advance income tax (net of provision for tax ₹ 335.36 Million)	52.28	16.98
	Balances with Government authorities	49.76	9.20
	Prepayments and others	1.20	29.51
	Less: Provision for doubtful loans and advances	24.87	-
		117.53	**136.72**
	Share of Joint Venture - Jointly controlled entity	**-**	**1.70**
		638.35	**161.34**

Note :

		Long term	Short term
		2016-2017	2016-2017
(i)	**Considered Good**		
	Loans to employees	14.29	6.13
	Advance to Suppliers and others	-	74.90
	Income Taxes (Net)	52.28	16.98
	Balances with government authorities	49.76	9.20
	Prepayments and others	1.20	29.51
	Total	**117.53**	**136.72**
	Considered Doubtful		
	Security and other deposits	**-**	2.00
	Advance to Suppliers and others	24.87	-
	Total	**24.87**	**2.00**
(ii)	**Premises and other deposits include amounts receivable from:**		
	Particulars		**2016-2017**
	Directors		
	Anjan Chatterjee		1.50
	Suchhanda Chatterjee		1.50
	Anjan Chatterjee (HUF)		1.60
	Private Companies in which a director is a director or member		
	Situations Advertising & Marketing Services Private Limited		50.00
	Havik Exports Private Limited		4.50
	Prosperous Promotors Private Limited		28.11
	Shruthi Hotels Enterprises Private Limited		3.00

11 Other non-current assets

₹ In Millions

Particulars	2016-2017
- Fixed deposits held as securities against bank guarantees	0.41
	0.41

12 Current Investments

₹ In Millions

Particulars	2016-2017		
	Quoted	Unquoted	Total
Investment in Mutual Funds (At lower of cost and fair value)			
Reliance Liquid Fund - Treasury Plan - Direct Daily Dividend Option - Reinvest 1585 units of ₹ 1,000 each	-	2.42	2.42
Reliance Liquid Fund - Treasury Plan - Daily Dividend Option - Reinvest 135 units of ₹ 1,000 each	-	0.21	0.21
Reliance Medium Term Fund - Daily Direct Dividend Plan - Reinvest 3,552,991 units of ₹ 1,000 each	-	60.74	60.74
Reliance Banking & PSU Debt Fund - Direct Monthly Dividend Plan - Reinvest 10,137,784 units of ₹ 1,000 each	-	104.02	104.02
L&T Liquid Fund Direct Plan - Daily Dividend Reinvestment Plan 9,984 units of ₹ 1,000 each	-	10.11	10.11
UTI - Treasury Advantage Fund - Institutional Plan - Direct Plan - Daily Dividend - Reinvestment 7,123 units of ₹ 1,000 each	-	7.14	7.14
Birla Sun Life Floating Rate Long Term - Daily Dividend - Regular Plan - Reinvest 1,276,621 units of ₹ 100 each	-	127.96	127.96
HDFC Floating Rate Income Fund - Short Term Plan - Wholesale Option - Direct Plan - Dividend Reinvestment 1,128,212 units of ₹ 10 each	-	11.37	11.37
Axis Treasury Advantage Fund - Direct Plan - Daily Dividend - Reinvest 12,426 units of ₹ 1,000 each	-	12.49	12.49
Kotak Low Duration Fund Direct Monthly Dividend - Reinvest 39,794 units of ₹ 10 each	-	41.19	41.19
Kotak Bond (Short Term) - Direct Plan - Monthly Dividend - Reinvest 1,944,312 units of ₹ 10 each	-	20.18	20.18
HDFC Floating Rate Income Fund - Short Term Plan - Wholesale Option - Regular Plan - Dividend Reinvestment - Daily - Reinvest 1,126,568 units of ₹ 10 each	-	11.36	11.36
HDFC Banking and PSU Debt Fund - Regular Plan - Dividend Option - Reinvest 4,938,645 units of ₹ 10 each	-	50.23	50.23
HDFC Banking and PSU Debt Fund - Direct Dividend Option - Reinvest 2,460,396 units of ₹ 10 each	-	25.14	25.14
ICICI Prudential Short Term - Direct Plan - Monthly Dividend - Reinvest 5,158,038 units of ₹ 10 each	-	63.42	63.42
Birla Sun Life Floating Rate Long Term - Daily Dividend-Direct Plan - Reinvest 252,036 units of ₹ 100 each	-	25.30	25.30
ICICI Prudential Short Term - Monthly Dividend - Reinvest 454,503 units of ₹ 10 each	-	5.51	5.51
ICICI Prudential Ultra Short Term - Direct Plan - Daily Dividend - Reinvest 10,869,542 units of ₹ 10 each	-	109.85	109.85
Total Book Value (A)		**688.64**	**688.64**
Note:			
Aggregate amount of unquoted investments	-	688.64	688.64
Market Value of quoted investments	-	-	-
Total (A)	**-**	**688.64**	**688.64**

13 Inventories (At lower of cost and net realisable value)

₹ In Millions

Particulars	2016-2017
Inventories	
Food and beverage materials	65.80
Cutlery, crockery & other consumables	4.51
Stock in transit	1.05
	71.36
Share of Joint Venture - Jointly controlled entity	0.24
	71.60

14 Trade receivables (Unsecured) ₹ In Millions

Particulars	2016-2017
Outstanding for a period exceeding six months from the due date of payment	
- Considered good	5.63
- Considered doubtful	56.43
Others	
- Considered good	42.58
- Considered doubtful	-
	104.64
Less: Provision for doubtful trade receivables	56.43
	48.21
Share of Joint Venture - Jointly controlled entity	0.20
	48.41

15 Cash and cash equivalents ₹ In Millions

	Particulars	2016-2017
A.	**Cash and cash equivalents (as per AS 3 Cash Flow Statement)**	
a.	Cash on Hand	2.05
b.	Balances with Banks:	
	In Current Accounts	3.82
	In Fixed Deposit accounts	33.08
		38.95
	Share of Joint Venture - Jointly controlled entity	4.18
	Total cash and cash equivalents (as per AS 3 Cash Flow Statement) (A)	43.13
B.	**Other bank balances**	
a.	In earmarked accounts	
	- Unpaid dividend account	0.13
	Total other bank balances (B)	0.13
	Total (A + B)	**43.26**

16 Other Current Assets ₹ In Millions

Particulars	2016-2017
Interest Receivable on Fixed Deposit	0.17
	0.17

17 Revenue from operations ₹ In Millions

	Particulars	For the year ended 2016-2017
	Sale of services	
a.	Income from sale of food and beverages	3,068.90
	Share of Joint Venture - Jointly controlled entity	28.95
		3,097.85
b.	Franchise income	
	- Initial access premium	1.58
	- Royalty and management fees	49.01
c.	Other Operating revenue	
	Designing & Consulting Fees	0.46
	Income from display & sponsorship	1.87
	Sale of scrap	0.91
		3,151.68

18 Other income ₹ In Millions

Particulars	For the year ended 2016-2017
Interest received from banks/others	
- Interest from banks on fixed deposits	1.37
- Other interest	5.13
Dividend on mutual funds	40.96
Profit on sale of current investments (net)	0.56
Miscellaneous income	1.47
	49.49
Share of Joint Venture - Jointly controlled entity	0.04
	49.53

19 Cost of materials consumed ₹ In Millions

Particulars	For the year ended 2016-2017
Food, Beverages	
Opening stock	66.36
Add: Purchases	1,009.89
	1,076.25
Less: Closing stock	66.85
	1,009.40
Share of Joint Venture - Jointly controlled entity	7.43
	1,016.83

20 Employee benefits expense ₹ In Millions

Particulars	For the year ended 2016-2017
Salaries, bonus and allowances	707.58
Contribution to provident and other funds	45.13
Staff welfare expenses	79.62
	832.33
Share of Joint Venture - Jointly controlled entity	20.85
	853.18

Note: Employee benefits

a. Defined contribution plan: ₹ In Millions

Particulars	For the year ended 2016-2017
Company's contribution to provident and other funds	38.85

b. Defined benefit plans: ₹ In Millions

Particulars	Gratuity For the year ended 2016-2017
a) Liability recognised in the balance sheet	
Present value of obligation	
As at the beginning of the year	59.28
Service cost	13.31
Interest cost	5.33
Actuarial gain on obligation	(9.24)
Benefits paid	(13.40)
As at the end of the year	**55.28**

	Particulars	Gratuity
		For the year ended
		2016-2017
	Less: fair value of plan assets	
	Opening fair value of plan assets	51.79
	Expected return on plan assets	4.16
	Actuarial loss	(1.04)
	Contribution by employer	1.59
	Benefits paid	(13.40)
	Closing fair value of plan assets	**43.10**
	Net liability	**12.18**
b)	**Expense during the year**	
	Service cost	13.31
	Interest cost	5.33
	Expected return on plan assets	(4.16)
	Actuarial gain	(8.20)
	Total	**6.28**
c)	**Breakup of plan assets as a percentage of total plan assets**	
	Insurer managed funds	
	- Company	100%
	- Joint Venture Company	-
d)	**Expected rate of return on plan assets**	
	Insurer managed funds	7.50%
e)	**Principal assumptions**	
	Discount rate	7.05%
	Salary escalation	4.50%
	Attrition rate	
	From age bracket 21 to 57 years	1% - 30%

The Company expects to contribute ₹ 11.99 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 Indian assured Lives mortality 2006-08 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 into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The Expected Rate of Return on Plan Assets is determined considering several applicable factors, mainly the composition of Plan Assets held, assessed risks, historical results of return on Plan Assets and the Company's policy for Plan Assets Management.

The details of the composition of the plan asset, by category, from the insurers have not been received and hence the disclosures as required by AS 15 -Employee Benefits have not been given.

Other Disclosures: **₹ In Millions**

Particulars	As at	31-Mar-17
Defined Benefit Obligation		55.28
Plan Assets		43.10
Deficit		(12.18)
Experience Adjustments on Plan Liabilities		(3.93)
Experience Adjustments on Plan Assets		(1.04)

21 Finance Costs **₹ In Millions**

Particulars	For the year ended
	2016-2017
Interest on finance lease obligations	0.18
	0.18

22 Other expenses ₹ In Millions

Particulars	For the year ended 2016-2017
Rent (Refer note 25)	510.93
Power and fuel	188.19
Rates, taxes and licence fee	124.88
Operating supplies	63.44
Insurance	3.66
Advertisement and marketing expenses (net of recoveries)	64.72
Payment to auditors (Refer note 1 below)	4.71
Repairs and maintenance - Machinery	27.35
Repairs and maintenance - Building	92.57
Repairs and maintenance - Others	37.94
Expenditure on corporate social responsibility (Refer note 33)	1.90
Miscellaneous expenses	154.98
	1,275.27
Share of Joint Venture - Jointly controlled entity	22.13
	1,297.40
Note 1:	
Payment to the auditors comprises:	
As auditor - statutory audit	3.75
For tax audit	0.40
For other services	0.45
For out of pocket expenses	0.11
	4.71

23 Contingent liabilities and commitments (To the extent not provided for) ₹ In Millions

Particulars	2016-2017
Contingent liabilities in respect of:	
Claims against the Company not acknowledged as debts	
a. Legal cases against the Company	166.16
b. Sales tax demands	58.32
c. Excise demands	6.25
d. Income tax demands	2.48
e. Service tax demands	78.75
	311.96
Future cash outflows in respect of above matters are determinable only on receipt of judgements / decisions pending at various forums / authorities	
Commitments	
Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances)	58.17
	58.17

24 Derivative instruments

There are no outstanding forward contracts as at 31 March, 2017.

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

Particulars	2016-2017
Amounts receivable in foreign currency on account of the following:	
Amount In Foreign Currency	
Royalty and Management fees receivable	USD 176,949
Reimbursement of Expenses	USD 33,891
	USD 210,840

Particulars	2016-2017
Amount in INR (In Millions)	
Royalty and Management fees receivable	12.20
Reimbursement of Expenses	2.05
	14.25
Amounts payable in foreign currency on account of the following:	
Amount In Foreign Currency	
Trademark and registration fees	USD 25,484
	CND 2,725
	POUND 3,223
	YEN 222,400
	SGD 817
	AD 4,357
Amount In INR (In Millions)	
Trademark and registration fees	2.43
	2.43

25 Disclosures in respect of Operating leases

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

Particulars	2016-2017
Payable not later than one year	78.83
Payable later than one year but not later than five years	62.01
Payable later than five years	-
	140.84

b) Lease payments recognised in the Statement of Profit and Loss for the year ended 31 March, 2017 are as under:

Fixed lease rentals – ₹ 459.19 Million (includes Joint Venture Company's share of ₹ 11.65 Million)

Contingent rent – ₹ 63.39 Million

c) Premises are taken on Lease for periods ranging from 1 to 50 years with a non-cancellable period at the beginning of the agreement ranging from 1 to 5 years

d) For certain restaurant outlets rent is payable in accordance with the leasing agreement at the higher of:

i) Fixed minimum guarantee amount and;

ii) Revenue share percentage

26 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:

₹ In Millions

Particulars	2016-2017
Due not Later than one year	
Total future minimum lease payments	1.06
Less: Finance charge on future lease payments	0.07
Present value of lease payments	**0.99**
Due later than one year but not later than five years	
Total future minimum lease payments	0.27
Less: Finance charge on future lease payments	0.01
Present value of lease payments	**0.26**

b) Vehicles are taken on lease for periods ranging from 3 to 5 years.

27 Taxation

a. Current Tax comprises of: **₹ In Millions**

Particulars	2016-2017
Income Tax of Current year	2.41
Short provision for tax relating to prior years	4.16
	6.57

b. Components of Deferred tax asset ₹ In Millions

Particulars	2016-2017
Deferred tax asset	
On differences between book balance and tax balance of Property, Plant and Equipment	161.58
Disallowances under Section 40 (a)(i) of the Income Tax Act, 1961	17.53
Provision for doubtful debts / advances / others	27.53
	206.64
Deferred tax asset	**206.64**

28 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
		Avik Chatterjee
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 Promotors Private Limited
		Havik Export (P) Limited
		Supriya Taxtrade Private Limited
		Span Promotions Private Limited
		Mainland Restaurants Private Limited
		Anjan Chatterjee - HUF
		Indroneil Chatterjee - HUF
3	Jointly controlled entity	Mainland China Restaurant (LLC)

* Transactions with the Jointly controlled entity have been disclosed excluding group's share.

₹ In Millions

Nature of the transaction	Key Management personnel	Enterprises over which directors or relatives of directors exercise control / significant influence	Jointly controlled entity *	Total
Transactions during the year ended 31 March 2017				
Interest Income				
Mainland China Restaurant (LLC)	-	-	3.05	3.05
Total	**-**	**-**	**3.05**	**3.05**
Franchisee Income				
Mainland China Restaurant (LLC)	-	-	1.51	1.51
Total	**-**	**-**	**1.51**	**1.51**
Remuneration				
Mr. Anjan Chatterjee	6.00	-	-	6.00
Mrs. Suchhanda Chatterjee	2.10	-	-	2.10
Mr. Indroneil Chatterjee	2.10	-	-	2.10
Mr. Avik Chatterjee	0.60	-	-	0.60
Total	**10.80**	**-**	**-**	**10.80**
Rent and other expenses paid				
Situations Advertising & Marketing Services Private Limited				
- Rent	-	35.28	-	35.28
- Retainership Fees	-	1.20	-	1.20
- Advertisement Expenses	-	5.62	-	5.62

- Reimbursement of Expenses	-	5.76	-	5.76
Mainland China Restaurant (LLC)				
- Reimbursement of Expenses	-	-	1.21	1.21
Prosperous Promoters Private Limited	-	6.00	-	6.00
Others	3.09	8.54	-	11.63
Total	**3.09**	**62.40**	**1.21**	**66.70**
Loan given to Joint Venture Company				
Mainland China Restaurant (LLC)	-	-	7.54	7.54
Total	-	-	**7.54**	**7.54**

₹ In Millions

Particulars	Key Management personnel	Enterprises over which directors or relatives of directors exercise control / significant influence	Jointly controlled entity *	Total
Balance as at 31 March 2017				
Other payables				
Situations Advertising & Marketing Services Private Limited	-	7.83	-	7.83
Prosperous Promotors Private Limited	-	1.55	-	1.55
Others	2.17	2.56	-	4.73
Total	**2.17**	**11.94**	**-**	**14.11**
Security deposits				
Situations Advertising & Marketing Services Private Limited	-	50.00	-	50.00
Prosperous Promotors Private Limited	-	28.11	-	28.11
Others	3.00	9.10	-	12.10
Total	**3.00**	**87.21**	**-**	**90.21**
Franchisee Income Receivable				
Mainland China Restaurant (LLC)	-	-	1.51	1.51
Total	**-**	**-**	**1.51**	**1.51**
Advance to Joint Venture Company				
Mainland China Restaurant (LLC)	-	-	6.52	6.52
Total	**-**	**-**	**6.52**	**6.52**
Loan given to Joint Venture Company				
Mainland China Restaurant (LLC)	-	-	39.58	39.58
Total	**-**	**-**	**39.58**	**39.58**

29 Earnings per Share **₹ In Millions (except as stated otherwise)**

Particulars	2016-2017
Net Loss after Tax for Equity Shareholders for Basic EPS & Diluted EPS	(263.78)
Weighted Average Number of Equity Shares for Basic Earnings per share	46.96
Add: Effect of ESOP's	-
Weighted Average Number of Equity Shares for Diluted Earnings per share	46.96
Basic Earnings Per Share (in ₹)	(5.62)
Diluted Earnings Per Share (in ₹)	(5.62)
Nominal value per share (in ₹)	10.00

30 Employee Stock Option Scheme

a) During the previous year, the Board Governance & Remuneration committee in its meeting held on 6 September, 2013 granted 577,200 stock options under the Speciality Restaurants Limited - Employee Stock Option Scheme 2012 (ESOP 2012 Scheme) to few eligible employees of the Company. The options allotted under the ESOP 2012 scheme are convertible into equal number of equity shares of the face value of ₹ 10 each.

b) **Shares reserved for issue under ESOP**

Particulars	2016-2017
Equity shares of ₹ 10 each (number of shares)	577,200

c) **Terms and Conditions of Options Granted**

Each Option entitles the holder thereof to apply for and be allotted one equity share of the Company of ₹ 10 each upon payment of the exercise price during the exercise period. The exercise period commences from the date of vesting of the options and expires at the end of six years from the date of grant and would not exceed 3 years from the date of vesting in respect of Options granted under the ESOP 2012 Scheme.

The vesting period for conversion of Options is as follows:

On completion of 12 months from the date of grant of option	25% vests
On completion of 24 months from the date of grant of option	25% vests
On completion of 36 months from the date of grant of option	25% vests
On completion of 48 months from the date of grant of option	25% vests

The exercise price per option, being the fair market price at the date of grant, is ₹ 126.20 for 1 share of the face value of ₹ 10 each.

d) Employee stock options details as on the balance sheet date are as follows:

Particulars	**During the year ended 31 March, 2017**	
	Options	**Weighted average exercise price per option (₹)**
Options outstanding at the beginning of the year:	515,300	126.20
Granted during the year:	-	-
Vested during the year:	386,475	126.20
Exercised during the year:	-	-
Lapsed during the year:	32,900	126.20
Options outstanding at the end of the year:	482,400	126.20
Options available for grant:	-	-

Weighted average remaining contractual life for options outstanding as at 31 March, 2017 is 1.94 year.

e) The impact on Earnings per Share if the 'fair value' of the options (on the date of the grant) were considered instead of the 'intrinsic value' is as under:

₹ In Millions (except as stated otherwise)

Particulars	**For the year ended 31 March, 2017**
Loss as reported	(263.78)
Add / (Less): stock based employee compensation (intrinsic value)	-
Add / (Less): stock based compensation expenses determined under fair value method for the grants issued	(5.93)
Net loss (proforma)	(269.71)
Basic earnings per share (as reported) (in ₹)	(5.62)
Basic earnings per share (proforma) (in ₹)	(5.74)
Diluted earnings per share (as reported) (in ₹)	(5.62)
Diluted earnings per share (proforma) (in ₹)	(5.74)

31 The utilisation of IPO proceeds is summarised below:-

₹ In Millions

	Details of Planned utilisation of IPO proceeds in accordance with Prospectus dated May 22, 2012.	Spent upto March 31, 2015	Balance to spent post variation	Variations in plan approved	To spend	Amount Utilised upto March 31, 2017	Balance amount to be utilised
A	B	C	D	E	F	G	H
(i) Development of new restaurants	1,316	894	422	(422)	-	-	-
(ii) Development of new restaurants/ conversion of existing restaurants **(Refer Note below)**	-	-	-	579	579	265	314
(iii) Development of a food plaza	151	-	151	(151)	-	-	-
(iv) Repayment of Term Loan facilities	94	94	-	-	-	-	-
(v) General Corporate purpose	11	11	-	-	-	-	-
(vi) Issue related expenses	189	183	6	(6)	-	-	-
Total	**1,761**	**1,182**	**579**	**-**	**579**	**265**	**314**

Note:

The amount shown in column (G) (ii) represents utilised amount after March 31, 2015 related to the objects disclosed in the prospectus dated May 22, 2012. ₹ 66 Millions was spent from April 1, 2015 upto the date of approval by the shareholders on November 27, 2015 out of the total spent of ₹ 265 Millions.

32 Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013 :

Name of the entity	Net assets, i.e., total assets minus total liabilities		Share of profit or loss	
	As % of consolidated net assets	₹ in Millions	As % of consolidated profit or loss	₹ in Millions
Holding Company				
Speciality Restaurants Limited	102.47%	2,851.79	86.08%	(227.05)
Jointly controlled entity				
Mainland China Restaurant (LLC)	(2.47%)	(68.65)	13.92%	(36.73)
Total		**2,783.14**		**(263.78)**
Adjustment arising out of consolidation		(8.77)		0.00
Net Total		**2,774.37**		**(263.78)**

33 Details of Corporate Social Responsibility (CSR) expenditure

(a) Expenditure related to Corporate Social Responsibility as per Section 135 of the Companies Act, 2013 read with Schedule VII thereof - ₹ 1.9 Million

(b) Gross amount required to be spent during the period - ₹ 2.19 Million.

34 Disclosure on Specified Bank Notes (SBNs)

Pursuant to the MCA notification G.S.R. 308(E) dated March 30, 2017, the details of Specified Bank Notes (SBNs) held and transacted during the period from November 8, 2016 to December 30, 2016, are given below:

₹ In Millions

	SBNs	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	4.40	0.29	4.69
(+) Permitted receipts	-	66.93	66.93
(-) Permitted payments	-	10.32	10.32
(-) Amount deposited in Banks	4.40	52.33	56.73
Closing cash in hand as on December 30, 2016	-	4.57	4.57

35 Comparatives

The Company has prepared its consolidated financial statements for the first time and hence corresponding (comparative) figures for the previous year have not been given.

For and on behalf of the Board of Directors

Susim Mukul Datta
Chairman

Anjan Chatterjee
Managing Director

Dushyant Mehta
Director

Rajesh Kumar Mohta
Executive Director - Finance & Chief Financial Officer

Avinash Kinhikar
Company Secretary & Legal Head

Place: Mumbai
Date: 27th May, 2017

Form AOC – 1

Pursuant to first proviso to sub-section (3) of Section 129 of the Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "B"

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Joint Venture company

Sl. No.	Name of the Joint Venture	Mainland China Restaurant LLC
1	Latest audited Balance Sheet Date	December 31, 2016
2	Date on which the Joint Venture was associated or acquired	Mainland China Restaurant LLC was incorporated on January 31, 2014
3	Shares of Joint Venture held by the Company on the year end -	
	Amount of Investment in Joint Venture	The Company had invested 4,90,000 QAR (Qatari Riyal) in the Joint Venture company by way of subscription of 490 fully paid up equity shares of QAR 1000 each in the Joint Venture company
	Extent of Holding in Percentage	49%
4	Description of how there is significant influence	As per the joint venture agreement
5	Reason why the joint venture is not consolidated	The Joint venture is consolidated in Consolidated financial statement and are forming part of Annual Report, 2017
6	Net worth attributable to shareholding as per latest audited Balance Sheet	(72,15,354) QAR
7	Profit / (Loss) for the year	
	Considered in Consolidated	17,19,443.81 QAR
	Not considered in Consolidation	17,89,625.19 QAR

Notes:

1. Names of associates / joint ventures which are yet to commence operations – Not applicable
2. Names of associates / joint ventures which have been liquidated or sold during the year – Not applicable

For and on behalf of the Board of Directors

Susim Mukul Datta
Chairman

Anjan Chatterjee
Managing Director

Dushyant Mehta
Director

Rajesh Kumar Mohta
Executive Director - Finance & Chief Financial Officer

Avinash Kinhikar
Company Secretary & Legal Head

Place: Mumbai
Date: 27th May, 2017

NOTES

SPECIALITY
RESTAURANTS LTD.

SPECIALITY RESTAURANTS LIMITED

If undelivered please return to:
Link Intime India Private Limited

C 101, 247 Park, L.B.S.Marg, Vikhroli (West), Mumbai - 400083.
Tel no: 91-22-4918 6270 Fax: 91-22-4918 6060