

# NOTICE

Notice is hereby given that the Thirtieth Annual General Meeting of Westlife Development Limited will be held at Brabourne Stadium, 87 Veer Nariman Road, Churchgate, Mumbai – 400 020 on 11th September, 2013 at 12 noon to transact the following business :

## ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2013 and the Profit & Loss Account for the year ended on that date and the reports of the Directors and the Auditors.
2. To declare dividend on Preference Shares.
3. To appoint a Director in place of Mr. Banwari Lal Jatia who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

## SPECIAL BUSINESS :

5. To consider and, if thought fit, to pass with or without modification, the following resolution as a special resolution :  
  
“RESOLVED THAT pursuant to Section 31 and all other applicable provisions of the Companies Act, 1956 the Articles of

Association of the Company be altered in the following manner–

The existing Article 16 shall be substituted by the following article –

1. ‘Subject to the provisions of the Act and the Rules made thereunder, each Director shall receive out of the funds of the Company by way of sitting fees for every meeting of the Board or a Committee of the Board attended by him, such sum as may be decided by the Board from time to time.
2. The Board may allow and pay to any Director, for the purpose of attending a meeting, such sum as the Board may consider fair compensation for travelling, boarding, lodging and other expenses in addition to his fee for attending such meeting as specified above.
3. If any Director is willing, he may be called upon to perform extra services (which expression shall include work done by a Director as a Member of any committee formed by the Board of Directors or in relation to signing Share Certificates), or to make any exertion in going or residing out of the place of his usual residence, or otherwise for any of the purposes of the Company. The Company may remunerate such a Director either by a fixed sum or otherwise as may be determined by the Board, and such remuneration may be either in addition to or in substitution for his share in the remuneration provided above and in addition he may also be reimbursed for all the expenses incurred by him.’”

# NOTICE

## NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member of the Company. The proxy, in order to be effective, must be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.
2. Details of Director seeking re-appointment at the forthcoming Annual General Meeting (Pursuant to Clause 49 of the Listing Agreement) are furnished below :
  - (i) Name of Director : Mr. Banwari Lal Jatia  
Date of Birth : 08.12.1943  
Date of Appointment : 24.11.2012  
Expertise in Specific Functional areas : Possesses about 46 years' experience in business management in various industries/ fields.

Qualifications	: B.Com, LLB
Other Public Limited Companies in which Directorship held	: Hardcastle & Waud Mfg Co Ltd
Chairman/ Member of Committees of	: Hardcastle & Waud Mfg Co Ltd
Boards of other Companies	: (Member)
Shares held in the Company	: Nil
Relationship with other directors	: Mr. Amit Jatia (Son)

By Order of the Board of Directors

P F Fernandes  
Company Secretary

Place : Mumbai

Date : 18th July, 2013

## EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

### Item 5 :

Article 16 (on Remuneration of Directors) in the Company's Articles of Association provides for a cap of Rs. 250 each for fee payable to directors for attending a meeting which is grossly low in the present times. The relevant rules made by the Government of India provide for a ceiling of Rs. 20,000 for such fees. It is therefore proposed to amend the articles appropriately for which a special resolution as proposed need to be passed by the members.

All the directors are concerned or interested in the resolution.

The Board commends the resolution for members' approval.

By Order of the Board of Directors

P F Fernandes

Company Secretary

Place : Mumbai

Date : 18th July, 2013





## WESTLIFE DEVELOPMENT LTD.

Registered Office : 1001, Tower-3, 10th Floor, Indiabulls Finance Centre, Senapati Bapat Marg, Elphinstone Road, Mumbai 400 013.

### ATTENDANCE SLIP

Regd. Folio no. \_\_\_\_\_ DP I.D. \_\_\_\_\_ Client I.D. \_\_\_\_\_

Name(s) of Shareholder/ Joint Holder(s) \_\_\_\_\_

I hereby record my presence at the 30th ANNUAL GENERAL MEETING of the Company held at Brabourne Stadium, 87 Veer Nariman Road, Churchgate, Mumbai – 400 020 on 11th September, 2013 at 12 noon.

Signature of the Shareholder or Proxy

#### NOTES :

1. Share/ Proxy holders are requested to bring the Attendance Slip with them when they come to the meeting and hand it over at the gate after affixing their signatures on it.
2. Share/ Proxy holders who come to attend the meeting are requested to bring their copies of the Notice with them.



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### PROXY

Regd. Folio no. \_\_\_\_\_ DP I.D. \_\_\_\_\_ Client I.D. \_\_\_\_\_

Name(s) of Shareholder/ Joint Holder(s) \_\_\_\_\_

I/We being member(s) of Westlife Development Ltd. hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him/ her \_\_\_\_\_ as my/ our proxy to attend and vote on my/ our behalf at the 30th Annual General Meeting of the Company to be held on ----- at ----- and at any adjournment thereof.

Signed this \_\_\_\_\_ day of ----- 2013

SIGNATURE OF MEMBER(s) \_\_\_\_\_

15 Paise  
Revenue  
Stamp

Note : The Proxy must be returned so as to reach the registered office of the company not less than 48 hours before the time for holding the aforesaid meeting.





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## A BILLION-PLUS INDIA IS DRIVEN BY ZILLION-PLUS TASTE BUDS.

More than anything else.

Our ideas work their way through India's very own culinary tastes and preferences, while maintaining global quality standards. 2012-13 represented a year of sound performance, despite a challenging external environment. Our optimism remained unabated as we successfully catered to a widespread cross-section of customers by aligning our ambition with their aspirations.

From the boardroom to our restaurants, we are thinking smart, working diligently and delivering fast through our restaurant operations of the McDonald's brand.

Building up an appetite for greater customer satisfaction, wider presence, deeper community outreach and higher stakeholder value.

AND WE ARE LOVIN' IT!

# WESTLIFE DEVELOPMENT

## AN INTRODUCTION

Westlife Development Limited (WDL) is an arm of the B.L. Jatia Group. The Company is an operating-cum-investment company. The Company primarily focuses on putting up and **operating Quick Service Restaurants (QSR) in India through its subsidiary Hardcastle Restaurants Pvt. Ltd. (HRPL).**

The Company operates a chain of **McDonald's restaurants in west and south India**, having a master franchisee relationship with McDonald's Corporation USA, through the latter's Indian subsidiary. As on March 31, 2013, the Company operates McDonald's through **161 restaurants across 16 cities in India.**

This annual report will focus on WDL's operations in the Indian QSR space through HRPL.



### VISION

To become the recognised leader of the Indian QSR industry and the first choice of customers

### MISSION

To lead the QSR industry in India by creating unmatched value for our customers, through the promise of outstanding Quality, Service, Cleanliness & Value

### VALUES

We will drive our mission through unwavering commitment towards customer satisfaction, delivered with a sense of warmth, friendliness, fun, integrity, individual pride and company spirit.



# HARDCASTLE RESTAURANTS

## A QUICK LOOK



HRPL was established as a joint venture with McDonald's Corporation, USA in 1995.

Today, it leads the McDonald's restaurant footprint in India with 161 company-operated restaurants across west and south markets.

HRPL is a master franchisee of McDonald's under an agreement of 2010. The agreement grants HRPL

rights and authority to provide initial capital for business with operational and technical business support from McDonald's Corporation, USA.

McDonald's Corporation is a global leader and world's largest chain of hamburger fast food restaurants, operating a network of over **34,000 restaurants**, across **119 countries** and **1.7 million employees**, serving around **68 million customers**, each day.

**165** MILLION  
CUSTOMERS SERVED IN  
WEST & SOUTH INDIA

**+6500**  
EMPLOYEES

**76** MILLION  
BURGERS SOLD IN 2012-13

**5** LAKH  
SQ.FT OF RESTAURANT  
REAL ESTATE

**161**  
RESTAURANTS ACROSS 16  
CITIES & 7 STATES IN  
2012-13



# CHAIRMAN'S MESSAGE

We are also committed to serve our customers with good food, great service and exceptional value. Our objective is to deliver greater excitement through our iconic core favourites (McSpicy™ Chicken Burger, McEgg™, among others) and evolve our menu with new and innovative local offerings



B.L. Jatia

### Dear Shareholders,

We are upbeat given what we have achieved so far and continue to focus on long term sustainable growth for the future. We moved ahead towards our vision with greater vigour – to emerge as a frontrunner in India's Quick Service Restaurant (QSR) industry. We are focused on developing India's QSR industry through its restaurant operations of McDonald's brand in the western and southern regions of India.

We submitted a scheme of arrangement for the consolidation of our subsidiaries. Through the arrangement, HRPL, the Master Franchisee for McDonald's operations in West and South India, will become a direct subsidiary of WDL on the completion of the regulatory requirements. The consolidation of all companies under the WDL umbrella opens up further opportunities to drive HRPL's ambitious growth. This enables setting a strong course for expanding McDonald's restaurants in west and south India.

In 2012-13, the global economic scenario continued to be challenging as the year before. Despite economic hardship, India's QSR segment grew rapidly during the year, creating multiple choices – for dining out, ordering from home and takeaways. The segment's strength is visible from the way it held its ground vis-à-vis other categories. We have benefited from operating in a vibrant QSR industry, as we plan to capture the tremendous opportunities in the growing QSR space.

Despite overall business challenges, struggling economies and fragile consumer confidence, we are focused on delivering better by aligning our systems with customer needs. Our execution capabilities are fully geared to create long-term value for all stakeholders.

Given the optimism of the food service industry and our brand expertise, our long-term sales and earnings growth targets will be met appropriately. Our framework is to combine excellence in brand management with operational brilliance.

WDL has now emerged as a vehicle to catalyse the farm-to-fork revolution. We are ready to extend our presence in the business in the QSR industry supported by an integrated supply chain with farms. We have and will continue to lead growth in agriculture sector.

We are determined to take forward HRPL's achievements of the past 17 years. We are also committed to serve our customers with good food, great service and exceptional value. Our objective is to deliver greater excitement through our iconic core favourites (McSpicy™ Chicken Burger, McEgg™, among others) and evolve our menu with new and innovative, locally relevant offerings. We are creating exceptional value for our customers, adding greater choice and staying in step with customer's needs.

We are aware of our social responsibility: towards the farmers, who provide us the building blocks for our products; and our customers, whose concern for wholesome and hygienic food served by warm and friendly staff represent the core of our appeal. Our belief in inclusive progress drives us to involve thousands of farms in our growth towards this responsibility and has enabled our performance.

We are associated with one of the most exciting brands in the QSR industry. This gives us a decisive opportunity in increasing our revenues. We are poised to use our key strengths to generate compelling value for our

shareholders. The depth of our experience, along with our talented and passionate team, only sets us apart in the highly competitive QSR segment. As we move forward, we believe this framework – the foundation of our performance – remains as relevant as ever.

As long-term players in the QSR industry, we will continue to implement strategic decision to build our business in India. We have taken concrete steps to strengthen our competitive advantage and ensure our sustainability. We will strive to deliver results while balancing short term needs of the business.

Thank you for being a participant in our journey and placing your trust in us.

It's been an honour serving you.

B.L. Jatia  
Chairman

# VICE CHAIRMAN'S MESSAGE



Amit Jatia

Dear Shareholders,

The Indian food service industry is witnessing exciting times. Our population is aspiring for international diversity, quality and service, without having to pay unreasonable prices. At HRPL, we see this as our biggest opportunity and are leveraging it to drive business growth. HRPL has been a privileged custodian of the McDonald's brand in India since its inception in 1996. We are now the largest operator of McDonald's restaurants across West and South India.

Despite a challenging external environment during FY 2013, we continued on an aggressive growth path which made us amongst India's fastest growing food brand. We expanded our restaurant footprint to 161 restaurants and grew our total sales by 25% while growing comparable sales by 6.2%. These achievements were driven by a steady focus on our 'Plan to Win' strategy and our three growth priorities of Broadening Accessibility, Optimising our Menu and Modernising the Customer Experience. These strategies drive our mission to make McDonald's the preferred restaurant choice for our customers through our brand ambition of Good Food, Good People, Good Neighbour. As India's Quick Service Restaurant industry grows rapidly, we are poised to leverage the McDonald's brand to cater to an expanding market.





## Despite a challenging external environment during FY 2013, we continued on an aggressive growth path which made us among India's fastest growing food brand.

We have all the right ingredients in place. A consistent track record of providing customer value through a dynamic and wide menu coupled with attractive pricing. During the year we extended our Happy Price Menu with the launch of the McEgg™ burger. Additionally, the launch of a breakfast menu in new markets like Gujarat provided continued momentum. The meal platform was further leveraged through the introduction of McValue™ lunch that allowed customers to buy meals at attractive price points between 12-3pm, everyday. We also engaged with our customers by celebrating a 'Spicy Food Event' in April and May 2012. During this period, we offered a range of four new products -- Mexican Spice Veg Burger, Mexican Spice Chicken Burger and two Wraps – vegetarian and chicken, along with Piri Piri Spice Mix for fries and a spicy McNuggets™ sauce. We continuously develop and refine operating standards, marketing concepts and product and pricing strategies. These help us deliver a great customer experience and drive profitability.

In order to enhance the overall customer experience, we continued to reimage our restaurant interiors and exteriors. Additionally, we provided our restaurant teams with appropriate tools, training, and technology.

Our efforts to be more accessible to our clients reflected in the opening of 32 new restaurants during the year. We entered new markets with a restaurant launch in Kochi, Kerala, and in two new cities – Coimbatore and Mysore. Our focus on increasing convenience for our customers remained undiminished. We initiated a faster, more accurate service through innovative order taking with the launch of Hand Held Order Takers (HHOT) and Self Help Order Takers (SHOT) across some of our restaurants.

Moreover, we built our online capabilities with the launch of web ordering in McDelivery™, an important growth lever for our delivery business.

Going forward, we remain committed to keeping our customers at the heart of all we do and delivering new and innovative products to service them. We are Optimising our Menu by driving core, new, destination beverage and dessert offerings to gain share across key day-parts, consumer segments and product categories. This will allow us to enhance our Food Image. Customers will see new additions to the menu, which are wholesome and nutritious, made from the freshest ingredients. Additionally, we will reinforce affordability of our menu across all day-parts, by building on successful value platforms and expanding the breakfast offerings.

We will be Modernising our Restaurants to enhance the customer experience. We intend to re-image our restaurants with uniquely McDonald's designs across all consumer touch points. The décor of our restaurants will be made more inviting with exciting graphics and modern signages. Additionally, services like wi-fi availability and our unique 'Made For You' platform allowed us to remain relevant and interesting to our customers.

We will be broadening access to the McDonald's brand by strengthening customers' value perception with compelling value platforms and pricing. We also intend to increase convenience to match consumer demand through greater proximity, operating hours and functionality. Over the next few years, we will be expanding our restaurant footprint. New markets will be explored and at existing markets McDonald's will reach out to more people with new restaurants and leverage

more convenient and accessible platforms, such as Home Delivery, Drive Thrus, Kiosks and 24x7 operations.

Finally, we continue to invest in managing talent by attracting, developing, recognising and retaining the best people. In an industry with high attrition rates, we have been successful in building a talent pool through a robust training and development program. Through the years, we have been a strong proponent of hiring and training first-time employees in our restaurants. In the process, we have provided otherwise under-qualified youth opportunities for growth. Today, we have over 6,500 employees across our restaurants in West and South India. We have also championed the cause of inclusive employment and established a long-standing association with the Kotak Education Foundation. Through this partnership, we have hired around 300 underprivileged youth over the past four years.

As we move ahead, our appetite for strengthening operations across every dimension remains undiminished.

Bon appétit!

Amit Jatia  
Vice Chairman



# VALUES THAT BUILD AND BIND

COMMITMENT  
TO EMPLOYEES

BELIEF IN THE  
MCDONALD'S SYSTEM

ETHICAL BUSINESS OPERATIONS

## VALUES

CONTINUOUS IMPROVEMENT  
IN OPERATIONS

GROWING BUSINESS  
PROFITABLY

CUSTOMER EXPERIENCE PLACED  
AT ORGANISATION CORE

GIVING BACK TO  
COMMUNITIES

**“The basis for our entire business is that we are ethical, truthful and dependable. It takes time to build a reputation. We are not promoters. We are business people with a solid, permanent, constructive ethical program that will be in style...years from now even more than it is today.”**

*Ray Kroc, Founder, McDonald's Corporation*

HRPL aspires to be the first choice for customers in the QSR industry. To achieve this purpose, it implements values, which enhance its engagement not only with customers but with all stakeholder groups. These values are aligned to the McDonald's business model (depicted by a “three-legged stool” of owner/operators, suppliers and company employees) and form the foundation of its operations

## QUALITY, SERVICE, CLEANLINESS AND VALUE (QSCV)

HRPL is committed to provide its customers high-quality products, served quickly with a smile, in a clean and pleasant environment at an affordable price.

Driven by a philosophy of Quality, Service, Cleanliness and Value for Money, the McDonald's menu is so priced that the largest segment of the Indian consumers can easily afford it, while at the same time ensuring that quality is not compromised.



### QUALITY

HRPL maintains international quality standards at every restaurant. Dealing directly with the farmers, it ensures that every ingredient is of the best quality. Strong supply chain efficiencies, cold chain delivery, minimum storage time, standard recipes and food that is specially 'Made for You', deliver freshness right to the customer's plates.

### SERVICE

McDonald's motto is to 'serve with a smile'. In line with the motto, HRPL launched a 'one minute service' where an hourglass measures the single minute of delivery time to customers, even during rush hours. Service is extended to home-deliveries, online orders, Drive Thrus and kiosks.

### VALUE

Value for money has always been McDonald's' greatest pride. HRPL serves hygienic and delicious food, together with constant efforts to provide more to the customers through various new offers and introductions in the menu. The 'Happy Price Menu', the Extra Value Meals and the McValue Lunch give the most affordable food options to customers every time every day.

### CLEANLINESS

Adhering to a very strict code of conduct and cleanliness, HRPL ensures that hygiene plays a significant role in the way food is served. Extensive precautions and stringent rules apply to the entire staff and to every person who enters the kitchen.



# MOUTHWATERING MILESTONES

1996

FIRST RESTAURANT  
OPENED

The McFlurry™, part of the McDonald's Corporation global menu, was introduced in India in 2011. Catering to the dessert segment, the McFlurry™ is a soft-dairy ice cream, created from low fat milk with an option of flavourful toppings.

1997

HAPPY MEALS™ WERE  
INTRODUCED

2001

DRIVE THRU™  
INTRODUCED

2004

MCDelivery™  
LAUNCHED. HAPPY  
PRICE MENU™  
INTRODUCED

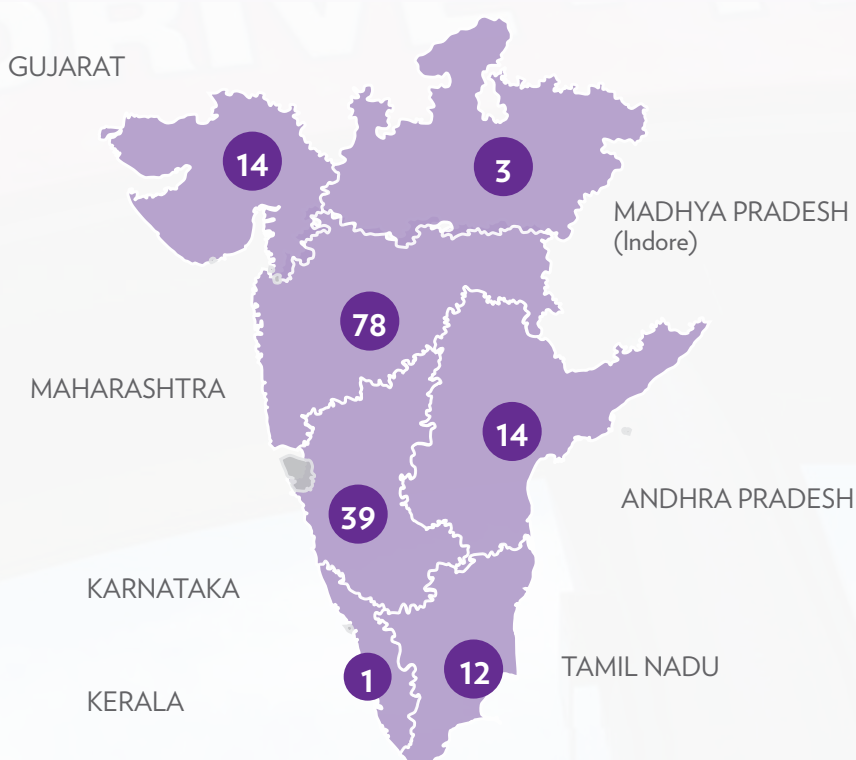


**2009****GLOBAL MENU  
(MCNUGGETS™)  
INTRODUCED****2010****BREAKFAST MENU  
INTRODUCED****2011****INTRODUCTION OF  
GLOBAL MENU  
(MCSPICY™ & MCFLURRY™)****2012****MCEGG™, MCVALUE™  
LUNCH INTRODUCED**



# PRESENCE

HRPL operates McDonald's restaurants in most major cities and towns across the states of Andhra Pradesh, Gujarat, Madhya Pradesh, Karnataka, Maharashtra, Tamil Nadu and Kerala in west and south India.



● NO. OF RESTAURANTS : **161** as of March 31<sup>st</sup> 2013

Note : This does not purport to be a Map of India.

# AWARDS

Over the years, McDonald's established itself as a leading player in India's QSR space. In 2012 alone, McDonald's various products branding won numerous awards. These include:

## McDonald's Spicefest

- ▶ Smoking ears campaign (Best/Innovative brand fit within existing media) won Bronze at Exchange4Media under OOH award
- ▶ Drying spices in a mall campaign (Most Innovative Use of Indoor OOH Media in a Point-of-Purchase Environment) won Bronze at Exchange4Media under OOH award
- ▶ Most Effective outdoor plan won Bronze at Exchange4Media under OOH award
- ▶ Synergy awards won Gold at Exchange4Media under OOH award
- ▶ Burning billboard campaign (Innovative use of existing medium) won Silver at Exchange4Media under OOH award
- ▶ Smoking ears campaign (Most innovative use of indoor OOH Media in a Point-of-purchase environment) won Silver at Exchange4Media under OOH award
- ▶ Campaign of the year won Gold at Exchange4Media under OOH award
- ▶ Spice Fest campaign (Open Up a World of Spices) won Bronze at EFFIES 2012 under the Retail Advertising campaign

## McDonald's Happy Price Menu™

- ▶ Making Happy Price Menu™ Happier campaign won Bronze at EFFIES 2012 under the Retail Advertising section
- ▶ Happy Sparrows campaign was among the Finalist at CANNES 2012 under the Media Lions – Best Consumer Engagement
- ▶ Shukar Hai Campaign won Bronze at Kaan Mirchi Radio Awards 2012
- ▶ Moments Campaign won Silver at Goa Fest 2012 under Retail Advertising (integrated)

## McDonald's McValue™ Lunch

- ▶ Putting the break in Lunch Break campaign won Bronze at EFFIES 2012 under the Integrated Advertising section
- ▶ Putting the break in Lunch Break campaign won Bronze at EFFIES 2012 under the Retail Advertising section
- ▶ Retail Brands won Bronze at OAC Asia Awards
- ▶ Bell Billboard campaign (Best/Innovative brand fit within existing media) won Gold at Exchange4Media under OOH award
- ▶ Lunch campaign (Beverages & Food) won Silver at Exchange4Media under OOH award

## Other awards

- ▶ McFlurry™ campaign (Taking the Fast out of Fast Food) won Bronze at EFFIES 2012 under the Retail Advertising campaign
- ▶ McDonald's - Traffic Safety campaign (Corporate Social Responsibility) won Silver at Exchange4Media under OOH Awards
- ▶ McDonald's campaign (Client of the year) won Gold at Exchange4Media under OOH award
- ▶ McDonald's McSpicy™ campaign (Best outdoor plan - Strategy) won Silver at Exchange4Media under OOH Awards
- ▶ McSpicy™ Campaign (Best use of technology) won Silver at OAC Asia Awards
- ▶ McDonald's McSpicy™ Campaign (Outdoor media plan of the year - National) won Silver at OAC Asia Award

# TARGETING TASTEBUDS

McDonald's in India is an example of a global brand that has successfully become locally relevant by building consumer-centric propositions. However, in India, the biggest challenge was to be able to cater to local tastes and preferences.

In India, the iconic Big Mac gave way to the Maharaja Mac™. The McAlooTikki™ leads a portfolio of vegetarian options. Yet, every product served across restaurants in India, has the stamp of McDonald's uniqueness. The combination of iconic global and local menu offerings, communication that is tailored for India, affordability and value, makes McDonald's a favorite eating option across age groups and socio-economic classes.

HRPL, a custodian of the McDonald's brand in India, has carefully crafted iconic communication strategies based on deep-rooted consumer insights at every touch point to keep itself relevant. As a result, it has been able to scale up its media presence through increased television advertising. Additionally,

it is focused on expanding its media strategy to encompass online and social media platforms.

## POSITIONING THE MCDONALD'S BRAND OVER THE YEARS:

### PHASE 1- GLOBAL

PERIOD: 1995-1996

- ▶ RESPECT FOR INDIAN CUSTOMS & CULTURE; NO BEEF AND NO PORK SERVED
- ▶ DEVELOP LOCAL SOURCING

### PHASE 2- BUILD

PERIOD: 1997-2002

- ▶ RIGHT CONSUMER VALUE PROPOSITION
- ▶ UNIT ECONOMICS: MODEL SUITABLE FOR PAN-INDIA
- ▶ MANAGEMENT CAPABILITIES: RIGHT PEOPLE ON BOARD





## PHASE 3-GROW

PERIOD: 2003-2011

- ▶ DRIVING AFFORDABILITY
- ▶ IMPROVING BRAND RELEVANCE: INNOVATION IN MENU AND NEW STORE DESIGN
- ▶ CONVENIENCE: INCREASE STORE FOOTPRINT THROUGH A PORTFOLIO APPROACH TO DRIVE ACCESSIBILITY

## PHASE 4- ACCELERATE

PERIOD: 2012 ONWARDS

- ▶ BROADENING ACCESSIBILITY: ALL DAY VALUE MEALS, BRAND EXTENSIONS AND INCREASING STORE FOOTPRINT
- ▶ FOOD IMAGE: NEW FOOD AND BEVERAGES TO GAIN SHARE ACROSS KEY DAY-PARTS AND CATEGORIES
- ▶ MODERNIZING STORE EXPERIENCE
- ▶ ENERGIZING THE CREW

## WORKING UP A LOCAL FLAVOUR

Following the Glocalisation philosophy, HRPL localised the McDonald's menu with introductions like the McAloo Tikki™. Respecting local customs and customer sentiments, no McDonald's restaurant in India serves either beef or pork. Additionally, vegetarian and non-vegetarian ingredients are separated from the processing centres to the kitchens.

In tune with a global move towards a more nutritional wholesome diet, HRPL has customised the McDonald's menu to provide healthier food items. Every item on the menu is cooked with the best quality ingredients, which maximise taste. McNuggets™ are made from 100% white protein and paneer items are made using high protein ingredients. Even the McSwirl™ has less than 3% fat. Most of the breakfast menu is grilled, while the latest introduction to the menu, the McEgg™ Burger, is steamed. Additionally, the Breakfast menu comprises healthy muffins which are either steamed or grilled.

### Localising in India

HRPL's understanding of Indian sentiments led it to introduce a number of McDonald's menu items, customised to Indian tastes and preferences, many for the first time across its worldwide system. These included:

- ▶ The McAlooTikki™ burger
- ▶ The Veg Pizza McPuff™
- ▶ The Chicken McGrill™
- ▶ The McVeggie™
- ▶ The Maharaja Mac™
- ▶ The McSpicy™ range
- ▶ The Masala Grill (vegetarian and non-vegetarian)
- ▶ The Veg McMuffin™



The product offerings were developed using spices favoured by Indians. HRPL also developed an eggless mayonnaise for the first time in the McDonald's system.



image used with permission



# CATERING TO CUSTOMER NEEDS



**“Look after the customers  
and the business will take  
care of itself,”**

Ray Kroc, Founder, McDonald's  
Corporation

HRPL has continuously evolved and adapted to changed circumstances in line with evolving customer requirements. Through investments in technology and capabilities, HRPL provides a great customer experience and competitive value to its customers. New product introductions come from well-researched customer habits and multiple filters. Good food is nothing if not served at great value. HRPL strengthens everyday value with compelling value platforms and pricing

With the implementation of the 'Plan-to-Win' programme, HRPL's focus has been on creating better customer experiences at McDonald's. The programme has been implemented through multiple initiatives based on the five factors of exceptional customer experience — **people, products, place, price and promotion**.

Over the years, HRPL has trademarked affordability as its core asset and an enduring place in customer's mind. **The Happy Price Menu™** that stands for variety, great experience and right price has been consistent for many years.



- DELIVERIES MADE WITHIN HALF AN HOUR

## MCDelivery™



- USER-FRIENDLY PLATFORM TO ORDER ONLINE

## THE WEBSITE

## MCDONALD'S. SIMPLIFIED.

HRPL has a robust and aggressive expansion plan, based on market and menu expansion and new customer outreach formats. As such, it has optimised its restaurant portfolio to include McDelivery™, Drive Thru™, Kiosks and 24x7 Operations and web-ordering.



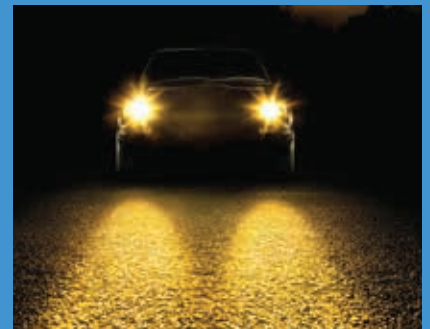
- TIME-SAVING FORMAT AT RESTAURANTS

## THE DRIVE THRU™



- STANDALONE DESSERT CENTRES AT THE ENTRANCE/ EXIT OF STORE OR IN MALLS

## KIOSK



- EXTENDED HOURS OF RESTAURANT OPERATIONS TO BUILD CONVENIENCE

## 24X 7 OPERATIONS



# RECIPE FOR ROBUST OPERATIONS

**“We take the burger business more seriously than anyone else,”**

Ray Kroc, Founder, McDonald's Corporation

The backbone of HRPL's operations is built on a unique 'farm-to-fresh' cold supply chain. The supply chain took about 6 years and around Rs. 4.5 billion to set up, before HRPL opened the first McDonald's restaurant in India. HRPL and McDonald's' international supplier partners worked together with local Indian companies to develop products that met McDonald's

stringent quality standards. These standards also adhere to Indian Government regulations on food, health and hygiene. HRPL constantly adapts and incorporates global best practices into the functions to suit Indian conditions. HRPL pioneered the concept of cold-chain and fresh delivery of perishable ingredients like lettuce, potatoes and milk in India. The unique

cold chain has brought about a revolution in food handling, benefiting the farmers at one end and enabling customers to get the highest quality food products, on the other. To serve fresh food and at a great value, HRPL has three centralised procurement hubs to source ingredients from various vendors.

## A UNIQUE COLD SUPPLY CHAIN



## FRESHNESS. DELIVERED.



Being in a business where freshness and quality are critical success factors, HRPL has never lost its focus. [Vista Processed Foods Pvt. Limited \(Vista\)](#) is a key player in [HRPL's cold supply chain](#). It supplies egg, chicken and vegetable items as key products on technical and financial guidance received from OSI Industries Inc (USA), Vista's parent company.

Vista drives on its philosophy of 'farm to chilled' delivering products the fresh way. Vista was instrumental in setting up the country's first value-added production line in 1995 in collaboration with HRPL. It also introduced egg processing for the very first time in India's QSR industry.

Vista operates through three processing centres in the country- south (Bangalore), west (Mumbai) and north (Noida). All the above centres are in proximity to Vista's suppliers and result in reduced logistics costs and sustain freshness in food delivered. It is equipped with hi-tech refrigeration plants for manufacturing frozen food thus retaining the true nutritional value to the food. Its state-of-the-art machinery re-define the food processing technology for both chicken and vegetable processing line, providing complete automation from start to end. Keeping cultural sensitivities in mind, the vegetarian and non-vegetarian processing lines are segregated.

[Vista is a SQMS audited, ISO 22000 and ISO 14001 certified company](#), adhering strictly to quality standards. It has already been awarded the Best Customer Service in India and Best practices in West and South Region from McDonald's Corporation, USA. It has also been awarded with the JS Purthy Food Ministry Award in 2011 for its revolutionary efforts in the QSR supply chain.

Today, high quality frozen foods that are both nutritious and fresh have made Vista a name to reckon with, throughout the QSR industry.

## MADE FOR YOU PLATFORM

HRPL takes pride in the food it serves and follows a Made For You (MFY) platform, a new kitchen operating system, to enhance operational efficiency and support greater menu variety. The MFY operating platform delivers hot, tasty and fresh food to customers, simultaneously reducing wastage. Owing to these measures McDonald's restaurants are able to provide 'One Minute Service' to customers even during peak business time.



### Real Estate advantage

While opening McDonald's restaurants, HRPL looks for the best locations in the market so that customers have the maximum level of convenience. Real estate selection plays a critical role in the overall success of the organisation. HRPL's aim is to create a long-term competitive advantage using real estate in the right manner in its retail business. The choice of real estate is contingent on choosing the right location, having a portfolio approach and knowing the trading area.

Location is vital to successfully investing in real estate. It depends on five key factors – visibility, access, traffic, trading area and signage. HRPL owns or secures long-term leases for all its restaurant sites to ensure long-term occupancy rights and to control related costs.

HRPL also invests in the infrastructure of the location since it plays an important role in enhancing customer experience and reducing the cost of operations.

A portfolio approach towards real estate caters to a larger base of customers across convenience points. HRPL ensures that it invests in the right mix of real estate models available, such as high street, malls and standalone restaurants. In doing so, it considers unit economics of each model and measures parameters of success based on size, layout and scale.





# A BANQUET OF PEOPLE POTENTIAL



**“You’re only as good as the people you hire,”**  
Ray Kroc, Founder, McDonald’s Corporation

HRPL’s employee value proposition believes that “Welcome to McDonald’s” applies to its employees as much as its customers. HRPL provides opportunities, nurtures talent, develops leaders and rewards achievement. This value proposition is built on a belief that a team of well-trained individuals with diverse backgrounds, working together in an environment that drives high levels of engagement, is essential to its continued success. HRPL’s talent pool continues to thrive and contribute to the growth of the organisation.

Every employee is imparted with the ‘Skills for Life’ training, which help employees grow both within and outside the organisation.

On-the-job and off-the-job mentoring is provided through international learning programmes that are adapted to local training requirements. HRPL, therefore, makes a long-term investment in its employees, imparting interpersonal and organisational skills, crucial for effective functioning on any job anywhere. HRPL’s employees are fostered with the 3 ‘F’s – Fun, Flexibility and Future.

HRPL has a unique concept of flexible working hours for all. This enables employees to pursue studies while they earn. An employee can choose to come to work between 8 a.m. and 10 a.m., at the head office level. Similarly, at the restaurant level employees can choose to work in a shift that they prefer.



HRPL believes in nurturing and grooming fresh talent. Many employees have 12th grade pass certificates and the company encourages such people to pursue higher studies. Extensive training is provided at each level to help employees to grow in rank at the organisation and build a secure future. HRPL also allows lateral movement within the company to roles ranging from HR to Finance, IT to Marketing, and Supply Chain to Restaurant Development. Additionally,

HRPL has tied up with educational institutions to provide special courses at subsidised rates to its employees. These courses include Veta Fluent English Course, BBA in Retail and Symbiosis, Welingkars' and Richard Ivey Post-Graduation courses. Today, there are several examples of people who started out in the organisation as 12th standard graduates and now head multi-crore business verticals.

## THE McDONALD'S WAY OF LIFE

For anyone associated with a service brand, the biggest excitement is to see customers queuing up for an experience. *I am lucky to be witness to this phenomenon, when we opened the first McDonald's restaurant in Bombay in 1996* - with customers thronging our doors, and people waiting for hours to get seated. The response was truly overwhelming, and it is the passion that keeps us going from one restaurant to over 161 today.

I was amongst the first employees for HRPL and started my career as a Trainee Manager at Bandra. We were sent to Indonesia for training on restaurant management. At the time, catering colleges were mostly focused on hotels and conventional restaurants, and QSR was an unheard of concept. I am extremely proud of having been part of a journey that has resulted in making QSR one of the most attractive service businesses in India today. In the true sense, *we have 'created a difference'*.

What has kept us going? To me it is the approach of the organisation more than anything else. Even though we are the number one restaurant brand in the world, there is an amazing amount of flexibility both when it comes to the business approach in a local environment, and the way employees are treated. *The respect for local cultures and individuality is exemplary, evident in not offering beef or pork products or maintaining separate kitchens from day one.*



For employees to grow, there is a philosophy of valuing an individual and providing him or her space to grow, and his or her voice being heard. An open door policy is perhaps the most important aspect, where issues are not brushed under the carpet, but deliberated upon and solved. My own career growth is a testimony of this approach, where I have been exposed to various functions right from managing a restaurant to scouting for real estate. Today, I am heading operations in West and South India and managing the New Business Channels portfolio for the organisation.

To me, working here is not just a job. *It is a way of life, and the constant challenge of doing better than ourselves is a great motivator.*

**Ranjit Paliath**

*Vice President, Business Operations, West & South, McDonald's India*

# WALKING THE SUSTAINABILITY PATH



**“We have an obligation to give something back to the community that gives us so much.”**  
Ray Kroc, Founder, McDonald’s Corporation

Ronald McDonald™ making students aware to ‘Go Green’

HRPL is committed to sustainable and ethical business operations. These values form the foundation of its identity and operations. HRPL is guided by a leadership vision and a set of core values that ensure its operations are conducted in a socially and environmentally responsible manner. It is firmly committed to its people and the communities where it operates, and actively exercises its Corporate Citizenship through initiatives focused on Sustainability, Nutrition, Wellbeing and Culture

## SUSTAINABILITY

Sustainability and conservation initiatives are at the heart of HRPL operations. Extra care is taken to go beyond compliance through the adoption of clean technologies and improvement in management practices.

Over the years, HRPL has undertaken various energy saving initiatives in its facilities such as Variable Frequency Drive (VFD) for Exhaust, Electronic Ballast for Lighting, Multi-utility Heat Pump with Contacting Device, Multi-utility Heat Pump, installing LED lights, Superheat Recovery from Heat Ventilation and Air conditioning, among others.

The Company has partnered with Green Yatra and conducted a comprehensive waste audit and management programme across McDonald’s stores in Mumbai and its suburbs. Adoption of Systematic Waste Management



#### RONALD MCDONALD™ – CHIEF HAPPINESS OFFICER

Ronald McDonald™ is McDonald's Chief Happiness Officer. He is a magician with a colourful personality. Most of us know that Ronald spreads happiness through his appearances in McDonald's outlets. He is also the ambassador for McDonald's charitable and social causes.

Ronald has a far-reaching local community involvement. Working together with many local NGOs, he has taken steps to spread awareness among children.

(SWM) Process, a scientific method of storing, collecting, segregating, transporting and disposal of solid waste residuals with Green Yatra ensures zero carbon emission and minimal or no landfill. Green Yatra has also awarded McDonald's a certificate in lieu of recognition and appreciation 'For ensuring Zero Carbon / Greenhouses gases (GHG) emission by implementing SWM process.'

The effective use of the various energy saving technologies has allowed benefits, in terms of reduced environmental impact and operational costs, to accrue to HRPL.

The combined use of all the technologies has helped HRPL reduce its energy consumption with a reduction in CO<sub>2</sub> emissions by 2,730 tonnes. On the business end, these initiatives have also helped HRPL save over USD 300,000, in operational costs per year.

#### COMMUNITY INVOLVEMENT

HRPL acknowledges its social responsibility and contributes to a number of community projects.

HRPL also actively participated in helping Mukhtangan, an initiative of Paragon Charitable Trust, a pioneering educational programme with an innovative model. The team works in close partnership with the Municipal Corporation of Greater Mumbai and a number of NGOs across India to provide educational support to underprivileged children.

The Nareshwadi Project, an effort to fight malnutrition, was undertaken to help underprivileged children. Of the 550 children assisted, 90% were from the Warli tribes of Maharashtra, the remaining 10% were orphans. The project sought to improve the

living standards of these children and their families. It provided these families with basic education and training in agriculture to make them self-sustainable.

#### SOUND ETHICS IS GOOD BUSINESS

HRPL follows high standards of fairness, honesty and integrity. It deals directly with local farmers and suppliers. Its fair practice code has allowed the elimination of middlemen and increasing profit margins of farmers. As a result, farmers supplying to HRPL have been able to acquire better farming technology and increase and improve their overall standard of living.

# PROFILES OF THE BOARD OF DIRECTORS



**B. L. Jatia, Chairman**

Mr. B. L. Jatia has over 45 years of experience in paper, textiles, chemicals, food processing, mining industries, hospitality, healthcare, investment and finance and retail sectors.

Mr. B. L. Jatia is currently the Chairman and Managing Director of Hardcastle & Waud Mfg. Co. Ltd. The company is engaged in trading / manufacturing of chemical products. Besides, he also holds directorships in a number of other companies and is a trustee of a charitable trust.

Mr. B. L. Jatia holds B.Com. and LLB. degrees from the University of Mumbai.



**Amit Jatia, Vice Chairman**

Mr. Amit Jatia has over 25 years of experience in the QSR industry. As Vice-Chairman of Westlife Development Ltd., he has been responsible for all aspects of the establishment and operation of McDonald's Restaurants in western and southern India including site location and acquisition, site development and equipment installation, supply chain management and product development and marketing strategy, and more.

He has been recognised for his achievements with the awarding of the "Young Achievers Award" by the Indo-American Society in 2003, Business World's "Most Respected Company" award for the Food Sector in 2005, for the third consecutive year, as well as Images "Retailer of the Year" award in 2004 and 2005.

He holds a B.Sc. in Business Administration (Finance) from the University of Southern California. He has completed programmes on Management Control Systems at the Indian Institute of Management, and on Strategy, Leadership and Governance at Harvard Business School.



Mr. Barpande, a Chartered Accountant, has more than 30 years of experience as an audit partner with Deloitte Haskins & Sells. He has served various groups such as Financial Technologies / MCX, Blossom, Reliance, Mafatlal, Lupin, Mahindra, Hexaware, Jet Airways, John Deere, Bridgestone, Tech Mahindra, as an audit partner. He was actively involved in reformatting accounts to US GAAP / IFRS for major domestic and multinational companies and some Indian banks.

He is a Fellow of the Institute of Chartered Accountants of India.



**P.R. Barpande, Independent Director**

Mr. Dilip J. Thakkar is a practicing Chartered Accountant, with over 51 years' experience in taxation and foreign exchange regulations. He is associated with several public and private companies as a director. He is a Fellow of the Institute of Chartered Accountants of India.



**Dilip J. Thakkar, Independent Director**

# MANAGEMENT

## DISCUSSION & ANALYSIS

### INDIAN ECONOMIC OVERVIEW

The Indian economy witnessed a moderate 5.4% growth in 2012-13, due to low growth rates in the manufacturing and agriculture sectors. While manufacturing registered a 1.9% growth during the year, agriculture witnessed a mere 1.8% growth, due to lower rainfall during the south-west monsoon season. Headline WPI inflation declined from its highs in the past two consecutive years, to 7.41% in 2012-13 (between April-February). Despite the moderation in WPI inflation, double digit food inflation plagued the economy, driven by higher protein food prices.

### INDUSTRY OVERVIEW

#### India's consumption growth story

India's unique demographic advantage drives its consumption growth story. A large and expanding middle class with a strong purchasing power is creating more demand for discretionary items like durable goods, automobiles, consumer finance and more. India's per capita annual disposable income witnessed a strong growth between 2006 and 2011 to reach Rs.58,261 (US\$1,249). As a result, India is expected to become the world's fifth largest consumer economy by 2025, a jump from its current twelfth position.

#### Organized Food Service Industry

The food service industry is one of the largest in India estimated to be worth ₹ 247,680 crore (USD 48 billion). Of this, the organized sector comprises 27% or ₹ 67,995 crore and is projected to grow at a CAGR of 16%. The industry landscape is dominated by full-service restaurants (fine-dining and casual) and Quick Service Restaurants (QSR). Together, these segments account for 78% of the market. (Source: NRAI Report)

#### QSR Industry

The QSR industry in India is growing at a rapid pace, given the industry's focus on affordable and competitive pricing combined with rising need of the consumer for convenience and the craving for international food. The organized QSR business in India is estimated to grow at a CAGR of around 25% to reach ₹ 16,785 crore (USD

3.23 billion) by 2018. The segment is expected to grow on account of market expansion by existing players and entry of new players. (Source: NRAI Report)

#### Growth Drivers

- **Rapid Urbanization:** India's current urbanization ratio stands at nearly 31%, increasing by about 1% per annum and will be a major driver for domestic consumption growth.
- **Young Population:** Currently more than 60% of the population is aged less than 30 years. Considering a large portion of McDonald's customers are youth, this remains a key growth driver.
- **Working Population:** With India adding to its labour force over 2010-20, a wage growth of 12-15% CAGR is likely to be another driver of domestic consumption.
- **Growing Disposable Income:** Growing aspirations and rising affordability in India's middle class segment, due to rising wages and price deflation, bode well for consumption growth.

### COMPANY OVERVIEW

#### Westlife Development Ltd

Westlife Development Ltd (WDL) is a part of the B.L. Jatia group. WDL, is an operating-cum-investment company engaged in the business of –

- a) promotion and operation of quick service restaurants through its subsidiaries
- b) investing, buying, selling, dealing in securities and financing activities
- c) supporting its subsidiaries in acquisition and development of retail spaces to expand its business

WDL is primarily focused on building and developing India's Quick Service Restaurant (QSR) industry through its subsidiary Hardcastle Restaurants Pvt. Ltd (HRPL), which operates McDonald's restaurants in west and south India through its licence agreement with McDonald's Corporation.



During the year, WDL submitted to the Bombay High Court a scheme of arrangement for consolidation of its subsidiaries. As a result of the proposed consolidation, HRPL will become a direct subsidiary of WDL. The scheme of arrangement has been approved by BSE in principle.

Through this move, the B.L. Jatia group has proposed to consolidate HRPL (through its majority shareholder, Triple A Foods P. Ltd.), and Westpoint Leisureparks Pvt. Ltd. (majority shareholder of Triple A Foods) under Westlife Development Limited.

The scheme of arrangements awaits approval from Court.

### WDL's Consolidated Financial Highlights

The consolidated financial highlights of Westlife Development are as follows:

	₹ in Millions	
	For the year ended March 31, 2013	For the year ended March 31, 2012
Revenue from Operations	6,843	5,479
Total expenses excluding Depreciation, Interest and Tax	6,262	4,845
EBITDA	653	686
Profit for the year (before adjustment for Minority Interest)	333	423
Less : Share of Profit transferred to Minority Interest	120	109
Profit for the year (after adjustment for Minority Interest)	213	314

### CONSOLIDATED FY13 HIGHLIGHTS

- Total Sales increased by 25% year-on-year to ₹ 6843 million
- EBITDA stood at ₹ 653 million
- Cash Profit stood at ₹ 653 million
- Profit After Tax stood at ₹ 333 million
- Opened 32 new restaurants; highest number of openings in any year till date

### Business Overview

#### Hardcastle Restaurants Pvt. Ltd

Hardcastle Restaurants Pvt. Ltd (HRPL) is a master franchisee of McDonald's Corporation and operates McDonald's restaurants in west and south India. Under the master franchisee arrangement, HRPL is responsible to provide capital for the entire business, including the real estate interest with technical, operational and business support from McDonald's Corporation. HRPL owns or secures long-term leases for all its restaurant sites to ensure long-term occupancy rights to operate the restaurants.

In its restaurants, HRPL continuously develops and refines operating standards, under the guidance of McDonald's Corporation, marketing concepts and product and pricing strategies. This is done such that only those strategies which are most beneficial are introduced into the system to deliver a great customer experience and drive profitability.

HRPL has a restaurant footprint of 161, as on March 31, 2013, across the states of Andhra Pradesh, Gujarat, Karnataka, Madhya Pradesh, Maharashtra, Tamil Nadu and Kerala. These seven states are the major markets in which HRPL operates and is referred to as 'market' throughout the report.

In analyzing business trends, management considers a variety of performance and financial parameters, including comparable sales and system-wide sales growth.

- Comparable sales is a key performance indicator used within the retail industry and is indicative of acceptance of HRPL initiatives as well as local economic and consumer trends. Increases or decreases in comparable sales represent the percent change in sales from the same period in the prior year for all restaurants in operation at least thirteen months, including those temporarily closed. Some of the reasons restaurants may be temporarily closed include reimagining or remodeling, rebuilding, road construction and natural disasters.
- HRPL reports on a financial year, (April to March), basis and therefore the comparability of the same month, quarter and year with the corresponding period of the prior year will be impacted by the mix of days. The number of weekdays and weekend days in a given timeframe can have a positive or negative impact on comparable sales. It refers to these impacts as calendar shifts/trading day adjustments. In addition, the timing of holidays can impact comparable sales. These impacts vary geographically due to consumer spending patterns.
- System-wide sales include sales at all restaurants and also includes sales at HRPL's 2 sub-franchised restaurants.

#### Strategic Direction

HRPL is the custodian of the McDonald's brand in west and south India through the franchise agreement. HRPL's success has been built on commitment to the delivery of QSC&V (Quality, Service, Cleanliness and Value) to customers. Getting QS&C consistently and overwhelming appreciation of Value keep customers satisfied and maintain competitive edge. In the process, intensified cost optimization steps for further growth. As part of world's QSR largest brand, HRPL's competitive advantage is driven by a focus on locally owned and operated restaurants which maximises its brand performance.

Value is the cornerstone of HRPL's strategy and is achieved by offering a locally relevant menu while keeping prices reasonable.

The unique relationship between HRPL and its suppliers has been the key to its success over the past 17 years in India. HRPL works directly with suppliers who share its values and vision for sustainable supply. The process enables HRPL to work directly with farmers, eliminating

middlemen and dealing only in best quality ingredients. This business model enables HRPL to consistently deliver locally relevant restaurant experiences to customers and to play be an integral part in the communities HRPL serves. In addition, it facilitates HRPL's ability to implement innovative ideas and profitably grow the business across the markets it operates in. Since the implementation of the customer-centred 'Plan-to-Win' several years ago, HRPL's focus has been on not just being bigger but being better.

HRPL's strategic alignment behind this plan has created better McDonald's experiences through the execution of multiple initiatives surrounding the five factors of exceptional customer experiences — people, product, place, price and promotion. While the focus has remained the same over the years, HRPL has adapted and evolved initiatives based on changing needs and preferences of its customers.

These multiple initiatives have increased HRPL's consumer relevance and contributed to sales growth across our markets in west and south India. During the year, we continued to focus on customer needs and aligned strategies to the three growth priorities of (a) Broadening Accessibility of our brand by opening new stores and providing Value for our customers, (b) Optimizing the Menu and (c) Modernizing the Customer experience. These priorities remain relevant and actionable to our business objectives. Combined with our competitive advantage, they will drive long term sustainable growth. Despite a difficult economic environment, supporting these priorities has allowed us to achieve positive comparative sales of 6.2% in FY13.

In our restaurants, we manage menu board prices to ensure value at all price points, increase profitability and mitigate inflation. We also grow comparable sales by ensuring Value to our customers and introducing new products to meet evolving customer needs which help us in offering more variety to the customer which results in increased comparable sales at the restaurants.

The Company's robust supply chain is a competitive advantage. Integration with farms, increased farm acreage, increased capacity, plant locations nearer to raw material will help mitigate some of the inflation impact in the years ahead. The Company, along with its suppliers, remains focused on increasing productivity at the farms and supplier plants to help mitigate some of the impact of food inflation.

As a result of the focused 'Plan-to-Win' program, HRPL has delivered on its long term financial targets. At year end, as on March 31, 2013, HRPL's restaurant footprint stood at 161, a growth of 32 new stores over the last year.

In FY13 HRPL's profits have been impacted by increase in costs as a result of investments in new stores, strengthening of the supply chain to support new products and enhanced capacity. The Company has also been impacted significantly by the increase in raw material and utility costs which have gone up during 2012-13. Some product categories, in particular, showed higher inflationary trends, in excess of price adjustments made.

This revenue growth of 25%, above the IEO industry sales average of 15%, was due to a combination of new store openings and an increase

in same-store sales. Despite inflationary pressures and a challenging market situation there is enormous long-term brand potential.

With a strong brand identity, the mission of HRPL is to make McDonald's the preferred restaurant choice for its customers through its Brand Ambition of Good Food, Good People, Good Neighbour.

HRPL continues to focus its entire management and financial resources on building the McDonald's restaurant business as it believes the opportunities for long-term growth remain significant.

#### Key Initiatives

While there were some early signs of disposable income weakening in 2012-13, HRPL's focus remained on making the brand more accessible to customers. During the year, it continued to build on its performance by focusing on what consumer insights indicated as key growth drivers for the business – (a) Broadening Accessibility of our brand by opening new stores and providing Value for our customers, (b) Optimizing the Menu and (c) Modernizing the Customer experience even in challenging market situations.

HRPL was able to maintain sustained strong sales growth in virtually every market. The Company grew total sales by 25% while same store sales growth was at 6.2% in 2012-13. This was in addition to the 22% same stores sales growth in 2011-12. Throughout its markets, HRPL's success was driven by continued execution.

Key initiatives included reimagining of the older restaurants, actively communicating McDonald's food quality, fresh ingredients and nutrition and implementing 'Made For You', a new kitchen operating system, to enhance operational efficiency and support greater menu variety. In addition, HRPL satisfied consumer desire for choice and value with locally-relevant menus that featured a blend of premium burgers, classic menu favourites, new products, limited-time food promotions as well as everyday value offerings.

Relevant and actionable, these priorities combined with HRPL competitive advantages will drive long-term sustainable growth.

#### Broadening Accessibility

In 2012-13, HRPL focussed on broadening accessibility through restaurant footprint expansion. The Company opened 32 new restaurants across its markets, representing a 24% growth over the past year. HRPL expanded its restaurant footprint in south India with its first restaurant launch in Kochi in the state of Kerala. It also marked its entry into 2 new cities – Coimbatore and Mysore.

A portfolio approach drives HRPL to build long term competitive advantage along with huge focus on quality of real estate by acquiring long term occupancy rights. This approach means building a strong diversified portfolio of restaurants by operating in Food Courts, Malls, High Streets Retail and Free Standing Drive Thru restaurants. The Company is also building larger restaurants that can accommodate future brand extensions such as McCafe™ offer opportunities for growth and increase same store revenues while providing a wider reach to customers.

The frequency of eating out even in major Indian cities continues to be relatively small in comparison to comparable cities of similar per capita income elsewhere. One of the Company's major objectives is to play a significant role in increasing consumption of the IEO sector. The Company intends to increase penetration by ensuring it provides value to its customers making its restaurants more accessible to customers and helping them visit more often.

Brand extensions like McDelivery™ and Breakfast platforms also help us become more accessible to our customers. We intend to continue to invest in building these businesses in the coming years.

#### Food Image

To enable customers to enjoy their favourite burgers even when inflation was eating away into their disposable income, HRPL continued to deliver value to its customers through unique value platforms, great tasting premium menu selections, locally-relevant menu variety, and convenience and service enhancements.

During the year HRPL advanced its value strategy by sustaining the Happy Price Menu by extending menu offerings with the launch of the McEgg™ burger. Additions to premium desserts like Chhota McFlurry™ and the launch of breakfast menu in states like Gujarat provided continued momentum.

The meal platform was leveraged through the introduction of McValue™ lunch that allowed customers to buy meals at affordable price points between 12-3 pm, everyday.

Furthermore, in order to engage with families, in April and May 2012, HRPL celebrated the 'Spicy Food event', a limited time offer, with a range of new products. The Spice range had four products: Mexican Spice Veg Burger, Mexican Spice Chicken Burger and two Wraps – vegetarian and chicken, along with Piri Piri Spice Mix for fries and a spicy McNuggets™ sauce. This range enabled the Company to entrench the spicy range with the customers. The limited time offer was re-introduced in our restaurants during the Diwali holiday period.

A part of our customer base comprises 'Young Adults'. Over the last 2 years, the Company has expanded its breakfast business across its restaurants. This initiative has been steadily accelerated over the last 3 years and today, we offer breakfast in over 100 restaurants across our market. In order to grow the breakfast business, HRPL joined restaurants in the Asia, the Middle East and Africa region to celebrate National Breakfast Day on March 18th, 2013, where we served 42,000 customers on a single morning. This initiative saw enormous acceptance with customers.

#### Modernizing the Experience

In the year under review, HRPL made significant investments to reimagine its building interiors and exteriors, with contemporary design palette, to widen the appeal of McDonald's to a more young and modern customer base.

HRPL continued to advance its accessibility efforts to enhance levels and variety of conveniences provided to the customers. The Company initiated a faster, more accurate service through innovative order taking



with the launch of Hand Held Order Takers (HHOT) and Self Help Order Takers (SHOT), across some of its restaurants.

Furthermore, convenience initiatives remained in focus on optimizing our delivery services through operational efficiencies and building on our online capabilities with the launch of web ordering in McDelivery™, an important growth lever for the delivery business.

### Energizing the Crew

HRPL continued to remain committed in enhancing the experience of its employees through the implementation of technology platforms to support the Company's long term objectives.

Substantial investments were made towards GATE, a recruitment application and HRMS, a single IT solution for all core HR applications at the restaurants and the corporate office to enable employees and business to become faster and smarter. Additionally, the Company made strategic investments in learning and development, especially at the mid management level to build skills and talent pipeline for the future.

## OUTLOOK

### Business Environment

With disposable incomes expected to rise at a CAGR of 10% in India, discretionary consumer spending of the middle class is seen increasing. Despite a temporary slowdown in the Indian economy, the food service industry is likely to continue developing positively. Growth will be driven mainly by way of a growing trend in eating out and competition between players, encouraging consumers to visit food restaurants.

## CHALLENGES

### Food Inflation

There is a continuous increase in the prices of food items in India since 2005, India has been struggling with high inflation in food items. Constant rising commodity prices can impact food service industry's plans negatively.

### Real estate

The dynamics of the food service industry rely heavily on the ability to find locations which improve accessibility for customers. While the real estate sector has evolved significantly over the last decade, quality real estate at the right costs, clear title and right size can still be a challenge. A constant increase in real estate prices across cities and continuing slower economic growth can delay the Company's returns from new stores.

### Company strategies

2013-14 expected to be an important one for WDL from an overall corporate perspective, given the expected completion of amalgamation of group companies with WDL. During the current financial year, HRPL will continue to advance its efforts on becoming customers' favourite place and way to eat and drink.

In the longer term, HRPL is well placed to take advantage as the economy improves.

Focus on our customers is particularly critical in this uncertain environment, where ongoing volatility continues to negatively impact consumer sentiment and spending. While we anticipate the challenging market environment to continue through FY 14, our focus will remain on growing our market share to attain sustainable and profitable long-term growth.

HRPL has the advantage of outstanding brand equity and an aligned system that makes it uniquely well-positioned to benefit from available growth opportunities. The Company remains committed to further strengthening its business and increasing market share by building upon the solid foundation that already exists. In doing so, it will differentiate the McDonald's experience and strengthen its business momentum for the long term.

HRPL will effectively manage spending. In making capital allocation decisions, its goal is to make investments that elevate the McDonald's experience and drive sustainable growth in sales and market share. HRPL will focus on markets that generate acceptable returns or have opportunities for long-term growth to its shareholders.

HRPL will continue to build the business in 2013-14 and beyond by enhancing customer experience across all pillars of our Plan and our growth priorities of (a) Broadening Accessibility of our brand by opening new stores and providing Value for our customers, (b) Optimizing the Menu and (c) Modernizing the Customer experience. Accessibility efforts will include increasing the level and variety of conveniences provided to our customers through new restaurant openings, extended operating hours, stronger value platforms, and faster, more accurate service through innovative order taking.

In order to re-invigorate long-term value platforms, HRPL will accelerate growth at breakfast platform and focus on menu variety and convenience. Value will continue to be a key strategy and growth driver to build traffic with a focus across the menu at all day-parts, combined with trade-up strategies to build customers spend. it will emphasize its day-parts – introduce breakfast and extended hours of operations in more of its markets. Additionally, HRPL will enhance the overall customer experience by continuing to reimage its restaurant interiors and exteriors and by providing its restaurant teams with appropriate tools, training, and technology.

### Highlights of the year

- System wide sales at ₹ 6,874 million
- Total Sales Growth of 25% to ₹ 6,810 million
- Comparable Sales Growth of 6%
- 32 new restaurants opened in FY2012-13, taking the systemwide restaurant footprint to 161 as of March 31, 2013
- EBITDA at ₹ 627 million
- PAT at ₹ 308 million
- Net Cash from Operating Activities at ₹ 639 million

## OPERATING RESULTS

## HARDCASTLE RESTAURANTS PRIVATE LIMITED

## Financial Performance

	₹ in Millions	
	For the year ended March 31, 2013	For the year ended March 31, 2012
<b>REVENUE</b>		
Sales by Company owned Restaurants	6,748	5,398
Other Operating Income	62	47
<b>TOTAL REVENUES</b>	<b>6,810</b>	<b>5,445</b>
<b>OPERATING COSTS AND EXPENSES</b>		
<b>Store Operating Cost and Expenses</b>		
Food & Paper	3,083	2,437
Payroll and Employee Benefits	576	467
Occupancy and Other Operating Expenses	2,213	1,616
<b>General &amp; Administrative Expenses</b>	<b>343</b>	<b>279</b>
<b>Other Operating (Income) / Expenses, (Net)</b>	<b>(32)</b>	<b>(26)</b>
<b>TOTAL OPERATING COSTS AND EXPENSES</b>	<b>6,183</b>	<b>4,773</b>
<b>EBIDTA</b>	<b>627</b>	<b>672</b>
Net Financial Expense (Interest & Bank Charges)	6	1
Depreciation	313	246
<b>Profit before Tax</b>	<b>308</b>	<b>425</b>
Income tax	-	-
<b>Profit after Tax</b>	<b>308</b>	<b>425</b>

**Comments on Financial Performance:**

During the year under review, HRPL posted a sound revenue growth of 25% to reach ₹ 6,810 million compared to ₹ 5,445 million last year. This was mainly achieved through a mix of comparable sales growth, incremental revenue from opening of new stores and launch of new product offerings. Value offerings and new product launches contributed positively to the results despite a challenging market scenario. Comparable Sales growth for the year under review was at 6.2%

HRPL's Operating margins were impacted on account of higher commodity and utility costs in FY2012-13. Food, Paper and Distribution Costs (FPD) was higher at ₹ 3,083 million over last financial year mainly on account of inflationary conditions. In order to address rising costs, HRPL strengthened its supply chain by expanding the farm acreage and increasing productivity in the supply chain and at the restaurants. Suppliers, in turn, expanded capacity with additional facilities in south and north India, moving closer to raw material sources and providing tremendous benefits. These initiatives will help HRPL manage commodity costs better in the coming years.

Additionally, employee-related costs increased to ₹ 576 million mainly due to expansion in the restaurant network and increase in wage rates. Similarly, occupancy and other operating expenses increased to ₹ 2,213 million mainly on account of increase in utility costs and expenses incurred in Marketing, Advertisement and Promotions necessary for building and maintaining the brand image.

Despite a challenging market scenario HRPL continues to invest in its talent pipeline to ensure smooth management and operations of its business both current and future. General & Administrative (G&A) costs as a percentage of Sales & Operating Revenue remained at 5% in FY 2012-13.

As a result of pressure on the operating margins of the Company, EBITDA in FY 2012-13 was at ₹ 627 million as against ₹ 672 million in FY 2011-12. Profit before Tax decreased to ₹ 308 million from ₹ 425 million last year.

HRPL continued to generate positive cash flows. During FY 2012-13, HRPL generated a cash flow of ₹ 618 million against a cash flow of ₹ 646 million in FY 2011-12. The entire cash flow generated has been utilised for expanding operations.

In FY 2013 the company opened 32 new restaurants and also invested in re-imaging activities relating to building interiors and exteriors to enhance dining experience at its restaurants. For purposes of the same the Company invested ₹ 1,569 million towards capital and related long-term commitments. These were largely funded through internal cash accruals and minimal external borrowings.

## RISK REVIEW

HRPL has established a holistic risk management framework to identify possible risks and ensures they are well handled and works towards de-risking its business. It monitors business activities to identify, assess and mitigate potential internal or external risks so as to eliminate or minimise its impact. HRPL uses its past experience, understanding of the Indian market and preferences to mitigate these risks. Some potential risks HRPL may face are:

### a. Economic slowdown

A slowdown in the economy can have a dampening impact on the food service industry. It can impact the disposable income of consumers and in turn affect sales.

### b. Inflation

Rising inflation can lead to pressure on pricing, thereby depressing margins.

### c. Supply chain

Any disruption in the supply chain can negatively impact supply of ingredients to outlets and the freshness of finished products.

### d. Competition

Competition in the industry may rise further as new players enter the market and investments by foreign investors rise. As the QSR space expands further in India, competition is likely to increase.

### e. Response in new markets

HRPL has a robust expansion plan in place and is confident of an encouraging response from new markets as well as new towns and cities. However, the response may not be in line with expectations, which may impact its success in those markets.

## INTERNAL CONTROLS AND SYSTEMS

HRPL's elaborate internal control systems ensure efficient use and protection of resources and compliance with policies, procedures and statutory requirements. The internal control systems comprise well documented guidelines, authorisation and approval procedures, including audit. Intrinsic to the overall governance process, HRPL has institutionalised a well-established internal audit framework which covers all aspects of financial and operational controls, covering all units, functions and departments.

HRPL has been an integral part of the global system of McDonald's Corporation, USA. As a result, it follows numerous control systems across its store operations that are tried and tested internationally.

There is an Internal Audit (IA) Committee comprising senior cross functional members. The IA Committee is actively engaged in evaluating and improving on an ongoing basis various functions and significant activities of the Company, including store operations, marketing and capital expenditure. The Committee is ably supported by external and independent chartered accountant firms specialised in the domain of IA who perform internal audit of the Company's operations and activities in the field.

## HUMAN RESOURCE MANAGEMENT

The organisation believes in the philosophy of getting the 'right people on the bus', i.e. acquiring the right talent. HRPL's top management is rich in experience and drives the Company towards the achievement of its goal of being a leader in the QSR industry. The Company conducts regular training and talent workshops for its employees to add to their skill sets, HRPL has a strong leadership team providing strategic direction backed by an experienced cross functional team to optimize operational efficiencies.





# REPORT OF THE BOARD OF DIRECTORS TO MEMBERS

## WDL's Consolidated Financial Highlights:

The consolidated financial highlights for Westlife Development are as follows:

	₹ in Millions	
	For the year ended March 31, 2013	For the year ended of March 31, 2012
<b>REVENUE FROM OPERATIONS</b>	6,843	5,479
Total expenses excluding Depreciation, Interest and Tax	6,262	4,845
EBITDA	653	686
Profit for the year (before adjustment for Minority Interest)	333	423
Less : Share of Profit transferred to Minority Interest	120	109
Profit for the year (after adjustment for Minority Interest)	213	314

Your Directors are pleased to present their Thirtieth Annual Report and audited Statement of Accounts for the year ended March 31, 2013.

## STANDALONE FINANCIAL STATEMENT

	₹	
	2012-13	2011-12
Profit before Depreciation	2,44,91,301	43,58,382
Less : Depreciation	6,088	9,967
Profit before Exceptional Items & tax	2,44,85,213	43,48,415
Less : Exceptional Items	-	1,27,43,861
Profit/ (Loss) before Tax	2,44,85,213	(83,95,446)
Provision for Taxes	34,12,400	12,63,800
MAT Credit Entitlement	(20,26,515)	-
Deferred Tax Liability/ (Asset)	(6,67,570)	(19,781)
Tax adjustments for earlier years	(16,832)	3,01,961
Profit/ (Loss) for the year	2,37,83,730	(99,41,426)
Add : Balance brought forward	(30,19,478)	69,21,948
Less : Appropriations		
Proposed Dividend on Preference Shares	1,68,373	-
Tax on Proposed Preference Dividend	28,615	-
Balance carried forward	2,05,67,264	(30,19,478)

In order to conserve reserves, no dividend is being recommended, except 8% (Re 0.80 per share) dividend on Preference Shares in respect of the Financial Year 2012-13.

## STANDALONE OPERATING PERFORMANCE

During the financial year 2012-13, the global economic environment was on a slow growth path. However, despite the prevailing uncertainties, the Company achieved a fairly steady growth and recorded a satisfactory after tax profit of ₹ 2.38 crores as against a loss of ₹ 99.41 lacs last year.

The Company is an operating-cum-investment company engaged in the business of –

- a) promotion and operation of quick service restaurants through subsidiaries.
- b) investing, buying, selling, dealing in securities and financing activities.
- c) Supporting its subsidiaries in acquisition and development of retail spaces to expand its business

During the year, the Company carried out trading in steel products and executed civil and electrical works.

## SUBSIDIARY COMPANIES

Consolidated financial statements of the Company and its subsidiaries prepared in accordance with applicable accounting standards and duly audited by the Company's statutory auditors are annexed.

The annual accounts of the subsidiaries and the related detailed information shall be made available to the shareholders of the Company and also to the shareholders of the said subsidiary companies seeking such information at any point of time. The annual accounts of the subsidiaries are available for inspection by any shareholder in the head office of the Company and of the subsidiary company concerned.

## DIRECTORS & MANAGEMENT

Mr. B L Jatia, Director retires by rotation and being eligible offers himself for reappointment.

During the year under review, Mr O P Adukia was appointed by the Board as Principal Officer to look after the day to day affairs of the Company, subject to the superintendence and control of the Board.

## SIGNIFICANT EVENTS

### Share Capital

#### a) Authorised Capital

During the year, the Company by a resolution passed by members at their Extra Ordinary General Meeting held on 16.10.2012, restructured its Authorised Capital from ₹ 20,00,00,000 comprising of 2,00,00,000 Equity Shares of ₹ 10 each to ₹ 20,00,00,000 comprising of 1,95,40,000 Equity Shares of ₹ 10 each and 4,60,000 Preference Shares of ₹ 10 each.

#### b) Preferential Issue

The Board of Directors made an allotment of 4,60,000, 8% Cumulative Redeemable Preference Shares of ₹ 10 each at a premium of ₹ 50 per share under a preferential issue to Anand Veena Twisters Pvt. Ltd. (an entity belonging to the Promoter Group) (aggregating to ₹ 276.0 lacs) for cash during the year, after obtaining members' approval.

#### c) Bonus Shares

Pursuant to the resolution passed by members of the Company at an Extra Ordinary General Meeting held on 16.10.2012, the Directors of your Company on 12.12.2012 allotted 28,86,010 bonus shares to members of the Company (other than those belonging to promoter group) in the ratio of one equity share of ₹ 10 each in the capital of the Company for every one existing equity share held by the eligible members on 11.12.2012 (the Record date). The bonus shares have since been listed for trading on the Bombay Stock Exchange. The Company's issued and paid up capital after the said bonus issue stands at ₹ 18,28,60,100, the public shareholding being slightly above 25% thus making the Company compliant with the minimum public shareholding as required by the Listing Agreement and applicable laws.



#### d) Stock Split

In order to widen the shareholder base and to make the shares affordable to small investors, members at a meeting held on 3.6.2013 had approved splitting of the face value of the Company's Equity Share from ₹ 10 to ₹ 2 each.

The new ISIN allotted for the Company's equity share is INE 274F01020.

#### SCHEME OF ARRANGEMENT

Further to what was reported last year, the Bombay High Court, on presentation of the Scheme of Arrangement between the Company and its subsidiaries viz. West Leisure Resorts Pvt. Ltd, Westpoint Leisureparks Pvt. Ltd and Triple A Foods Pvt. Ltd had by its Order dated 15.3.2013 directed that a meeting of the equity shareholders be convened on 22.4.2013 for considering the Scheme and also to seek members' approval for the proposed reduction of share capital of the Company consequent to the cancellation of the Company's 4,60,000, 8% Cumulative Preference Shares of ₹ 10 each in terms of the Scheme. Accordingly, meetings of members were held for the aforesaid purposes where both the proposals were approved unanimously. A petition for sanctioning the Scheme has since been submitted to the Bombay High Court and awaits disposal.

#### AUDITORS

S R Batliboi & Co LLP, (erstwhile M/s S R Batliboi & Co.) Chartered Accountants, the statutory auditors of the Company, hold office till the conclusion of the forthcoming annual general meeting and are eligible for re-appointment.

#### PUBLIC DEPOSITS

The Company did not accept any deposits during the year.

#### PARTICULARS OF EMPLOYEES

The provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not attracted.

Human relations have remained cordial throughout the year.

#### INTERNAL CONTROL SYSTEMS

The Company has a proper and adequate internal audit and control system commensurate with its size and the nature of its business. No instance of any fraud or misdemeanour has been noticed during the year.

#### DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217 (2AA) of the Companies Act, 1956, your Directors state that :

- in the preparation of the annual accounts, the applicable accounting standards have been followed;
- the accounting policies selected and applied are consistent and the judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- the annual accounts have been prepared on a going concern basis.

#### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS / OUTGO

Your Company is not engaged in any manufacturing activity and therefore, there are no particulars to be disclosed under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, relating to conservation of energy and technology absorption.

During the year under review, the Company did not earn/ spend any foreign exchange.

#### CORPORATE GOVERNANCE

A separate report on Corporate Governance is annexed hereto as part of this Report.

#### ACKNOWLEDGEMENT

Your Board places on record its appreciation of the co-operation extended by all concerned.

For and on behalf of the Board of Directors

**Banwari Lal Jatia**  
(Chairman)

Place : Mumbai

Date : 18th July, 2013



# CORPORATE GOVERNANCE REPORT

(Pursuant to Clause 49 of the Listing Agreement with Bombay Stock Exchange)

## COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company is committed to the principles of good corporate governance viz. fairness, transparency and accountability.

## BOARD OF DIRECTORS

Company's Board has two independent non-executive directors as on March 31, 2013, unrelated to each other and not holding any shares in the Company.

The Board met 17 times during the year on May 14, 2012, July 30, 2012, August 14, 2012, August 30, 2012, September 21, 2012, October 13, 2012, October 16, 2012, October 30, 2012, November 24, 2012, November 30, 2012 (Morning), November 30, 2012 (Evening), December 5, 2012, December 7, 2012, December 12, 2012, December 14, 2012, February 12, 2013 and February 25, 2013.

## Attendance of Directors at Meetings :

Name	No. of Board Meetings Attended	If present at last AGM	No. of Outside Directorships held		No. of Committees in which Member/Chairman	
			Public	Private	Member	Chairman
Mr Om Prakash Adukia (resigned w.e.f. 5.12.2012)	11	N/A	5	6	1	1
Mr Banwari Lal Jatia (appointed on 24.11.2012)	8	Yes	1	11	-	1
Mr Govind Prasad Goyal (resigned w.e.f. 5.12.2012)	11	N/A	2	4	1	-
Mr Salem Venkatesan Srinivasan (resigned w.e.f. 5.12.2012)	1	N/A	2	2	-	-
Mr Amit Jatia (appointed on 24.11.2012)	4	Yes	5	12	2	1
Mr Dilip J Thakkar (appointed on 24.11.2012)	2	No	13	9	5	5
Mr Padmanabh Ramchandra Barpande (appointed on 24.11.2012)	5	Yes	4	4	2	8

The directors did not receive any remuneration or fee from the Company during the year.



## CODE OF CONDUCT

The Company has framed a Code of Conduct for the members of the Board of Directors and its senior managerial personnel. The Code has been posted on the website of the Company.

A declaration regarding compliance by the Board Members and Senior Managerial Personnel with the provisions of the said Code is given as Annexure I to this Report.

## AUDIT COMMITTEE

During the year, the audit committee was reconstituted with Mr P R Barpande, Mr Dilip J Thakkar and Mr Amit Jatia as members, under the Chairmanship of Mr P R Barpande.

The terms of reference of the Audit Committee cover the matters specified for such committees in Section 292A of the Companies Act, 1956 and in Clause 49 of the Listing Agreement.

The Committee duly met 5 times during the year on May 14, 2012, August 14, 2012, October 30, 2012, December 7, 2012 and February 12, 2013.

## GRIEVANCE REDRESSAL

Shareholders/ Investors Grievance Committee of the Company consists of 3 directors viz. Mr B L Jatia, Mr Amit Jatia and Mr P R Barpande with Mr B L Jatia as the Chairman and Mr P F Fernandes, the Company Secretary as the Compliance Officer. No investor complaints were received during the year.

No complaints are pending.

Dedicated e-mail ID for investors' grievances is available at peterfernandes051212@gmail.com

## GENERAL BODY MEETINGS

### Annual General Meetings

Location, Date and time of last 3 AGMs.

	Location	Date	Time	No. of Special Resolutions
1	Brabourne Stadium 87, Veer Nariman Road Mumbai 400 020	September 29, 2010	2.00 p.m.	Nil
2	Brabourne Stadium 87, Veer Nariman Road Mumbai 400 020	September 28, 2011	2.00 p.m.	Nil
3	Brabourne Stadium 87, Veer Nariman Road Mumbai 400 020	December 31, 2012	12.00 noon	Nil

No special resolution was passed through postal ballot during the year.

There is presently no proposal for passing any special resolution through postal ballot. However, if an occasion arises for the same in the future, the same will be decided at the relevant time.

The procedure for postal ballot is as laid down in the Companies (Passing of Resolutions by Postal Ballot) Rules, 2011.

## DISCLOSURES

- i) All related party transactions have been entered into in the ordinary course of business and were placed periodically before the audit committee in summary form. No materially significant related party transactions that might have potential conflict with the interests of the Company at large took place during the year.
- ii) All applicable Accounting Standards mandatorily required have been followed in preparation of the financial statements.
- iii) Risk assessment and its minimization procedures have been laid down and reviewed by the Board. These procedures are periodically reviewed to ensure that executive management controls the risks through means of a properly designed framework.
- iv) No money was raised by the Company through public issue and rights issue during the financial year. However, the Company allotted on a preferential basis 4,60,000 fully paid up 8% Cumulative Redeemable Preference Shares of ₹ 10 each to Anand Veena Twisters Pvt Ltd (an entity belonging to the Promoter Group) for cash at a premium of ₹ 50 per share aggregating to ₹ 276 lacs after obtaining requisite approval of members.

- v) All pecuniary relationships or transactions of the directors vis-à-vis the Company have been disclosed in the Notes to the Accounts for the year which are being circulated to members along with this report.
- vi) Management Discussion and Analysis forms part of the Annual Report to the shareholders.
- vii) There were no financial/ commercial transactions by the Senior Management Personnel as defined in Clause 49 of the Listing Agreement where they have personal interest that may have a potential conflict with the interests of the Company at large requiring disclosures by them to the Board of Directors of the Company.
- viii) Compliance Reports of applicable laws are periodically reviewed by the Board of Directors. The Company is in compliance with all applicable laws. No penalties or strictures have been imposed on the Company by the Stock Exchange or SEBI or any statutory authority on any matter related to capital markets during the last three years.
- ix) Relevant details of directors proposed to be appointed are furnished in the Notice of the 30th Annual General Meeting being sent along with the Annual Report.

## COMMUNICATION

The Company's periodical financial results are submitted to the Bombay Stock Exchange within the prescribed time-period in a form so as to enable the Exchange to put the same on its own website. The results are also published in Free Press Journal (English) and Navshakti (Marathi) newspapers.

The Company issues press releases as and when occasion arises. No representations have been made to any institutions or analysts.

## GENERAL SHAREHOLDER INFORMATION

(i) Annual General Meeting to be held :	
Date	: 11th September, 2013
Time	: 12 noon
Venue	: Brabourne Stadium, 87 Veer Nariman Road, Churchgate, Mumbai – 400 020.
(ii) Financial Year	: April – March
(iii) Date of Book Closure	: 16th August, 2013
(iv) Dividend Payment Date	: No dividend is being recommended, except 8% dividend on Preference Shares which will be paid on or before 16th September, 2013.
(v) Company's shares are listed on the Bombay Stock Exchange (Stock Code : 505533)	

## (vi) Monthly Market Price Data

Monthly highest and lowest closing quotations of the Company's equity share on the Bombay Stock Exchange during the financial year 2012-13 were as under. Comparative figures of the month-end closing prices of the Company's share and the BSE Sensex are also tabulated alongside.

Month	₹ per share			Sensex High	Sensex Low
	High	Low	Month-end closing		
April, 2012	75.80	54.50	75.80	17664.10	17010.16
May, 2012	78.80	77.30	78.80	17432.33	15809.71
June, 2012	-	-	-	17448.48	15748.98
July, 2012	83.55	80.35	83.55	17631.19	16598.48
August, 2012	121.15	85.20	121.15	17972.54	17026.97
September, 2012	133.65	123.55	133.65	18869.94	17250.80
October, 2012	144.55	136.30	144.55	19137.29	18393.42
November, 2012	172.50	147.40	172.50	19372.70	18255.69
December, 2012	183.70	86.20	183.70	19612.18	19149.03
January, 2013	283.25	187.35	283.25	20203.66	19508.93
February, 2013	404.10	288.90	404.10	19966.69	18793.97
March, 2013	554.20	412.15	554.20	19754.66	18568.43

## (vii) Registrars &amp; Transfer Agent

Sharepro Services (India) Pvt. Ltd  
912, Raheja Centre  
Free Press Journal Road  
Nariman Point  
Mumbai 400 021.

## (viii) Shareholding Pattern as on 31st March, 2013 :

	No. of Holders	No. of Shares held	Percentage of holding
<b>Promoter Group :</b>			
Individuals/ HUF	7	13,30,680	7.28
Bodies Corporate	5	1,23,83,310	67.72
<b>Non-Promoters :</b>	43	34,71,934	18.99
Individuals/ HUF	7	44	0
Bodies Corporate	2	11,00,042	6.01
Foreign Institutional Investors	64	1,82,86,010	100.00

Distribution of shareholding as at March 31, 2013

Shareholding	No. of Shareholders	No. of Equity Shares	Shareholding Percentage
<b>Upto 500</b>	44	1,911	0.01
501 to 2000	1	640	0.00
2001 to 5000	3	9,772	0.06
<b>5001 to 10000</b>	3	24,000	0.13
Above 10000	13	1,82,49,687	99.80
	64	1,82,86,010	100.00

#### ix) Dematerialisation of Shares

As on 31st March, 2013, 1,82,86,010 shares comprising 100% of the Company's paid-up equity capital are held in dematerialized form under ISIN Code INE 274F01012. The Company's ISIN Code No. has since been changed to INE 274F01020 after the share split w.e.f. 14.06.2013. The number of shares has also been increased to 9,14,30,050.

x) The Company has not issued any GDRs/ ADRs/ Warrants or any convertible instruments.

xi) Addresses for correspondence

Shareholders' correspondence may be addressed to any of the following addresses :

1. Sharepro Services (India) Pvt. Ltd  
912, Raheja Centre  
Free Press Journal Road  
Nariman Point  
Mumbai 400 021
2. Westlife Development Ltd  
1001, Tower-3, 10th Floor  
Indiabulls Finance Centre  
Senapati Bapat Marg  
Elphinstone Road  
Mumbai 400 013

#### Non-Mandatory Requirements

- i) In view of the expected growth of business, Mr B L Jatia and Mr Amit Jatia were appointed as Non-executive Chairman and Non-executive Vice Chairman respectively.
- ii) The Company has few employees and no remuneration was paid to the directors. In view of this, no Remuneration Committee has been constituted.
- iii) No communications about periodical financial results of the Company are presently being sent to the shareholders.
- iv) There are no qualifications in the Auditor's Report on the financial statements to the shareholders.
- v) The Company does not have any framed policy at present for training of the Board members as they are experienced professional persons.
- vi) There is no formal mechanism at present for evaluation of performance of the non-executive directors.
- vii) The Company has not established a whistle blower policy. However, all personnel have free access to the audit committee.

#### Compliance Certificate

A certificate from a practicing Company Secretary regarding compliance with the conditions of corporate governance as stipulated in Clause 49 of the Listing Agreement is annexed to the report as Annexure II.



## ANNEXURE – I

DECLARATION ABOUT COMPLIANCE WITH  
CODE OF CONDUCT

To :

Westlife Development Ltd.

Mumbai

I hereby declare that all members of the Board and the Senior Management Personnel of the Company have affirmed due observance of the Code of Conduct framed by the Company in so far as it is applicable to them and there is no non-compliance thereof during the year ended 31st March, 2013.

P F Fernandes

Company Secretary

Place : Mumbai

Date : June 24, 2013

## ANNEXURE II

## COMPLIANCE CERTIFICATE

To :

The Members

Westlife Development Ltd.

Mumbai

We have reviewed the records concerning the Company's compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement entered into, by the Company, with the Bombay Stock Exchange for the financial year ended March 31, 2013.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures adopted by the Company for ensuring the compliance of conditions of Corporate Governance and implementation thereof. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have conducted our review on the basis of the relevant records and documents maintained by the Company and furnished to us for the review, and the information and explanations given to us by the Company.

Based on such a review, and to the best of our information and according to the explanations given to us, in our opinion, the Company has complied with the conditions of Corporate Governance, as stipulated in Clause 49 of the said Listing Agreement.

Shailesh A Kachalia

CP 3888

Company Secretary

Place : Mumbai

Date : June 24, 2013

## **CONSOLIDATED FINANCIAL STATEMENTS**

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- 56 Notes forming part of the Consolidated Financial Statements

# INDEPENDENT AUDITOR'S REPORT

To

The Board of Directors of  
[Westlife Development Limited](#)

We have audited the accompanying consolidated financial statements of Westlife Development Limited ("the Company") and its subsidiaries, which comprise the consolidated Balance Sheet as at March 31, 2013, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, 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 control relevant to the Company's preparation and presentation 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 accounting policies used and

the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## OPINION

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and

in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

## OTHER MATTER

We did not audit total assets of Rs.46.27 Millions as at March 31, 2013, total revenues of Rs.10.53 Millions and net cash outflows amounting to Rs.24.48 Millions for the year then ended, included in the accompanying consolidated financial statements in respect of three subsidiaries, whose financial statements and other financial information have been audited by other auditors and whose reports have been furnished to us. Our opinion, in so far as it relates to the affairs of such subsidiaries is based solely on the report of other auditors. Our opinion is not qualified in respect of this matter.

For [S.R. BATLIBOI & CO. LLP](#)

Chartered Accountants

Firm Registration No. 301003E

per [Ravi Bansal](#)

Partner

Membership No. 49365

Place : Mumbai

Date : May 15, 2013

## CONSOLIDATED BALANCE SHEET

as at March 31, 2013

	Note No.	As at March 31, 2013	(₹ in Millions) As at March 31, 2012
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share capital	2	187.46	160.00
Reserves and surplus	3	2,440.29	1,907.89
		2,627.75	2,067.89
Minority Interest		1,426.31	750.53
<b>Non-current liabilities</b>			
Long-term provisions	4	4.41	8.53
Other long-term liabilities	5	3.17	2.72
		7.58	11.25
<b>Current liabilities</b>			
Short-term borrowings	6	106.53	-
Trade payables	7	576.73	366.26
Other current liabilities	8	531.18	336.88
Short-term provisions	9	37.01	26.20
		1,251.45	729.34
<b>TOTAL</b>		5,313.09	3,559.01
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	10		
Tangible assets		2,733.46	1,849.17
Intangible assets		755.16	238.05
Capital work-in-progress		394.96	196.03
Non-current investments	11	1.50	11.82
Deferred tax assets (net)	12	0.70	0.04
Long-term loans and advances	13	590.40	388.46
Other non-current assets	14	0.08	1.30
		4,476.26	2,684.87
<b>Current assets</b>			
Current investments	15	7.97	63.64
Inventories	16	177.33	150.31
Trade receivables	17	92.52	45.75
Cash and bank balances	18	246.71	328.54
Short-term loans and advances	19	173.97	207.03
Other current assets	20	138.33	78.87
		836.83	874.14
<b>TOTAL</b>		5,313.09	3,559.01
Summary of significant accounting policies	1.2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.R. BATLIBOI & CO. LLP

Chartered Accountants

Firm Registration No. 301003E

For and on behalf of the Board of Directors

Westlife Development Limited

per Ravi Bansal

Partner

Membership No. 49365

Banwari Lal Jatia

Chairman

Amit Jatia

Vice-Chairman

Peter F. Fernandes

Company Secretary

Place : Mumbai

Date : May 15, 2013



## CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2013

		(₹ in Millions)	
	Note No.	For year ended March 31, 2013	For year ended March 31, 2012
<b>INCOME</b>			
Revenue from operations (Net)	21	6,842.65	5,479.02
Other income	22	72.12	52.30
<b>TOTAL REVENUE (I)</b>		<b>6,914.77</b>	<b>5,531.32</b>
<b>EXPENSES</b>			
Cost of raw material consumed	23	3,083.12	2,436.62
Purchase of Traded Goods	24	18.36	20.61
Employee benefits expense	25	763.19	652.54
Other expenses	26	2,397.47	1,735.26
<b>TOTAL (II)</b>		<b>6,262.14</b>	<b>4,845.03</b>
<b>Earnings before Interest, Depreciation, Tax and Amortisation (EBIDTA) (I) – (II)</b>		<b>652.63</b>	<b>686.29</b>
Depreciation and amortisation expense	10	313.36	246.59
Finance costs	27	5.89	0.72
<b>Profit before exceptional items and Tax</b>		<b>333.38</b>	<b>438.98</b>
Less: Exceptional Items	28	-	12.74
<b>Profit before tax</b>		<b>333.38</b>	<b>426.24</b>
<b>TAX EXPENSES</b>			
Current Tax		30.57	3.20
Less : MAT credit entitlement		(29.04)	-
Deferred Tax		(0.67)	(0.02)
Taxes Adjustments for Earlier Years		(0.02)	0.30
<b>Total tax expense</b>		<b>0.84</b>	<b>3.48</b>
<b>Profit for the Year (before adjustment for Minority Interest)</b>		<b>332.54</b>	<b>422.76</b>
Less: Minority Interest		119.91	108.81
<b>Profit for the Year</b>		<b>212.63</b>	<b>313.95</b>
Earnings per Equity Share {Face value of ₹ 10 each (Previous year ₹ 10 each)}	33		
Basic & Diluted Earning per Share (₹)		11.62	17.17
Summary of significant accounting policies	1.2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For **S.R. BATLIBOI & CO. LLP**

Chartered Accountants

Firm Registration No. 301003E

For and on behalf of the Board of Directors

Westlife Development Limited

per **Ravi Bansal**

Partner

Membership No. 49365

**Banwari Lal Jatia**

Chairman

**Amit Jatia**

Vice-Chairman

**Peter F. Fernandes**

Company Secretary

Place : Mumbai

Date : May 15, 2013

## CONSOLIDATED CASH FLOW STATEMENT

for the year ended March 31, 2013

	(₹ in Millions)	
	For Year Ended March 31, 2013	For Year Ended March 31, 2012
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	333.38	426.24
Adjustments for :		
Depreciation	313.36	246.59
Loss on sale / write off of Fixed Assets	7.50	10.52
Interest expense	3.08	-
Gain on sale of Investments	(23.71)	(9.09)
Interest income	(5.44)	(33.15)
Dividend income	(8.45)	(5.82)
Project expenditure written off	-	12.74
Unrealised (gain)/loss on foreign exchange	0.08	(0.04)
<b>Operating profit before working capital changes</b>	<b>619.80</b>	<b>647.99</b>
<b>Movements in Working Capital</b>		
Decrease/(Increase) in inventories	(27.02)	(33.01)
Decrease/ (Increase) in trade receivables	(46.76)	(24.34)
Decrease/ (Increase) in loans and advances	(116.91)	9.55
(Decrease)/Increase in trade payables	210.81	25.44
(Decrease)/Increase in other liabilities	84.52	(72.04)
(Decrease)/Increase in provisions	6.48	96.47
<b>Cash generated from operations</b>	<b>730.92</b>	<b>650.06</b>
Tax refund received / (Taxes paid)	(34.05)	1.79
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>696.87</b>	<b>651.85</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Additions to fixed assets & capital work-in-progress	(1,348.61)	(768.44)
Proceeds from sale of fixed assets	2.10	1.85
Sales / (Purchases) of Non - Current Investments	25.13	(1.61)
Interest income	8.26	36.32
Dividend income	8.45	5.82
Investments in mutual funds	(2,094.67)	(1,576.73)
Proceeds from mutual funds	2,159.24	1,542.35
Proceeds from liquidation of fixed deposits	128.80	224.27
(With original maturity of three months or more)		
(Increase)/Decrease in long term deposits	(92.75)	(54.39)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(1,204.05)</b>	<b>(590.56)</b>

		(₹ in Millions)	
		For Year Ended March 31, 2013	For Year Ended March 31, 2012
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>			
Increase in Share Capital		27.60	-
Increase in Share Capital in subsidiaries		421.25	23.71
Proceeds from short term borrowings		106.70	-
Interest paid		(2.03)	-
<b>Net Cash Flow from Financing Activities</b>		<b>553.52</b>	<b>23.71</b>
<b>Net Increase in Cash and Cash Equivalents</b>		<b>46.34</b>	<b>85.00</b>
Cash and cash equivalents at the beginning of the year		199.66	114.66
Cash and cash equivalents at the end of the year		246.00	199.66
<b>Net Increase in Cash and Cash Equivalents</b>		<b>46.34</b>	<b>85.00</b>
<b>Components of cash and cash equivalents</b>			
Cash and bank balances		246.71	328.54
Less: Not considered as cash and cash equivalents			
Fixed deposit with original maturity of more than three months		0.71	128.88
<b>Total cash and cash equivalents</b>		<b>246.00</b>	<b>199.66</b>

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For **S.R. BATLIBOI & CO. LLP**

Chartered Accountants

Firm Registration No. 301003E

For and on behalf of the Board of Directors

Westlife Development Limited

per **Ravi Bansal**

Partner

Membership No. 49365

**Banwari Lal Jatia**

Chairman

**Amit Jatia**

Vice-Chairman

**Peter F. Fernandes**

Company Secretary

Place : Mumbai

Date : May 15, 2013

## NOTES

### forming part of the Consolidated Financial Statements

#### 1.1 CORPORATE INFORMATION

Westlife Development Limited is a public limited company incorporated under the Companies Act, 1956 having its registered office at Mumbai. Its shares are listed on the Bombay Stock Exchange. The Company has interests in trading and in quick service restaurant business through its subsidiaries.

#### 1.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### (a) Basis of Preparation:

- (i) The Consolidated Financial Statements (CFS) are prepared in accordance with Accounting Standard (AS) 21 on Consolidated Financial Statements notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended). The Consolidated Financial Statements comprise the financial statements of Westlife Development Limited ("the Company") and its subsidiaries. The Company and its subsidiaries constitute the WDL Group. Reference in these notes to the 'Company' or 'WDL' shall mean to include Westlife Development Limited and/or any of its subsidiaries, consolidated in these financial statements unless otherwise stated.
- (ii) The list of companies which are included in the consolidation and the parent Company's holdings therein are as under:

Sr. No.	Names of the Subsidiaries	Percentage Holding 31-03-13	Percentage Holding 31-03-12
1	West Leisure Resorts Private Limited	87.34%	87.34%
2	Westpoint Leisurepark Private Limited (WPL)	75.92%	76.84%
3	Triple A Foods Private Limited (TAF) (Subsidiary of WPL)	80.00%	80.00%
4	Hardcastle Restaurants Private Limited (HRPL) (Subsidiary of TAF)	99.89%	99.89%

##### Notes:

1. Each of the above companies is incorporated in India and the financial statements thereof are drawn up to the same reporting date as that of the parent Company i.e. March 31, 2013.
2. The Consolidated Financial Statements have been prepared and presented in accordance with Generally Accepted Accounting Principles in India (Indian GAAP), under historical cost convention on an accrual basis. The Company has prepared these financial statements to comply in all material respect with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956.
3. The accounting policies adopted in preparation of the financial statements are consistent with those applied in the previous year,

except for the change in accounting policy explained in note (b) below.

4. The Consolidated Financial Statements of the Company and its Subsidiary Companies have been consolidated on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits/losses.
5. The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's standalone financial statements.
6. The difference between the cost of investment in the subsidiaries, and the Company's share of net assets at the time of acquisition of shares in the subsidiaries is recognised in the Financial Statements as Goodwill or Capital Reserve as the case may be. Goodwill arising on consolidation of financial statements of subsidiaries is not amortised. However, the same is tested for impairment at each balance sheet date.
7. Minority Interest in the net assets of consolidated subsidiaries is identified and presented in the consolidated Balance Sheet separately from liabilities and equity of the Company's shareholders.

Minority interest in the net assets of consolidated subsidiaries consists of:

- (a) The amount of equity attributable to minority at the date on which investment in a subsidiary is made; and
- (b) The minority share of movements in equity since the date parent subsidiary relationship came into existence.
8. Minority Interest's share in Net Profit / (Loss) of consolidated subsidiaries for the year is identified and adjusted against profit after tax of the Group.

##### (b) Change in accounting policy

During the year, the Company has changed its method of providing depreciation on fixed assets below ₹ 5,000 from fully charging off the assets by way of depreciation in the year of purchase to provide depreciation at the rate of 100% p.a.

##### (c) Use of estimates

Preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of asset, liabilities and the disclosure of contingent liabilities on the date of balance sheet and reported amounts of revenue and expenses for the period. Although these estimates are based on the management's best knowledge of current events and actions, actual results could differ from the estimates.

##### (d) Tangible Fixed Assets and Depreciation

- (i) Fixed Assets are stated at cost less accumulated depreciation and impairment losses (if any). Cost comprises purchase price



## NOTES

### forming part of the Consolidated Financial Statements

and any attributable cost of bringing the asset to its working condition for its intended use. Further contribution received from landlords in respect of leasehold improvements carried out to leasehold premises is deducted from leasehold improvements cost.

- (ii) Depreciation is provided on Straight Line Method on a pro-rata basis from the date of use. The rates of depreciation are based on technical evaluation of the economic life of assets by the management, which are given below, and are equal to or greater than the corresponding rates prescribed in Schedule XIV of the Companies Act, 1956.

Assets	Economic Life (Years)
Buildings	28
Leasehold Improvements	15
Restaurant Equipments	5-10
Furniture and Fixtures	5-10
Office Equipments	5
Mobile Phones	3
Laptops	3
Computers	5
Motor Vehicles	4

Leasehold Land is amortised over the period of the lease which is 60 years.

Fixed Assets below ₹ 5,000 are depreciated at the rate of 100% p.a.

#### (e) Intangible Assets and amortisation

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Initial location & license fees for stores opened up to May 15, 2010, are amortised on a straight line basis over a period of twenty years. For stores opened after May 15, 2010, Initial location & license fees are amortised on a straight line basis over the remaining period of the Master Franchise Agreement. Software is depreciated over a period of 5 years.

#### (f) Impairment of tangible and intangible assets

Carrying amounts of assets are reviewed at each balance sheet date for any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, estimated future cash flows are discounted to their present value at a pre-taxed discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

#### (g) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All

other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of such investments.

#### (h) Inventories

Inventories are valued at lower of cost (determined on First-in-First-Out basis) or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

#### (i) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Revenue for food items is recognised when sold to the customer over the counter.

Revenue on sale of other goods is recognised when significant risks and rewards of ownership of goods have passed to the buyer, usually on delivery of the goods and are shown net of Value Added Tax (VAT).

Royalty income, space rental and conducting fees are recognised on an accrual basis in accordance with terms of relevant agreement.

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividend income is recognised when the Company's right to receive dividend is established by the balance sheet date.

Revenue from services is recognised pro-rata over the period of contracts as and when services are rendered or in accordance with the terms and conditions of the contracts.

#### (j) Borrowing Costs

Borrowing costs directly attributable to acquisition, construction or production of an asset that takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of such asset until such time the asset is substantially ready for its intended use. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds.

#### (k) Foreign Currency Transactions

##### Initial Recognition:-

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount, the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

##### Conversion:-

Foreign currency monetary items are reported using the closing rate.

## NOTES

### forming part of the Consolidated Financial Statements

#### Exchange Differences:-

Exchange differences arising on settlement of monetary items or on reporting monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expense in the year in which they arise.

#### Forward Exchange Contracts:-

Premium or discount arising at inception of forward exchange contracts is amortised and recognised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contracts is recognised as income or as expense for the period.

#### (l) Employee benefits

##### Defined contribution plan

State governed Provident Fund, ESIC and Labour Welfare Fund are considered as defined contribution plan and contributions thereto are charged to the Statement of Profit and Loss for the year as they are incurred. There are no other obligations, other than contribution payable to the respective funds.

##### Defined benefit plan

Gratuity liability is a defined benefit scheme and is provided on the basis of an actuarial valuation done by an independent actuary on the projected unit credit method at the end of each financial year. Actuarial gains/losses are recognised in the Statement of Profit and Loss immediately in the year in which they arise and are not deferred. For the purpose of presentation of defined benefit plan allocation between short term and long term provision is made as determined by the actuary.

##### Other benefits

Short term compensated absences are provided based on details of leave balance and applicable salary rate.

#### (m) Income Tax

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961.

Deferred tax reflects the impact of timing difference between taxable and accounting income for the year and reversal of timing difference of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted and subsequently enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognised only if there is

virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

Unrecognised deferred tax assets of earlier years are reassessed and recognised to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax can be realised.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which the deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognises MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognises MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the Statement of Profit and Loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal income tax during the specified period.

#### (n) Earnings per Share

Basic earnings per share is calculated by dividing net profit or loss for period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity share holders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

## NOTES

### forming part of the Consolidated Financial Statements

#### (o) Operating Leases

##### *Where Company is lessee:*

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight – line basis over the lease term for fixed rent agreements and as a percentage of revenue for variable rent agreements.

##### *Where Company is lessor:*

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognised in the Statement of Profit and Loss on a straight line basis over the lease term. Costs, including depreciation are recognised as an expense in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Statement of Profit and Loss.

#### (p) Provisions

A provision is recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimates required to settle the obligations at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

#### (q) Contingent Liability

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

#### (r) Cash and Cash Equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

#### (s) Segment Reporting

##### Identification of Segments

The Company's operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

##### Allocation of Common Costs

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

##### Unallocated Items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

##### Segment Accounting Policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

#### (t) Measurement of EBITDA

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the Company has opted to present earnings before interest, tax, depreciation and amortisation (EBITDA) as a separate line item on the face of the Statement of Profit and Loss. The Company measures EBITDA on the basis of profit from continuing operations. In its measurement, the Company does not include depreciation and amortisation expenses, finance costs and tax expense.

## NOTES

### forming part of the Consolidated Financial Statements

	(₹ in Millions)	
	As at March 31, 2013	As at March 31, 2012
<b>2. SHARE CAPITAL</b>		
Authorised Share Capital*		
19,540,000 (Previous Year 20,000,000) Equity Shares of ₹ 10 each	195.40	200.00
460,000 (Previous Year Nil) Preference Shares of ₹ 10 each	4.60	-
	200.00	200.00
* In the current year, authorised equity share capital of ₹ 4.60 millions has been reclassified into preference share capital.		
Issued, Subscribed and Paid-up Capital		
18,286,010 (previous year 16,000,000 ) Equity Shares of ₹ 10 each, fully paid up	182.86	160.00
460,000 (Previous Year Nil) 8 % Cumulative Redeemable Preference Shares of ₹ 10 each, fully paid up	4.60	-
Total issued, subscribed and paid-up share capital	187.46	160.00

#### 2.1 Reconciliation of shares outstanding at beginning and at end of the reporting period

Equity Shares:	Current Year		Previous Year	
	No. of Shares	(₹ in Millions)	No. of Shares	(₹ in Millions)
At beginning of the year	16,000,000	160.00	16,000,000	160.00
Issued during the year - Bonus Issue*	2,286,010	22.86	-	-
Outstanding at end of the year	18,286,010	182.86	16,000,000	160.00
*Issued to non-promoter shareholders				
<b>Preference shares</b>				
At beginning of the year	-	-	-	-
Issued during the year	460,000	4.60	-	-
Outstanding at end of the year	460,000	4.60	-	-

#### 2.2 Terms/Rights attached to Equity Shares:

The Company has only one class of Equity Shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. Dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31st March 2013, the amount of dividend per share recognised as distribution to equity shareholders was NIL (Previous Year NIL).

In the event of liquidation of the Company, holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

#### 2.3 Terms/Rights attached to Preference Shares:

The Company has only one class of Preference Shares having par value of ₹ 10 per share. These shares carry a right to cumulative dividend of 8% p.a. The shares are redeemable at any time within 20 years from the date of issue at the option of the Company by giving a 48 hour prior written notice to the holders at the specified redemption price.



## NOTES

### forming part of the Consolidated Financial Statements

#### 2.4 Aggregate number of bonus shares issued during the period of five years immediately preceding the reporting date:

	Current Year	Previous Year
	No. of Shares	No. of Shares
Equity Shares allotted as fully paid Bonus Shares by capitalisation of General Reserve, Reserve Fund, Securities Premium and Surplus balance in Statement of Profit & Loss	18,086,010	15,800,000

#### 2.5 Details of Shareholders holding more than 5% shares in the company

##### (a) Equity Shares of ₹ 10 each fully paid up:

	Current Year		Previous Year	
	No of shares held	% of shares held	No of shares held	% of shares held
Subh Ashish Exim Private Limited	5,347,400	29.24%	5,347,400	33.42%
Horizon Impex Private Limited	7,011,910	38.35%	4,511,100	28.19%
Rajiv Himatsingka {(PY:Gaurang Agarwal)Beneficial owners AKSR Corporate Advisors Private Limited,Yuthika Properties Private Limited and Rajiv Himatsingka (PY:Gaurang Agarwal) Partners of M/s Decent Enterprises)}	2,870,000	15.70%	1,435,000	8.97%
Usha Devi Jatia	403,000	2.20%	1,028,000	6.43%
Amit Jatia	200,050	1.09%	1,000,050	6.25%
Anurag Jatia	-	-	1,028,000	6.43%

##### (b) 8 % Cumulative Redeemable Preference Shares of ₹10 each fully paid up:

	Current Year		Previous Year	
	No of shares held	% of shares held	No of shares held	% of shares held
Anandveena Twisters Private Limited	460,000	100.00%	-	-

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of the shares.

## NOTES

forming part of the Consolidated Financial Statements

	(₹ in Millions)	
	As at March 31, 2013	As at March 31, 2012
<b>3. RESERVES AND SURPLUS</b>		
<b>Capital Reserve</b>	0.67	0.67
<b>Securities Premium Account</b>		
Balance as per last financial statements	1,844.03	1,844.03
Add: Premium received during the year on equity/preference shares	342.83	23.69
	2,186.86	1,867.72
Less: Amount utilised towards issue of fully paid bonus shares	22.86	23.69
	2,164.00	1,844.03
<b>Surplus/ (deficit) in the statement of profit and loss</b>		
Balance as per last financial statements	63.19	(5.52)
Add: Profit for the year	212.63	313.95
	275.82	308.43
Less: Adjustment on account of subsidiaries included in consolidation	-	238.51
Less: Amount utilised towards issue of fully paid bonus shares by subsidiaries	-	6.73
Less: Proposed Dividend on Preference Shares	0.17	-
Less: Tax on Proposed Dividend on Preference Shares	0.03	-
<b>Net surplus in the Statement of Profit and Loss</b>	275.62	63.19
<b>TOTAL</b>	2,440.29	1,907.89

	(₹ in Millions)	
	As at March 31, 2013	As at March 31, 2012
<b>4. LONG-TERM PROVISIONS</b>		
Provision for gratuity (Refer Note - 31)	4.41	8.53
<b>TOTAL</b>	4.41	8.53

	(₹ in Millions)	
	As at March 31, 2013	As at March 31, 2012
<b>5. OTHER LONG TERM LIABILITIES</b>		
Security Deposits	3.17	2.72
<b>TOTAL</b>	3.17	2.72

	(₹ in Millions)	
	As at March 31, 2013	As at March 31, 2012
<b>6. SHORT TERM BORROWINGS</b>		
Loan from Bank - Buyers' Credit (Secured) (Refer note i below)	106.53	-
<b>TOTAL</b>	106.53	-

## NOTES

### forming part of the Consolidated Financial Statements

- i) During the year, the Company has availed import financing facility under the Buyers' Credit Scheme of RBI from Citibank. This facility is sanctioned upto ₹ 250 million for the purpose of financing capital expenditure for a period of 3 years w.e.f 3rd October, 2012. To avail this, the Company has hypothecated / created a first exclusive charge on present and future movable plant, machinery, kitchen and other equipments that are brought in or stored in any of the premises of the Company including those in the course of transit or delivery wherever lying or parked. Further, a promissory note of ₹ 250 million has been issued as a continuing security. The maximum repayment period is one year from the date of drawdown. The entire facility may be repayable on demand if the bank gives 7 days notice in advance. Interest is charged @ LIBOR + 2.5% p.a. payable monthly. The amount payable denotes the amount outstanding as on March 31, 2013 for the drawdowns that are not yet repaid.

		(₹ in Millions)	
		As at March 31, 2013	As at March 31, 2012
<b>7. TRADE PAYABLES</b>			
Trade payables		576.73	366.26
<b>TOTAL</b>		<b>576.73</b>	<b>366.26</b>

		(₹ in Millions)	
		As at March 31, 2013	As at March 31, 2012
<b>8. OTHER CURRENT LIABILITIES</b>			
Security Deposits		2.11	2.76
Book overdrafts		94.53	104.36
Statutory Dues		54.61	44.79
Liability for capital expenditure		183.48	68.21
Unearned Revenue		21.97	-
Interest accrued but not due on borrowings		1.05	-
Employee related liability		129.49	84.36
Other payables		43.94	32.40
<b>TOTAL</b>		<b>531.18</b>	<b>336.88</b>

		(₹ in Millions)	
		As at March 31, 2013	As at March 31, 2012
<b>9. SHORT TERM PROVISIONS</b>			
<b>Provision for employee benefits</b>			
Provision for gratuity (Refer Note - 31)		23.43	11.69
Provision for leave benefits		13.38	14.51
<b>Other provisions</b>			
Proposed Dividend on Preference Shares		0.17	-
Tax on Proposed Dividend on Preference Shares		0.03	-
<b>TOTAL</b>		<b>37.01</b>	<b>26.20</b>

## NOTES

forming part of the Consolidated Financial Statements

### 10. FIXED ASSETS AND DEPRECIATION

(₹ in Millions)

	Gross Block (At cost)			As at 31.03.2013	Depreciation / Amortisation			As at 31.03.2013	Net Block	
	As at 01.04.2012	Additions / Adjustments	Deductions/ Adjustments		As at 01.04.2012	For the year	Deductions/ Adjustments		As at 31.03.2013	As at 31.03.2012
<b>Tangible Assets</b>										
Leasehold Land	10.49	-	-	10.49	1.67	0.17	-	1.84	8.65	8.82
Buildings	146.84	-	(0.68)	146.16	65.24	5.53	(0.13)	70.64	75.52	81.60
Leasehold Improvements	1,179.25	552.31	(20.53)	1,711.03	294.99	101.63	(14.64)	381.98	1,329.05	884.26
Restaurant Equipments	1,181.85	495.15	(44.96)	1,632.04	458.97	140.13	(38.36)	560.74	1,071.30	722.88
Furniture & Fixtures	252.92	104.41	(13.40)	343.93	123.10	32.94	(10.88)	145.16	198.77	129.82
Office Equipments	10.01	10.69	(0.56)	20.14	7.93	3.09	(0.46)	10.56	9.58	2.08
Computers	22.50	13.82	(0.94)	35.38	13.78	4.53	(0.94)	17.37	18.01	8.72
Motor Vehicles	36.48	16.55	(0.49)	52.54	25.49	4.96	(0.49)	29.96	22.58	10.99
<b>Subtotal</b>	<b>2,840.34</b>	<b>1,192.93</b>	<b>(81.56)</b>	<b>3,951.71</b>	<b>991.17</b>	<b>292.98</b>	<b>(65.90)</b>	<b>1,218.25</b>	<b>2,733.46</b>	<b>1,849.17</b>
<b>Intangible Assets</b>										
Goodwill on Consolidation*	11.52	454.45	-	465.97	-	-	-	-	465.97	11.52
Initial Location & License Fee	264.48	79.84	-	344.32	49.73	15.15	-	64.88	279.44	214.75
Computer Software	46.15	3.20	-	49.35	34.37	5.23	-	39.60	9.75	11.78
<b>Subtotal</b>	<b>322.15</b>	<b>537.49</b>	<b>-</b>	<b>859.64</b>	<b>84.10</b>	<b>20.38</b>	<b>-</b>	<b>104.48</b>	<b>755.16</b>	<b>238.05</b>
<b>TOTAL</b>	<b>3,162.49</b>	<b>1,730.42</b>	<b>(81.56)</b>	<b>4,811.35</b>	<b>1,075.27</b>	<b>313.36</b>	<b>(65.90)</b>	<b>1,322.73</b>	<b>3,488.62</b>	<b>2,087.22</b>
Previous Year	0.09	3,199.79	(37.39)	3,162.49	0.05	246.59	828.63	1,075.27	2,087.22	

\* Addition is on account of adjustment related to previous year.

#### Notes :

The Company has created an exclusive charge in favour of ING Vysya Bank Limited on immovable fixed assets having area of 1,291.76 sq.m. located at Kalamboli, Navi Mumbai. Further a promissory note for ₹ 70.00 millions has been issued as a continuing security. This charge is created to avail facility of cash credit / short term loan / issuing Letter of Credit / Letter of Undertaking / Bank Guarantees upto ₹ 70.00 millions. The facility also covers hedging of foreign exchange risks or entering into forward / derivatives upto ₹ 20.00 millions.



## NOTES

forming part of the Consolidated Financial Statements

		(₹ in Millions)	
		As at March 31, 2013	As at March 31, 2012
<b>11. NON CURRENT INVESTMENTS</b>			
<b>Non-trade Investments (Valued at Cost)</b>			
<b>(A) Unquoted Equity Instruments</b>			
21,000 (Previous Year 21,000) Equity shares of Concept Highland Business Private Limited of ₹ 10 each fully paid up		1.50	1.50
		1.50	1.50
<b>(B) Quoted Equity Instruments (Valued at Cost)</b>			
Nil (Previous Year 285,715) Equity Shares of Sterling Holidays Resorts (India) Limited of ₹ 10 each, fully paid up		-	10.32
		-	10.32
<b>(C) Investments in Preference Instruments (Unquoted, valued at cost)</b>			
10 (Previous Year 10) 10 8% Non-cumulative Preference Shares of Vishwas Investment & Trading Co. Private Limited of ₹ 10 each fully paid up *		-	-
<b>TOTAL</b>		1.50	11.82
*Denotes amount less than ₹ 1,000			
Aggregate amount of Unquoted Investments		1.50	1.50
Aggregate amount of Quoted Investments		-	10.32
Market value of Quoted Investments		-	24.54
		(₹ in Millions)	
		As at March 31, 2013	As at March 31, 2012
<b>12. DEFERRED TAX ASSETS (NET)</b>			
<b>(A) Deferred Tax Assets</b>			
Provision for Employee benefits		0.05	0.04
Expenses allowable in Income Tax on payment basis		20.51	16.11
Unabsorbed depreciation and carried forward loss*		27.82	10.18
<b>TOTAL</b>		48.38	26.33
<b>(B) Deferred Tax Liabilities</b>			
Fixed assets: Impact of difference between tax depreciation and depreciation charged for financial reporting		47.68	26.29
<b>TOTAL</b>		47.68	26.29
<b>Net Deferred Tax Asset (A) - (B)</b>		0.70	0.04

\* One of the subsidiaries has carried forward losses upto March 31, 2013, deferred tax assets on unabsorbed carried forward losses has been recognised only to the extent of deferred tax liability.

## NOTES

forming part of the Consolidated Financial Statements

		(₹ in Millions)	
		As at March 31, 2013	As at March 31, 2012
<b>13. LONG TERM LOANS AND ADVANCES</b>			
<b>(Unsecured, considered good unless otherwise stated)</b>			
Security deposits to lessors		423.45	330.70
Security deposits - Others		18.98	13.77
Capital Advances		16.89	27.89
Balances with Statutory/Government authorities		11.06	3.43
Advances to Suppliers		3.70	3.70
Advance Income tax (net of provisions)		8.44	4.96
MAT Credit Entitlement		29.04	-
Loans to Others		73.37	0.01
Pre-paid Expenses		5.47	4.00
<b>TOTAL</b>		<b>590.40</b>	<b>388.46</b>

		(₹ in Millions)	
		As at March 31, 2013	As at March 31, 2012
<b>14. OTHER NON CURRENT ASSETS</b>			
Deposits with banks for original maturity more than 12 months		0.08	0.72
Unamortised Expenditure related to Scheme of Arrangement		-	0.58
<b>TOTAL</b>		<b>0.08</b>	<b>1.30</b>

		(₹ in Millions)	
		As at March 31, 2013	As at March 31, 2012
<b>15. CURRENT INVESTMENTS</b>			
<b>Unquoted Mutual Funds (Valued at lower of cost and fair value)</b>			
17,735.14 (Previous year 194,655) Units of ₹ 100 each in Birla Sunlife Mutual Fund Growth Plan		5.00	35.00
118,508.53 (Previous Year 123003.09) Units of ₹ 10 each in HDFC Cash Management Fund - Treasury Advantage - Retail / Growth		2.97	2.85
Nil (Previous Year 5814.46) Units of ₹ 10 each in Reliance Money Manager Fund - Retail -Growth Plan		-	8.39
Nil (Previous Year 11,880.60) Units of ₹ 10 each in Reliance Money Manager Fund - Institutional -Growth Plan		-	17.40
<b>TOTAL</b>		<b>7.97</b>	<b>63.64</b>

## NOTES

forming part of the Consolidated Financial Statements

		(₹ in Millions)	
		As at March 31, 2013	As at March 31, 2012
<b>16. INVENTORIES (Valued at lower of cost and net realisable value)</b>			
Food items (Includes goods in transit ₹ 4.76 million (Previous Year ₹ 0.24 million))		88.12	66.66
Paper Products (Includes goods in transit ₹ 0.64 million (Previous Year ₹ 0.03 million))		33.08	24.89
Toys & Premiums		20.95	20.75
Stores, spares & Consumables (Includes goods in transit ₹ 0.09 million (Previous year ₹ 0.004 million))		35.18	38.01
<b>TOTAL</b>		<b>177.33</b>	<b>150.31</b>

		(₹ in Millions)	
		As at March 31, 2013	As at March 31, 2012
<b>17. TRADE RECEIVABLES (Unsecured, considered good unless otherwise stated)</b>			
Outstanding for a period exceeding six months from the date they are due for payment		-	3.85
Other receivables		92.52	41.90
<b>TOTAL</b>		<b>92.52</b>	<b>45.75</b>

		(₹ in Millions)	
		As at March 31, 2013	As at March 31, 2012
<b>18. CASH AND BANK BALANCES</b>			
<b>18.1 Cash and Cash Equivalents</b>			
Balances with banks:			
– On Current Accounts		8.75	39.70
– On Unpaid Dividend Account*		-	-
– Deposits with original maturity of less than three months		120.00	107.25
Cheques on Hand		0.14	0.04
Cash on Hand		117.11	52.67
		<b>246.00</b>	<b>199.66</b>
<b>18.2 Other Bank Balances</b>			
– Deposits with original maturity of more than 12 months		0.01	78.35
– Deposits with original maturity of more than 3 months but less than 12 months		0.70	50.53
		<b>0.71</b>	<b>128.88</b>
<b>TOTAL</b>		<b>246.71</b>	<b>328.54</b>

\*Denotes amount less than ₹ 1,000

## NOTES

forming part of the Consolidated Financial Statements

		(₹ in Millions)	
		As at March 31, 2013	As at March 31, 2012
<b>19. SHORT TERM LOANS AND ADVANCES</b>			
<b>(Unsecured, considered good unless otherwise stated)</b>			
Security deposits to lessors		7.00	6.51
Employee advances		2.16	2.03
Lease hold improvement contributions receivable		14.69	19.42
Advances to suppliers		35.61	1.56
Sundry deposits		5.66	12.50
Loans to related parties (Refer note - 29)		-	128.47
Loans to others		77.02	5.08
Prepaid expenses		14.90	8.80
Balances with Statutory/Government Authorities		0.11	-
Other advances		16.82	22.66
<b>TOTAL</b>		<b>173.97</b>	<b>207.03</b>

		(₹ in Millions)	
		As at March 31, 2013	As at March 31, 2012
<b>20. OTHER CURRENT ASSETS</b>			
Other receivables (Unsecured, considered good)		133.38	78.87
Unamortised premium on forward contracts		4.79	-
Interest accrued on Fixed Deposits		0.16	-
<b>TOTAL</b>		<b>138.33</b>	<b>78.87</b>

		(₹ in Millions)	
		For year ended March 31, 2013	For year ended March 31, 2012
<b>21. REVENUE FROM OPERATIONS (NET)</b>			
Sales		6,766.16	5,418.51
Other Operating Revenue			
Conducting Fees		3.92	3.28
Rent Received		6.52	7.26
Franchising Income		9.03	9.68
Scrap Sales		8.34	5.18
Space Rentals		41.39	28.63
Interest on Loans and Advances		5.62	4.90
Service Charges		1.67	1.58
<b>TOTAL</b>		<b>6,842.65</b>	<b>5,479.02</b>



## NOTES

### forming part of the Consolidated Financial Statements

		(₹ in Millions)	
		For year ended March 31, 2013	For year ended March 31, 2012
<b>22. OTHER INCOME</b>			
Interest Income			
- on Bank Deposits	5.01	26.07	
- Income Tax Refund	-	0.09	
- Others	0.42	7.00	
Dividend Income on Current Investment	8.45	5.82	
Gain on Sale of Current Investment	8.90	9.09	
Gain on Sale of Non-Current Investments	14.81	-	
Compensation received for closure of stores	29.50	-	
Other Non-operating Income	5.03	4.23	
<b>TOTAL</b>	<b>72.12</b>	<b>52.30</b>	

		(₹ in Millions)	
		For year ended March 31, 2013	For year ended March 31, 2012
<b>23. COST OF RAW MATERIALS CONSUMED</b>			
Inventory at commencement of the year	112.30	89.27	
Add: Purchases during the year	3,112.97	2,459.65	
	3,225.27	2,548.92	
Less: Inventory at end of the year	142.15	112.30	
<b>TOTAL</b>	<b>3,083.12</b>	<b>2,436.62</b>	
<b>23.1 - Details of Raw Materials Consumed</b>			
Food	2,612.48	2,063.31	
Paper	357.62	277.37	
Toys & Premiums	113.02	95.94	
<b>TOTAL</b>	<b>3,083.12</b>	<b>2,436.62</b>	

		(₹ in Millions)	
		For year ended March 31, 2013	For year ended March 31, 2012
<b>24. PURCHASE OF TRADED GOODS</b>			
Purchases	18.36	20.61	
<b>TOTAL</b>	<b>18.36</b>	<b>20.61</b>	

		(₹ in Millions)	
		For year ended March 31, 2013	For year ended March 31, 2012
<b>25. EMPLOYEE BENEFIT EXPENSES</b>			
Salaries, Wages and Bonus	675.41	583.26	
Contribution to Provident Fund and other Funds	52.93	42.90	
Gratuity Expenses (Refer Note - 31)	9.73	6.26	
Staff Welfare Expenses	25.12	20.12	
<b>TOTAL</b>	<b>763.19</b>	<b>652.54</b>	

## NOTES

forming part of the Consolidated Financial Statements

		(₹ in Millions)
	For year ended March 31, 2013	For year ended March 31, 2012
<b>26. OTHER EXPENSES</b>		
Electricity, Gas and Other Utilities	629.82	438.05
Conducting Charges	497.53	365.26
Advertising & Promotional Expenses	409.45	304.48
Royalty Fee	213.14	115.37
Maintenance & Repairs - Restaurant Equipments	90.39	74.14
Maintenance & Repairs - Others	67.30	51.57
Operating Supplies at Stores	84.34	61.60
Travelling Expenses	42.21	35.62
Consultancy & Professional Fees (Includes prior period expense of ₹ 0.47 million)	59.61	37.20
Rent	39.42	25.60
Loss on Sale / write off of Fixed Assets	7.50	10.52
Training and Development Expenses	14.19	9.84
Telephone Expenses	18.75	8.76
Rates & Taxes	11.71	8.65
Insurance	7.94	6.69
Foreign Exchange Differences (net)	5.54	6.78
Miscellaneous Expenses (Includes prior period expense of ₹ 0.10 million)	198.63	175.13
<b>TOTAL</b>	<b>2,397.47</b>	<b>1,735.26</b>

		(₹ in Millions)
	For year ended March 31, 2013	For year ended March 31, 2012
<b>27. FINANCE COSTS</b>		
Interest		
- Buyers' credit	1.05	-
- Bank overdraft	0.07	-
Premium on forward exchange contracts amortised	1.96	-
Bank charges	2.81	0.72
<b>TOTAL</b>	<b>5.89</b>	<b>0.72</b>

		(₹ in Millions)
	For year ended March 31, 2013	For year ended March 31, 2012
<b>28. EXCEPTIONAL ITEMS</b>		
Project Expenditure written off ( Refer Note 40)	-	12.74
<b>TOTAL</b>	<b>-</b>	<b>12.74</b>

## NOTES

forming part of the Consolidated Financial Statements

### 29. RELATED PARTY DISCLOSURE

**Names of Related Parties & Related Party Relationship with whom transactions have taken place during the year**

a) Key Management Personnel:	Mr. B.L.Jatia Mr. Amit Jatia Mrs. Smita Jatia
b) Relatives of Key Management Personnel:	Mrs. Lalita Devi Jatia (Mother of Mr. B L Jatia) Master Hemann Jatia (Grandson of Mr. B L Jatia) Mr. Anurag Jatia (Son of Mr. B.L.Jatia)
c) Enterprises over which Key Management Personnel or their relatives is/are able to exercise significant influence :	Hardcastle & Waud Manufacturing Company Limited Vishwas Investment & Trading Company Private Limited West Pioneer Properties (India) Private Limited Hardcastle Petrofer Private Limited Anand Veena Twisters Private Limited Horizon Impex Private Limited Winmore Leasing & Holdings Limited Concept Highland Business Private limited

### RELATED PARTY TRANSACTIONS

Particulars	Vishwas Investment & Trading Company Private Limited		West Pioneer Properties (India) Private Limited		Hardcastle Petrofer Private Limited		Hardcastle & Waud Mfg. Co. Limited		Anand Veena Twisters Private Limited		Horizon Impex Private Limited		Winmore Leasing & Holdings Limited		Concept Highland Business Private limited	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Rent Paid	2.88	11.31	-	-	-	-	5.76	6.48	-	-	-	-	0.56	0.56	-	-
Conducting Charges Paid	-	-	5.81	5.19	-	-	-	-	-	-	-	-	-	-	-	-
Electricity Charges Paid	0.80	1.40	3.80	-	-	-	-	-	-	-	-	-	-	-	-	-
Water Charges Paid	0.02	0.03	0.05	-	-	-	-	-	-	-	-	-	-	-	-	-
Maintenance Charges Paid	-	-	1.40	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Deposit Returned	-	-	-	-	0.50	-	-	-	-	-	-	-	-	-	-	-
Other Deposits Refund Received	-	-	-	-	-	-	0.50	-	-	-	-	-	-	-	-	-
Intercompany Deposit Given	105.90	219.40	-	-	70.30	234.42	-	-	-	-	100.30	-	-	-	60.70	-
Intercompany Deposit Repayment Received	216.89	109.08	-	27.09	87.78	224.41	-	-	-	-	100.30	-	-	-	60.70	-
Advance Given	-	-	-	-	-	-	-	-	-	-	-	-	-	-	41.35	-
Advance Repayment Received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	41.35	-
Sale of Traded Goods	-	-	15.49	-	-	-	-	-	-	-	-	-	-	-	-	-
Reimbursement of Expenses	-	-	-	-	-	-	0.00	0.01	-	-	-	-	-	-	-	-
Sale of Assets	-	-	-	-	0.07	-	-	-	-	-	-	-	-	-	-	-
Service Rendered	1.15	0.44	-	-	0.21	0.91	-	-	-	-	-	-	-	-	-	-
Interest Received	4.83	4.02	-	0.11	0.45	3.97	-	-	-	-	0.07	-	-	-	0.16	-

(₹ in millions)

## NOTES

forming part of the Consolidated Financial Statements

### RELATED PARTY TRANSACTIONS (CONTD.)

Particulars	Vishwas Investment & Trading Company Private Limited		West Pioneer Properties (India) Private Limited		Hardcastle Petrofer Private Limited		Hardcastle & Waud Mfg. Co. Limited		Anand Veena Twisters Private Limited		Horizon Impex Private Limited		Winmore Leasing & Holdings Limited		Concept Highland Business Private limited	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Allotment of Preference Shares	-	-	-	-	-	-	-	-	27.60	-	-	-	-	-	-	-
Other Expenses Recovered	-	-	1.36	0.08	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Expenses Paid	-	-	3.03	-	-	-	-	-	-	-	-	-	-	-	-	-
Rent Income	-	-	1.84	-	6.52	7.26	-	-	-	-	-	-	-	-	-	-
Inter Corporate Deposits at end of year (Receivable)	-	110.99	-	-	-	17.48	-	-	-	-	-	-	-	-	-	-
Outstanding Balance Included in Other Current Liabilities	-	-	-	-	1.00	1.50	-	-	-	-	-	-	-	-	-	-
Outstanding Balance included in Loans and Advances	5.25	10.25	2.00	2.00	-	-	1.00	1.50	-	-	-	-	-	-	-	-
Outstanding Balance included in Trade Payables	-	-	0.03	0.06	-	-	-	-	-	-	-	-	-	-	-	-
Outstanding Balance included in Trade / Other Receivables	-	-	11.36	-	0.07	-	-	-	-	-	-	-	-	-	-	-

Particulars	Key Management Personnel						Relatives of Key Management Personnel					
	B.L.Jatia		Amit Jatia		Smita Jatia		Anurag Jatia		Hemann Jatia		Lalita Devi Jatia	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Remuneration Paid*	-	-	13.86	16.24	7.37	6.28	-	-	-	-	-	-
Incentive for earlier years written back	-	-	(7.89)	-	-	-	-	-	-	-	-	-
Deposit received	3.22	-	-	-	3.22	-	-	-	3.22	-	0.00	-
Deposit returned	3.22	-	-	-	3.22	-	-	-	3.22	-	0.00	-
Purchase of Investments	-	-	-	0.99	-	-	-	0.99	-	-	-	-

\*Remuneration paid to key managerial personnel does not include provisions made for gratuity as they are determined on an actuarial basis for the Company as a whole.

## NOTES

### forming part of the Consolidated Financial Statements

#### 30. DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

##### a) Derivatives outstanding at the balance sheet date

Particulars	(₹ in Millions)	
	As at March 31, 2013	As at March 31, 2012
Forward contract to buy US \$ 1.85 Million (Hedge of foreign currency –buyers' credit)	107.44	-

##### b) Un-hedged Foreign Currency Exposure as at balance sheet date

Particulars	(₹ in Millions)	
	As at March 31, 2013	As at March 31, 2012
Import Creditors	11.13 ( USD 0.21million @ ₹ 54.33 per USD)	12.91 (USD 0.26 million @ ₹ 51.16 per USD)
Advances Receivable in cash/kind	5.63 ( USD 0.10 million @ ₹ 54.33 per USD)	17.26 (USD 0.34 million @ ₹ 51.16 per USD)

#### 31. EMPLOYEE BENEFITS

##### Defined Contribution Plan

Amount recognised and included in Note 25 "Contribution to Provident Fund and other Funds" - ₹ 52.93 million (Previous Year ₹ 42.90 million).

##### Defined Benefit Plan

The Group has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary for each completed year of service subject to a maximum of ₹ 1.00 million. The Scheme is funded with Life Insurance Corporation in the form of a qualifying insurance policy.

The following tables summarise the components of net benefit expense recognised in the Statement of Profit and Loss and the funded status and amounts recognised in the Balance Sheet.

##### I) Expenses recognised in Statement of Profit and Loss

Gratuity expense

Particulars	(₹ in Millions)	
	2012-13	2011-12
Current service cost	7.52	7.92
Interest cost	2.08	1.59
Expected return on plan assets	(0.31)	(0.34)
Net Actuarial (gain) or loss	0.44	(2.91)
Expense recognised in Statement of Profit & Loss	9.73	6.26
<b>Actual return on plan assets</b>	<b>0.16</b>	<b>0.33</b>

##### II) Amount recognised in Balance sheet

Particulars	(₹ in Millions)	
	2012-13	2011-12
Present value of defined benefit obligation	31.88	23.88
Fair value of plan assets	4.04	3.66
<b>Amount recognised in Balance Sheet as (Asset)/ Liability</b>	<b>27.84</b>	<b>20.22</b>



## NOTES

### forming part of the Consolidated Financial Statements

#### III) Changes in present value of defined benefit obligation

Particulars	(₹ in Millions)	
	2012-13	2011-12
Opening defined benefit obligation	23.88	19.32
Interest cost	2.08	1.59
Current service cost	7.52	7.92
Benefits paid	(1.91)	(2.02)
Actuarial (gains)/losses	0.31	(2.93)
<b>Closing defined benefit obligation</b>	<b>31.88</b>	<b>23.88</b>

#### IV) Changes in fair value of plan assets

Particulars	(₹ in Millions)	
	2012-13	2011-12
Opening fair value of plan assets	3.66	4.25
Expected return on plan assets	0.31	0.34
Contributions by employer	1.97	1.10
Benefits paid	(1.75)	(2.01)
Actuarial gains/(losses)	(0.15)	(0.02)
<b>Closing fair value of plan assets</b>	<b>4.04</b>	<b>3.66</b>

The Company plans to contribute ₹ 2.50 million (Previous Year ₹ 2.50 million) to gratuity fund in the next year.

#### V) Major categories of plan assets as a percentage of fair value of total plan assets

Particulars	2012-13	2011-12
Insurer managed funds	100%	100%

#### VI) Actuarial assumptions used in determining gratuity benefit obligations for the Company's plans

Particulars	2012-13	2011-12
Discount rate	8.00%	8.75%
Expected rate of return on assets	8.70%	8.60%
Salary escalation	7.00%	7.00%
Attrition Rate		
Crew Part time	15.00%	
Age Related		5.00%
Others	10.00%	
Service Related		10.00%
Retirement Age	58 Years	58 Years
Mortality Rate	Indian Assured Lives Mortality (2006-08) Ultimate	LIC(1994-96) Ultimate

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

Overall expected rate of return on assets is determined based on the market prices, applicable to the period over which the obligation is to be settled.

## NOTES

### forming part of the Consolidated Financial Statements

Amounts for current period and previous four years are as follows

	(₹ in Millions)				
Particulars	2012-13	2011-12	2010-11	2009-10	2008-09
<b>Gratuity</b>					
Defined benefit obligation	31.88	23.88	19.32	15.50	11.52
Plan assets	4.04	3.66	4.25	4.32	4.36
Surplus / (deficit)	(27.84)	(20.22)	(15.07)	(11.18)	(7.16)
Experience adjustments on plan liabilities (gain) / loss	(3.11)	(5.41)	(2.53)	(1.62)	2.35
Experience adjustments on plan assets gain / (loss)	(0.15)	(0.01)	(0.14)	0.03	(0.14)

### 32. SEGMENT REPORTING:

As the Group's main business activity primarily falls within a single business and geographical segment, there are no additional disclosures to be provided under Accounting Standard 17 – "Segment Reporting".

The Group operates McDonald's chain of restaurants in Western and Southern India and the management considers that these restaurants constitute a single business segment, since the risk and rewards from these are not different from one another.

Earnings Per Share	Current Year	Previous Year
<b>33. EARNINGS PER SHARE</b>		
Profit after tax (₹ million)	212.63	313.95
Less: Dividend on Preference Shares (₹ million)	(0.17)	-
Less: Tax on Dividend (₹ million)	(0.03)	-
	212.43	313.95
Weighted average number of equity shares for computing EPS (in millions)	18.29	18.29
Basic and Diluted EPS (₹)	11.62	17.17
Nominal Value Per Share (₹)	10	10

### 34. IMPACT OF CHANGE IN ACCOUNTING POLICIES:

The Company has changed its method of providing depreciation on fixed assets below ₹ 5000 from fully depreciating the asset to 100% depreciation p.a. Accordingly the depreciation charge was lower by ₹ 3.11 million. Had the Company continued to use the earlier method of depreciation, the profit before tax for the current year would have been lower by ₹ 3.11 million.

### 35. CONTINGENT LIABILITIES NOT PROVIDED FOR:

#### (a) Claims against the Company not acknowledged as debt:

- The Company had preferred an appeal before the Central Excise and Service Tax Appellate Tribunal against a demand of ₹ 44.26 million (Previous Year: ₹ 44.26 million) for earlier years by the Central Excise Department on account of excise duty and penalty, which appeal is pending before the said Tribunal. The Company has deposited a sum of ₹ 1 million as pre-deposit in compliance with the order passed by the said Tribunal, which has stayed the recovery of the remaining amount till the matter is finally decided.
- The Company had preferred an appeal before the Central Excise and Service Tax Appellate Tribunal against a demand of ₹ 0.49 million (Previous Year: ₹ 0.49 million) for earlier years by the Central Excise Department on account of excise duty and penalty. The appeal is pending. The Company has deposited a sum of ₹ 0.01 million as pre-deposit in compliance with the order passed by the Tribunal, which has stayed the recovery of the remaining amount till the matter is finally decided.

## NOTES

### forming part of the Consolidated Financial Statements

- iii. The Company had preferred an appeal before the Commissioner (Appeals), Central Excise, Mumbai against demand of ₹ 0.32 million (Previous Year ₹ 0.32 million) made by the Central Excise Department on account of excise duty and penalty. The Commissioner (Appeals) passed an order rejecting the appeal. Being aggrieved by the order of the Commissioner (Appeals) the Company had preferred an appeal before the Central Excise and Service Tax Appellate Tribunal. The Tribunal has granted a stay in the said appeal.
- iv. The Company had preferred an appeal before the Joint Commissioner of Sales Tax (Appeal II) against a demand of ₹ 4.06 million (Previous Year: 4.06 million) as per assessment order passed by the assessing officer on account of disallowance of resale sales for the years 2003-04 and 2004-05. The Company has deposited a sum of ₹ 1.53 million as part payment fixed by the said authority. The appeal is pending.

### 36. CAPITAL AND OTHER COMMITMENTS

Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for is ₹ 76.73 million (Previous Year ₹ 122.02 million).

### 37. SERVICE TAX ON CONDUCTING CHARGES

The Company had, in accordance with the advice of its lawyers, filed a petition in the Bombay High Court challenging the amendment in law pertaining to levy of service tax on renting of immovable property retrospectively from June 1, 2007. The Hon'ble Court dismissed the petition and upheld the constitutional validity of the amendment.

Against the Judgement, the Retailers Association of India (RAI) (of which the Company is a member) had, on behalf of its members, preferred an appeal in the Hon'ble Supreme Court of India (SCI). The appeal is pending disposal by the SCI. However, by an order ("the Order"), the SCI issued, inter alia, the following directions:

- 1) All members of RAI to deposit 50% of the arrears due for the period 1st June, 2007 through 30th September, 2011 with the concerned department in three equated instalments on or before 1st November, 2011, 1st January, 2012 and 1st March, 2012;
- 2) For the balance 50% of the arrears, all the members of RAI are:
  - (a) To file solvent surety to the satisfaction of the jurisdictional Commissioners;
  - (b) To file affidavits in the SCI, within four weeks from the date of the Order, undertaking to pay the balance arrears of service tax, stayed in terms of the Order, as may be directed by the SCI at the time of final disposal of the appeal;
- 3) The successful party in the appeal to be entitled to interest on the amount stayed by the SCI at such rate as may be directed by the SCI at the time of final disposal of the appeal.

For the service tax due from 1st October, 2011, no relief in terms of injunction was granted by the SCI.

The Company has complied with the Order.

The Company has commenced payment of service tax with effect from 1st October, 2011 to those parties to whom the Company has contractually agreed to pay service tax.

As a matter of abundant caution, however, an amount of ₹ 8.11 million (Previous Year ₹ 1.21million), representing liability has been provided in the financial statements for the year and the balance as at March 31, 2013 is ₹ 44.50 million (Previous Year ₹ 36.39 million).

### 38. OPERATING LEASES DISCLOSURE:

Stores and Office premises are obtained on operating leases. The rentals for some of the stores are fixed while for the others they are based on a percentage of the revenue generated by the respective store. There are no restrictions imposed by such lease arrangements. The leases are generally renewable at the option of the lessee. The lease agreements have an escalation clause and are cancellable in nature.

Particulars	(₹ in Millions)	
	2012-13	2011-12
Fixed Lease payments for the year	272.79	189.35
Lease payments based on percentage of revenue debited to Statement of Profit and Loss	264.16	201.51
<b>TOTAL</b>	<b>536.95</b>	<b>390.86</b>

## NOTES

### forming part of the Consolidated Financial Statements

#### Sub Leases

The Company has sub leased premises to others on operating lease. There is no escalation clause in the lease agreement. There are no restrictions imposed by the lease arrangement.

Particulars	(₹ in Millions)	
	2012-13	2011-12
Rent based on percentage of revenue credited to Statement of Profit and Loss	3.92	3.28
Fixed Lease payments credited to Statement of Profit and Loss	6.52	7.26
<b>TOTAL</b>	<b>10.44</b>	<b>10.54</b>

#### 39. PROPOSED SCHEME OF ARRANGEMENT AND AMALGAMATION

The Board of Directors at its meeting held on December 12, 2012 approved a Composite Scheme of Arrangement for amalgamation of Westpoint Leisureparks Private Limited and Triple A Foods Private Limited with the Company and to spin off a part of the Company's business to West Leisure Resorts Private Limited.

In terms of the Scheme, the appointed date is October 01, 2012. The Scheme has been filed with the High Court of Bombay and is pending approval of the Court.

In view of the pendency, no effect of the Scheme has been recognised in the financial statements.

40. During the previous year, the Company had written off project expenditure aggregating to ₹ 12.74 million relating to exploration of new business opportunities on account of non-viability of the projects.
41. The Company has not recognised liability for ₹ 23.84 million towards premium payable on redemption of preference shares, as the Management is of the view that in future there will be sufficient securities premium amount available with the Company to pay the premium payable on the redemption of the preference shares.
42. The figures of the previous year were audited by a firm of chartered accountants other than S.R. Batliboi & Co. LLP.

#### 43. PREVIOUS YEAR FIGURES

Previous year's figures have been regrouped/reclassified wherever necessary.

As per our report of even date

For **S.R. BATLIBOI & CO. LLP**

Chartered Accountants

Firm Registration No. 301003E

For and on behalf of the Board of Directors

Westlife Development Limited

per **Ravi Bansal**

Partner

Membership No. 49365

**Banwari Lal Jatia**

Chairman

**Amit Jatia**

Vice-Chairman

**Peter F. Fernandes**

Company Secretary

Place : Mumbai

Date : May 15, 2013

## STANDALONE FINANCIAL STATEMENTS

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# INDEPENDENT AUDITOR'S REPORT

To

The Members of  
Westlife Development Limited

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Westlife Development Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control 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.

## AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## OPINION

In our opinion and to the best of our information and according to the explanations given to us, the 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:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

- 1) As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 2) As required by section 227(3) of the Act, we report that:
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account
  - d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
  - e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For S.R. BATLIBOI & CO. LLP

Chartered Accountants

Firm Registration No. 301003E

per Ravi Bansal

Partner

Membership No. 49365

Place : Mumbai

Date : May 15, 2013

# ANNEXURE TO OUR REPORT OF EVEN DATE

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) There was no disposal of a substantial part of fixed assets during the year.
- (ii) (a) The Company is engaged into trading of building material and due to the nature of transactions, it does not hold inventory of these items at any point of time, accordingly, the requirements under clause 4(ii) of the Order are not applicable to the Company.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii) (a) to (d) of the Order are not applicable to the Company.
- (e) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, clauses 4(iii) (e) to (g) of the Companies (Auditors Report) Order, 2003 (as amended) are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the Sale of Goods and Services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of rupees five lacs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956, for the products of the Company.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including income-tax, sales-tax, wealth-tax, service tax, investor education and protection fund, cess and other material statutory dues applicable to it. According to the information and explanation given to us the provisions relating to employees' state insurance, provident fund, customs duty and excise duty are not applicable to the Company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of investor education and protection fund, income-tax, wealth-tax, service tax, sales-tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, wealth tax, service tax and cess which have not been deposited on account of any dispute.
- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, the Company has not raised any money by way of loan from any financial institution, bank or debenture holders, accordingly, the requirements under paragraph 4(xi) of the Order are not applicable to the Company.

- (xii) According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditors Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In respect of dealing/trading in shares, securities, debentures and other investments, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares, securities, debentures and other investments have been held by the Company, in its own name.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) The Company did not have any term loans outstanding during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has made preferential allotment of shares to a Company covered in the register maintained under section 301 of the Companies Act, 1956. In our opinion, the price at which shares have been issued is not prejudicial to the interest of the Company.

- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised money from public issues during the year. Therefore the provisions of clause (xx) of the Companies (Auditors Report) Order, 2003 (as amended) are not applicable to the Company.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

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For S.R. BATLIBOI & CO. LLP

Chartered Accountants

Firm Registration No. 301003E

per [Ravi Bansal](#)

Partner

Membership No. 49365

Place : Mumbai

Date : May 15, 2013

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## BALANCE SHEET

as at March 31, 2013

	Note No.	As at March 31, 2013	As at March 31, 2012
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds:</b>			
Share Capital	2	187,460,100	160,000,000
Reserves and Surplus	3	21,377,164	(2,349,478)
		208,837,264	157,650,522
<b>Non-Current Liabilities</b>			
Long Term Provisions	4	194,011	151,685
		194,011	151,685
<b>Current Liabilities</b>			
Trade Payables	5	7,078,408	209,332
Other Current Liabilities	6	1,103,018	1,919,459
Short Term Provisions	7	307,215	96,404
		8,488,641	2,225,195
<b>TOTAL</b>		217,519,916	160,027,402
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Fixed Assets			
Tangible Assets	8	10,791	16,879
<b>Non Current Investments</b>	9	199,535	10,523,023
Deferred Tax Assets (Net)	10	701,013	33,443
Long Term Loans and Advances	11	2,690,137	395,134
Other Non Current Assets	12	-	583,075
		3,601,476	11,551,554
<b>Current Assets</b>			
Current Investments	13	-	17,396,615
Trade Receivables	14	9,520,506	183,818
Cash and Bank Balances	15	120,367,766	115,556
Short Term Loans and Advances	16	83,872,096	130,779,859
Other Current Assets	17	158,072	-
		213,918,440	148,475,848
<b>TOTAL</b>		217,519,916	160,027,402
Significant accounting policies	1.2		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S.R. BATLIBOI & CO. LLP

Chartered Accountants

Firm Registration No. 301003E

For and on behalf of the Board of Directors

Westlife Development Limited

per Ravi Bansal

Partner

Membership No. 49365

Banwari Lal Jatia

Chairman

Amit Jatia

Vice-Chairman

Peter F. Fernandes

Company Secretary

Place : Mumbai

Date : May 15, 2013

## STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2013

			₹
	Note No,	For year ended March 31, 2013	For year ended March 31, 2012
<b>INCOME</b>			
Revenue from Operations	18	23,690,927	17,119,986
Other Income	19	22,493,303	409,070
		46,184,230	17,529,056
<b>EXPENDITURE</b>			
Purchase of Traded Goods	20	11,728,225	2,190,225
Employee Benefit Expenses	21	872,778	843,564
Other Expenses	22	9,091,926	10,136,885
		21,692,929	13,170,674
<b>Profit before Depreciation, Exceptional Items and Tax</b>		24,491,301	4,358,382
Depreciation	8	6,088	9,967
<b>Profit before Exceptional Items and Tax</b>		24,485,213	4,348,415
Less: Exceptional Items	23	-	12,743,861
<b>Profit/(Loss) before Tax</b>		24,485,213	(8,395,446)
Less: Tax Expenses			
Current Tax		3,412,400	1,263,800
MAT Credit Entitlement		(2,026,515)	-
Deferred Tax		(667,570)	(19,781)
Tax Adjustments for Earlier Years		(16,832)	301,961
<b>Profit/(Loss) for the Year</b>		23,783,730	(9,941,426)
Earnings per Equity Share {Face value of ₹ 10 each (Previous year ₹ 10 each)}	26		
Basic		1.29	(0.54)
Diluted		1.29	(0.54)
Significant accounting policies	1.2		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S.R. BATLIBOI & CO. LLP

Chartered Accountants

Firm Registration No. 301003E

For and on behalf of the Board of Directors

Westlife Development Limited

per Ravi Bansal

Partner

Membership No. 49365

Banwari Lal Jatia

Chairman

Amit Jatia

Vice-Chairman

Peter F. Fernandes

Company Secretary

Place : Mumbai

Date : May 15, 2013



## CASH FLOW STATEMENT

for the year ended March 31, 2013

	₹	
	For Year Ended March 31, 2013	For Year Ended March 31, 2012
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/ (Loss) before taxation	24,485,213	(8,395,446)
Adjustments for:		
Depreciation	6,088	9,967
Prior Period Adjustments	583,075	-
Project Expenditure written off	-	12,743,861
Gain on Sale of Non Current Investments	(14,805,913)	-
Gain on Sale of Current Investments	(55,572)	-
Dividend Income	(7,456,256)	(323,042)
Interest Income on Fixed Deposits & Others	(175,562)	(85,553)
<b>Operating Profit before Working Capital Changes</b>	<b>2,581,073</b>	<b>3,949,787</b>
<b>Movements in Working Capital</b>		
Decrease/ (Increase) in Trade Receivables	(9,336,688)	(183,818)
Decrease/ (Increase) in Short Term Loans and Advances	46,907,763	13,897,953
Decrease/ (Increase) in Long Term Loans and Advances	-	(60,713)
Decrease/ (Increase) in Other Non-Current Assets	-	(583,075)
(Decrease)/Increase in Trade Payables	6,869,076	176,575
(Decrease)/Increase in Current Liabilities	(799,609)	134,448
(Decrease)/Increase in Long Term Provisions	42,326	31,076
(Decrease)/Increase in Short Term Provisions	13,823	28,046
<b>Cash Generated from Operations</b>	<b>46,277,764</b>	<b>17,390,279</b>
Taxes Paid	(3,680,888)	(893,370)
<b>Net Cash Flow from Operating Activities</b>	<b>42,596,876</b>	<b>16,496,909</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Sale of Non Current Investments	25,129,401	-
Purchase of Non Current Investments	-	(113,701)
Sale of Current Investments	670,676,465	52,059,903
Purchase of Current Investments	(653,224,278)	(69,456,518)
Dividend Income Received	7,456,256	323,042
Interest Income Received	17,490	85,553
<b>Net cash from/(used in) Investing Activities</b>	<b>50,055,334</b>	<b>(17,101,721)</b>

		₹
	For Year Ended March 31, 2013	For Year Ended March 31, 2012
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Issue of Preference Shares	27,600,000	-
<b>Net cash from Financing Activities</b>	27,600,000	-
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents</b>	120,252,210	(604,812)
Cash & Cash Equivalents at Beginning of the Year	115,556	720,368
Cash & Cash Equivalents at End of the Year	120,367,766	115,556
<b>Components of Cash &amp; Cash Equivalents :</b>		
Cash on Hand	5,802	7,140
Balances with Banks-		
On Current Accounts	222,842	108,141
On Deposit Accounts	120,000,000	-
Cheques on hand	138,847	-
Earmarked for specific purpose (Refer Note below)	275	275
<b>Cash and Cash Equivalent in Cash Flow Statement (refer note - 15)</b>	120,367,766	115,556

**Note:**

These balances are not available for use by the Company as they represent unpaid dividend liabilities.

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S.R. BATLIBOI & CO. LLP

Chartered Accountants

Firm Registration No. 301003E

For and on behalf of the Board of Directors

Westlife Development Limited

per Ravi Bansal

Partner

Membership No. 49365

Banwari Lal Jatia

Chairman

Amit Jatia

Vice-Chairman

Peter F. Fernandes

Company Secretary

Place : Mumbai

Date : May 15, 2013

## NOTES

### forming part of the Financial Statements

#### 1. CORPORATE INFORMATION

Westlife Development Limited is a public limited company incorporated under the Companies Act, 1956 and having its registered office at Mumbai. Its shares are listed on the Bombay Stock Exchange. The Company has interests in trading and in quick service restaurant business through its subsidiaries.

##### 1.1 Basis of Preparation

The financial statements of the Company have been prepared and presented in accordance with the generally accepted accounting principles in India (Indian GAAP) under the historical cost convention on an accrual basis. The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

##### 1.2 Significant Accounting Policies

###### (a) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

###### (b) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

###### Sale of Goods

Revenue is recognised when significant risks and rewards of ownership of goods have passed to the buyer, usually on delivery of the goods and are shown net of VAT.

###### Income from Services

Revenues from services are recognised pro-rata over the period of contracts as and when services are rendered or in accordance with the terms and conditions of the contracts.

###### Interest and Dividend Income

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividend income is recognised when the Company's right to receive dividend is established by the balance sheet date.

###### (c) Tangible Fixed Assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

###### (d) Depreciation on Tangible Fixed Assets

Depreciation on fixed assets is provided on the written down value method based on useful lives of the assets which coincide with the rates prescribed in Schedule XIV of the Companies Act, 1956.

###### (e) Impairment of Fixed Assets

Carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/ external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and risks specific to the asset.

###### (f) Inventory

Inventory of traded goods is valued at lower of cost or net realisable value. Cost includes all expenses incurred to bring the inventory to its present location and condition.

Cost is determined on a First-In-First-Out (FIFO) basis. Net realisable value is the estimated selling price in ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

###### (g) Investments

Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in value of the investments.

Current investments are carried at lower of cost and fair value determined on an individual investment basis.

###### (h) Foreign Currency Transactions

###### i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount, the exchange rate between the reporting currency and the foreign currency at the date of a transaction.

## NOTES

### forming part of the Financial Statements

#### ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items which are carried at fair value or other similar valuation denominated in foreign currency are reported using the exchange rates that existed when the values were determined.

#### iii) Exchange Differences

Exchange differences arising on settlement of monetary items, or on reporting such monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expense in the year in which they arise.

#### (i) Taxation

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961.

Deferred income tax reflect the impact of current year timing difference between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which the deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognises MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognises MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the Statement of Profit and Loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

#### (j) Employee Benefits

The Company is not covered under the Payment of Gratuity Act, 1972 and the Employees' Provident Funds and Miscellaneous Provisions Act, 1952. The liability towards employee benefits is provided based on contractual terms with employees.

#### (k) Leases

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items, are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

#### (l) Earnings Per Share

Basic earnings per share is calculated by dividing net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable tax) by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

#### (m) Provisions

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions

## NOTES

### forming part of the Financial Statements

are not discounted to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

#### (n) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

#### (o) Cash & Cash Equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise of cash at bank and in hand and short-term investments with an original maturity of three months or less.

#### (p) Segment Reporting

##### Identification of Segments

The Company's operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

##### Allocation of Common Costs

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

##### Unallocated Items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

##### Segment Accounting Policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

## NOTES

### forming part of the Financial Statements

	As at March 31, 2013	As at March 31, 2012
<b>2. SHARE CAPITAL</b>		
Authorised*		
19,540,000 (Previous Year 20,000,000) Equity Shares of ₹ 10 each	195,400,000	200,000,000
460,000 (Previous Year Nil) Preference Shares of ₹ 10 each	4,600,000	-
	200,000,000	200,000,000
* In the current year, authorised equity share capital of ₹ 4.60 millions has been reclassified into preference share capital.		
Issued, Subscribed and Paid up		
18,286,010 (Previous Year 16,000,000) Equity Shares of ₹ 10 each, fully paid up	182,860,100	160,000,000
460,000 (Previous Year Nil) 8 % Cumulative Redeemable Preference Shares of ₹ 10 each, fully paid up	4,600,000	-
	187,460,100	160,000,000

#### (i) Reconciliation of Shares outstanding at the beginning and at the end of the reporting period

	Current Year		Previous Year	
	No. of Shares	₹	No. of Shares	₹
Equity Shares:				
At beginning of the year	16,000,000	160,000,000	16,000,000	160,000,000
Issued during the year - Bonus Issue*	2,286,010	22,860,100	-	-
Outstanding at end of the year	18,286,010	182,860,100	16,000,000	160,000,000
*Issued to non-promoter shareholders				
Preference Shares:				
At beginning of the year	-	-	-	-
Issued during the year	460,000	4,600,000	-	-
Outstanding at end of the year	460,000	4,600,000	-	-

#### (ii) Terms/Rights attached to Equity Shares:

The Company has only one class of Equity Shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. Dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31st March 2013, the amount of dividend per share recognised as distribution to equity shareholders was NIL (Previous Year NIL).

In the event of liquidation of the Company, holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

#### (iii) Terms/Rights attached to Preference Shares:

The Company has only one class of Preference Shares having par value of ₹ 10 per share. These shares carry a right to cumulative dividend of 8% p.a. The shares are redeemable at any time within 20 years from the date of issue at the option of the Company by giving a 48 hour prior written notice to the holders at the specified redemption price.



## NOTES

### forming part of the Financial Statements

(iv) Aggregate number of bonus shares issued during the period of five years immediately preceding the reporting date:

	As at March 31, 2013	As at March 31, 2012
	Nos	Nos
Equity Shares allotted as fully paid Bonus Shares by capitalisation of General Reserve, Reserve Fund, Securities Premium and Surplus in Statement of Profit & Loss	18,086,010	15,800,000

(v) Details of shareholders holding more than 5% shares in the Company

(a) Equity Shares of ₹ 10 each fully paid up:

Equity Shares:	As at March 31, 2013		As at March 31, 2012	
	No of shares held	% of shares held	No of shares held	% of shares held
Subh Ashish Exim Private Limited	5,347,400	29.24%	5,347,400	33.42%
Horizon Impex Private Limited	7,011,910	38.35%	4,511,100	28.19%
Rajiv Himatsingka {(PY:Gaurang Agarwal) Beneficial owners AKSR Corporate Advisors Private Limited, Yuthika Properties Private Limited and Rajiv Himatsingka (PY:Gaurang Agarwal) , Partners of M/s Decent Enterprises)}	2,870,000	15.70%	1,435,000	8.97%
Usha Devi Jatia	403,000	2.20%	1,028,000	6.43%
Amit Jatia	200,050	1.09%	1,000,050	6.25%
Anurag Jatia	-	-	1,028,000	6.43%

(b) 8 % Cumulative Redeemable Preference Shares of ₹ 10 each fully paid up:

	As at March 31, 2013		As at March 31, 2012	
	No of shares held	% of shares held	No of shares held	% of shares held
Anandveena Twisters Private Limited	460,000	100.00%	-	-

As per records of the Company, including register of shareholders/members and declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of the shares.

## NOTES

forming part of the Financial Statements

	As at March 31, 2013	As at March 31, 2012
<b>3. RESERVES AND SURPLUS</b>		
<b>Capital Reserve</b>	670,000	670,000
<b>Securities Premium Account</b>		
Balance as per last financial statements	-	-
Add: Premium on issue of Preference Shares	23,000,000	-
Less: Amount utilised towards issue of fully paid bonus shares	(22,860,100)	-
	139,900	-
<b>Surplus / (Deficit) in the Statement of Profit and Loss</b>		
Balance as per last financial statements	(3,019,478)	6,921,948
Profit / (Loss) for the year	23,783,730	(9,941,426)
	20,764,252	(3,019,478)
Less : Appropriations		
Proposed Dividend on Preference Shares	168,373	-
Tax on Proposed Preference Dividend	28,615	-
<b>Net surplus in the Statement of Profit and Loss</b>	20,567,264	(3,019,478)
	21,377,164	(2,349,478)

	As at March 31, 2013	As at March 31, 2012
<b>4. LONG-TERM PROVISIONS</b>		
Provision for Gratuity	194,011	151,685
	194,011	151,685

	As at March 31, 2013	As at March 31, 2012
<b>5. TRADE PAYABLES</b>		
Trade payables- (Refer Note-33)	7,078,408	209,332
	7,078,408	209,332

	As at March 31, 2013	As at March 31, 2012
<b>6. OTHER CURRENT LIABILITIES</b>		
Security Deposits	1,000,000	1,500,000
Statutory Dues	6,255	-
Unpaid Dividend	275	275
Other Payables		
Employee Related Expenses	96,488	78,864
Others	-	340,320
	1,103,018	1,919,459

## NOTES

forming part of the Financial Statements

	As at March 31, 2013	As at March 31, 2012
<b>7. SHORT TERM PROVISIONS</b>		
Provision for Leave Encashment	110,227	96,404
Proposed Dividend on Preference Shares	168,373	-
Tax on Proposed Preference Dividend	28,615	-
	307,215	96,404

	Gross Block			Depreciation / Amortisation			Net Block		
	As at 01.04.2012	Additions / Adjustments	Deductions / Adjustments	As at 31.03.2013	As at 01.04.2012	For the year	Deductions / Adjustments	As at 31.03.2013	As at 31.03.2012
<b>Tangible Assets</b>									
Office Equipments	15,250	-	-	15,250	12,705	354	-	13,059	2,545
	15,250	-	-	15,250	12,294	411	-	12,705	2,545
Computers	73,000	-	-	73,000	58,666	5,734	-	64,400	14,334
	73,000	-	-	73,000	49,110	9,556	-	58,666	23,890
<b>TOTAL</b>	88,250	-	-	88,250	71,371	6,088	-	77,459	16,879
<i>Previous Year</i>	88,250	-	-	88,250	61,404	9,967	-	71,371	-

(Figures in italics pertain to previous year)

	As at March 31, 2013	As at March 31, 2012
<b>9. NON CURRENT INVESTMENTS</b>		
<b>(A) Trade Investments (valued at cost)</b>		
<b>Unquoted Equity Instruments</b>		
<b>Investments in Subsidiary Companies:</b>		
2,666,670 (Previous Year 2,666,670) Equity Shares of West Leisure Resorts Private Limited of ₹ 10 each, fully paid up	100,280	100,280
99,000 (Previous Year 99,000) Equity Shares of West Point Leisureparks Private Limited of ₹ 1 each, fully paid up	99,255	99,255
	199,535	199,535
<b>(B) Non-trade Investments</b>		
<b>Quoted Equity Instruments</b>		
<b>Investments through Blue Ocean Investment Trust:</b>		
Nil (Previous Year 285,715) Equity Shares of Sterling Holidays Resorts (India) Limited of ₹ 10 each, fully paid up	-	10,323,488
	-	10,323,488
	199,535	10,523,023
Aggregate amount of Unquoted Investments	199,535	199,535
Aggregate amount of Quoted Investments	-	10,323,488
Market value of Quoted Investments	-	24,542,919

## NOTES

forming part of the Financial Statements

	As at March 31, 2013	As at March 31, 2012
<b>10. DEFERRED TAX ASSETS (NET)</b>		
<b>Deferred Tax Assets</b>		
Provision for Employee Benefits	54,707	37,358
Expenditure debited in Statement of Profit and Loss but allowed for tax purpose in future years	648,990	-
<b>Deferred Tax Liabilities</b>		
Impact of difference between tax depreciation and depreciation charged for the financial reporting	(2,684)	(3,915)
<b>Net Deferred Tax Asset</b>	<b>701,013</b>	<b>33,443</b>

	As at March 31, 2013	As at March 31, 2012
<b>11. LONG TERM LOANS AND ADVANCES (Unsecured, Considered Good)</b>		
<b>Other Loans and Advances</b>		
Advance Income Tax (Net of provisions)	470,609	202,121
MAT Credit entitlement	2,026,515	-
Balances with Statutory/Government authorities	193,013	193,013
	<b>2,690,137</b>	<b>395,134</b>

	As at March 31, 2013	As at March 31, 2012
<b>12. OTHER NON CURRENT ASSETS</b>		
Unamortised Expenditure related to Scheme of Arrangement	-	583,075
	<b>-</b>	<b>583,075</b>

	As at March 31, 2013	As at March 31, 2012
<b>13. CURRENT INVESTMENTS (valued at lower of cost or fair value)</b>		
<b>Unquoted Mutual Funds</b>		
Nil (Previous Year 11,880.60 Units) of ₹ 10 each in Reliance Money Manager Fund - Institutional - Growth Plan	-	17,396,615
	<b>-</b>	<b>17,396,615</b>

	As at March 31, 2013	As at March 31, 2012
<b>14. TRADE RECEIVABLES</b>		
Outstanding for a period not exceeding six months from date they are due for payment		
Unsecured, considered good	9,520,506	183,818
	<b>9,520,506</b>	<b>183,818</b>
<b>Trade Receivables include:</b>		
Dues from Hardcastle Restaurants Private Limited in which the company's directors are directors	-	183,818

## NOTES

forming part of the Financial Statements

	As at March 31, 2013	As at March 31, 2012
<b>15. CASH AND BANK BALANCES</b>		
<b>Cash and Cash Equivalents</b>		
Balances with Banks		
On Current Accounts	222,842	108,141
Deposits with original maturity of less than three months	120,000,000	-
On Unpaid Dividend Account	275	275
Cheques on Hand	138,847	-
Cash on Hand	5,802	7,140
	<b>120,367,766</b>	<b>115,556</b>

	As at March 31, 2013	As at March 31, 2012
<b>16. SHORT TERM LOANS AND ADVANCES (Unsecured, considered good)</b>		
Loans to Related Parties (Refer Note-25)	50,176,917	129,271,859
Loans to Others	32,586,252	-
Security Deposits	1,000,000	1,508,000
Balances with Statutory/Government Authorities	108,927	-
	<b>83,872,096</b>	<b>130,779,859</b>

	As at March 31, 2013	As at March 31, 2012
<b>17. OTHER CURRENT ASSETS</b>		
Interest accrued on Fixed Deposits	158,072	-
	<b>158,072</b>	<b>-</b>

	For year ended March 31, 2013	For year ended March 31, 2012
<b>18. REVENUE FROM OPERATIONS</b>		
Sale of Traded Goods	11,803,261	2,215,400
Rent Received	5,920,000	6,660,000
Contract Receipts towards Civil & Electrical Works	-	3,347,900
Interest on Loans and Advances	5,967,666	4,896,686
	<b>23,690,927</b>	<b>17,119,986</b>
<b>Details of Sale of Traded Goods</b>		
Steel Products	6,927,790	2,215,400
Tiles & Ceramics	3,558,615	-
Pumps	1,316,856	-
	<b>11,803,261</b>	<b>2,215,400</b>

## NOTES

forming part of the Financial Statements

		₹
	For year ended March 31, 2013	For year ended March 31, 2012
<b>19. OTHER INCOME</b>		
Interest Received		
Bank Deposits	175,562	-
Income tax refund	-	85,553
Dividend Income on Current Investments	7,456,256	323,042
Gain on Sale of Investments (Net)		
On Current Investments	55,572	-
On Non-Current Investments	14,805,913	-
Other Non-operating Income	-	475
	<b>22,493,303</b>	<b>409,070</b>

		₹
	For year ended March 31, 2013	For year ended March 31, 2012
<b>20. PURCHASE OF TRADED GOODS</b>		
Purchases	11,728,225	2,190,225
	<b>11,728,225</b>	<b>2,190,225</b>
Details of Purchases of Traded Goods		
Steel Products	6,900,412	2,190,225
Tiles & Ceramics	3,523,995	-
Pumps	1,303,818	-
	<b>11,728,225</b>	<b>2,190,225</b>

		₹
	For year ended March 31, 2013	For year ended March 31, 2012
<b>21. EMPLOYEE BENEFIT EXPENSES</b>		
Salaries, Wages and Bonus	872,778	843,564
	<b>872,778</b>	<b>843,564</b>



## NOTES

### forming part of the Financial Statements

	For year ended March 31, 2013	For year ended March 31, 2012
<b>22. OTHER EXPENSES</b>		
Rent (Refer Note-28)	5,766,000	6,486,000
Expenses towards Civil & Electrical Works Contracts	-	3,328,906
Payment to Auditor	428,750	33,500
Printing and Stationery	261,186	1,032
Legal and Professional fees (Includes prior period expense of ₹ 472,775)	1,729,516	59,066
Miscellaneous Expenses (Includes prior period expense of ₹ 110,300)	906,474	228,381
	9,091,926	10,136,885
<b>Payment to Auditor</b>		
<b>As Auditor</b>		
Audit Fees*	420,000	25,000
Tax Audit Fees	-	5,000
Other Services (certification fees)**	8,750	3,500
	428,750	33,500

\* Includes amount paid to previous auditor ₹ 20,000

\*\* Amount paid to previous auditor

	For year ended March 31, 2013	For year ended March 31, 2012
<b>23. EXCEPTIONAL ITEMS</b>		
Project Expenditure written off (Refer Note - 31)	-	12,743,861
	-	12,743,861

## 24. SEGMENT INFORMATION

The Company has disclosed Business Segment as the primary segment. Segments have been identified taking into account the nature of the products, the differing risks and returns, the organisation structure and internal reporting system.

Management has identified four reportable segments namely Trading, Leasing, Lending and Job Contracts.

### Information about Primary Segment:

	For year ended March 31, 2013	For year ended March 31, 2012
<b>Segment Revenue</b>		
a) Trading	11,803,261	2,215,400
b) Leasing	5,920,000	6,660,000
c) Lending	5,967,666	4,896,686
d) Job Contracts	-	3,347,900
<b>TOTAL REVENUE</b>	23,690,927	17,119,986
<b>Segment Results</b>		
a) Trading	75,036	25,175
b) Leasing	160,000	180,000
c) Lending	5,967,666	4,896,686
d) Job Contracts	-	18,994
<b>TOTAL SEGMENT RESULTS</b>	6,202,702	5,120,855

## NOTES

forming part of the Financial Statements

	For year ended March 31, 2013	For year ended March 31, 2012
Other un-allocable expenditure net of un-allocated income	10,650,693	(1,181,035)
<b>Operating Profit</b>	16,853,395	3,939,820
Interest and Dividend Income	7,631,818	408,595
Exceptional Items	-	(12,743,861)
Income Taxes	(701,483)	(1,545,980)
<b>Profit after Tax</b>	23,783,730	(9,941,426)
<b>Segment Assets</b>		
a) Trading	9,520,506	-
b) Leasing	1,000,000	1,500,000
c) Lending	82,763,169	129,271,859
d) Job Contracts	-	183,818
e) Unallocated Corporate Assets	124,236,241	29,071,725
<b>TOTAL ASSETS</b>	217,519,916	160,027,402
<b>Segment Liabilities</b>		
a) Trading	6,636,162	-
b) Leasing	1,000,000	1,500,000
c) Lending	-	-
d) Job Contracts	-	176,575
e) Unallocated Corporate Liabilities	1,046,490	700,305
<b>TOTAL LIABILITIES</b>	8,682,652	2,376,880
Depreciation	6,088	9,967
Other non-cash expenses	583,075	12,743,861
Capital expenditure	-	-

### Secondary Segment Information - Geographical Segments

Entire Business Activities being in India, hence there is only one geographical segment.

## 25. RELATED PARTY DISCLOSURE

### Category of related parties

A Where control exists-  
Subsidiary Companies

B Others with whom transactions have taken place during the year

1 Entities where directors have significant influence

2 Key Management Personnel (KMP)

3 Relatives of Key Management Personnel

### Names of Parties

West Leisure Resorts Private Limited  
Westpoint Leisureparks Private Limited (WLPL)  
Triple A Foods Private Limited (TAF) (Subsidiary of WLPL)  
Hardcastle Restaurants Private Limited (Subsidiary of TAF)

Hardcastle & Waud Mfg Co. Limited  
Hardcastle Petrofer Private Limited  
Vishwas Investment & Trading Co. Private Limited  
Anand Veena Twisters Private Limited  
West Pioneer Properties (India) Private Limited  
Mr.B L Jatia (Chairman)  
Mrs.Lalita Devi Jatia (Mother of Mr. B L Jatia)  
Mrs.Smita Jatia (Dauther in law of Mr. B L Jatia)  
Master Hemann Jatia (Grandson of Mr. B L Jatia)

## NOTES

### forming part of the Financial Statements

#### Transactions with related parties during the year

		₹
	For year ended March 31, 2013	For year ended March 31, 2012
<b>(A) Transaction with Subsidiary Companies</b>		
(i) Inter Corporate Deposits Given		
West Leisure Resorts Private Limited	18,800,000	120,095,000
Westpoint Leisureparks Private Limited	2,670,000	900,000
Hardcastle Restaurants Private Limited	100,000,000	-
(ii) Inter Corporate Deposits Repayment Received		
West Leisure Resorts Private Limited	18,800,000	198,875,000
Westpoint Leisureparks Private Limited	3,470,000	100,000
Hardcastle Restaurants Private Limited	50,000,000	-
(iii) Interest Received		
West Leisure Resorts Private Limited	91,810	-
Westpoint Leisureparks Private Limited	62,465	-
Hardcastle Restaurants Private Limited	196,575	-
(iv) <b>Services Rendered</b>		
Hardcastle Restaurants Private Limited	-	3,347,900
(v) Inter Corporate Deposits as at end of the year		
Westpoint Leisureparks Private Limited	-	800,000
Hardcastle Restaurants Private Limited	50,176,917	-
(vi) Outstanding Balance Included in Trade Receivables		
Hardcastle Restaurants Private Limited	-	183,818

		₹
	For year ended March 31, 2013	For year ended March 31, 2012
<b>(B) Transactions with enterprises under common control</b>		
(i) Inter Corporate Deposits Given		
Hardcastle Petrofer Private Limited	70,300,000	101,870,000
Vishwas Investment & Trading Co. Private Limited	105,900,000	112,400,000
(ii) Inter Corporate Deposits Repayment Received		
Hardcastle Petrofer Private Limited	87,782,185	91,860,632
Vishwas Investment & Trading Co. Private Limited	216,889,674	2,075,000
West Pioneer Properties (India) Private Limited	-	13,781,525
(iii) Inter Corporate Deposits as at end of the year (Receivables)		
Hardcastle Petrofer Private Limited	-	17,482,185
Vishwas Investment & Trading Co. Private Limited	-	110,989,674
(iv) Other Deposits Returned		
Hardcastle Petrofer Private Limited	500,000	-
(v) Other Deposits Refund Received		
Hardcastle & Waud Mfg Co. Limited	500,000	-

## NOTES

### forming part of the Financial Statements

		₹	
	For year ended March 31, 2013	For year ended March 31, 2012	
(vi) Sale of Traded Goods			
West Pioneer Properties (India) Private Limited	12,660,333	-	
(vii) Interest Received			
Hardcastle Petrofer Private Limited	451,913	2,295,445	
Vishwas Investment & Trading Co. Private Limited	4,830,787	738,527	
West Pioneer Properties (India) Private Limited	-	75,820	
(viii) Rent Received			
Hardcastle Petrofer Private Limited	5,920,000	6,660,000	
(ix) Rent Paid			
Hardcastle & Waud Mfg Co. Limited	5,760,000	6,480,000	
(x) Reimbursement of Expenses Paid			
Hardcastle & Waud Mfg Co. Limited	567	33	
(xi) Allotment of Preference Shares			
Anand Veena Twisters Private Limited	27,600,000	-	
(xii) Outstanding Balances Included in Other Current Liabilities			
Hardcastle Petrofer Private Limited	1,000,000	1,500,000	
(xiii) Outstanding Balances Included in Short Term Loans and Advances			
Hardcastle & Waud Mfg Co. Limited	1,000,000	1,500,000	
(xiv) Outstanding Balances Included in Trade Receivables			
West Pioneer Properties (India) Private Limited	9,520,506	-	
<b>(C) Transactions with KMP</b>			
(i) Deposits Received			
Mr. Banwari Lal Jatia	3,220,000	-	
(ii) Deposits Returned			
Mr. Banwari Lal Jatia	3,220,000	-	
<b>(D) Transactions with relatives of KMP</b>			
(i) Deposits Received			
Mrs. Smita Jatia	3,220,000	-	
Master Hemann Jatia	3,220,000	-	
Mrs. Lalita Devi Jatia	2,000	-	
(ii) Deposits Returned			
Mrs. Smita Jatia	3,220,000	-	
Master Hemann Jatia	3,220,000	-	
Mrs. Lalita Devi Jatia	2,000	-	

## NOTES

### forming part of the Financial Statements

		₹
	For year ended March 31, 2013	For year ended March 31, 2012
<b>26. EARNINGS PER SHARE</b>		
Profit/(Loss) after tax	23,783,730	(9,941,426)
Less: Dividend on Preference Shares	(168,373)	-
Less: Tax on Dividend	(28,615)	-
	23,586,742	(9,941,426)
Weighted average number of equity shares for Computing EPS	18,286,010	18,286,010
Basic and Diluted EPS	1.29	(0.54)
Nominal Value Per Share	10	10

### 27. CONTINGENT LIABILITIES

Contingent liabilities as at March 31 2013 ₹ Nil (Previous Year ₹ Nil).

### 28. OPERATING LEASES:

- Operating lease payments recognised in Statement of Profit and Loss is ₹ 57,66,000 (Previous Year ₹ 64,86,000).
- Payments received for sub-leases recognised as Income in Statement of Profit and Loss is ₹ 59,20,000 (Previous Year ₹ 66,60,000).
- General description of leasing arrangements:
  - Leased Assets: Office premises taken on lease
  - At expiry of the lease term, the Company has an option either to return the asset or extend the term by renewing the contract.
  - There is no escalation clause in the lease agreement. There are no restrictions imposed by the lease arrangement.

### 29. LOANS AND ADVANCES IN THE NATURE OF LOANS - (AS REQUIRED UNDER CLAUSE 32 OF LISTING AGREEMENT)

#### To Subsidiaries:

Name of the Company	As at March 31 2013	Maximum Balance during the year	As at March 31 2012	Maximum Balance during the year
Hardcastle Restaurants Private Limited	50,176,917	50,176,917	-	-
West Leisure Resorts Private Limited	-	16,300,000	-	144,180,000
Westpoint Leisureparks Private Limited	-	1,800,000	800,000	850,000

Note: There is no repayment schedule in respect of the above loans

### 30. PROPOSED SCHEME OF ARRANGEMENT AND AMALGAMATION

The Board of Directors at its meeting held on December 12 2012 approved a Composite Scheme of Arrangement for amalgamation of Westpoint Leisure Parks Private Limited and Triple A Foods Private Limited with the Company and to spin off a part the of the Company's business to West Leisure Resorts Private Limited.

In terms of the Scheme, the appointed date is 01 October 2012. The Scheme has been filed with the High Court of Bombay and is pending approval of the Court.

In view of the pendency, no effect of the Scheme has been recognised in the financial statements.

- During the previous year, the Company had written off project expenditure aggregating to ₹ 1,27,43,861 relating to exploration of new business opportunities on account of non viability of the projects.
- The Company has not recognised liability for ₹ 23,836,822 towards premium payable on redemption of preference shares, as the Management is of the view that in future there will be sufficient securities premium amount available with the Company to pay the premium payable on redemption of the preference shares.

## NOTES

### forming part of the Financial Statements

33. There are no Micro, Small & Medium Enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006 to whom the Company owes dues. This information has been determined on the basis of information available with the Company.
34. Promoter Group : Mr. Banwari Lal Jatia is the promoter of the Company. The persons constituting the promoter group include individuals, HUF and corporate entities. The names of these persons are:  
Achal Exim Private Limited, Akshay Ayush Impex Private Limited, Acacia Impex Private Limited, Anand Veena Twisters Private Limited, Concept Highland Business Private Limited, Hardcastle & Waud Mfg Co. Limited, Hardcastle Petrofer Private Limited, Hawcoplast Investments & Trading Limited, Horizon Impex Private Limited, Houghton Hardcastle (India) Limited, Hawco Lubricants Limited, Saubhagya Impex Private Limited, Shri Ambika Trading Co. Private Limited, Subh Ashish Exim Private Limited, Triple A Foods Private Limited, Vandeeep Tradelinks Private Limited, Vishwas Investment & Trading Co. Private Limited, Winmore Leasing & Holdings Limited, West Leisure Resorts Private Limited, Westpoint Leisurereparks Private Limited, Hardcastle Restaturants Private Limited, Smt Lalita Devi Jatia, Smt Usha Devi Jatia, Shri Amit Jatia, Smt Smita Jatia, Shri Akshay Jatia, Shri Ayush Jatia, Shri Anurag Jatia, Smt Shalini Jatia, Miss Ridhika Jatia, Banwarilal Jatia – HUF, Amit Jatia – HUF and Anurag Jatia - HUF.
35. Figures of previous year were audited by a firm of chartered accountants other than S.R. Batliboi & Co. LLP.
36. Previous year's figures have been regrouped /restated wherever necessary to make them comparable with current year's figures.

As per our report of even date

For **S.R. BATLIBOI & CO. LLP**

Chartered Accountants

Firm Registration No. 301003E

For and on behalf of the Board of Directors

Westlife Development Limited

per **Ravi Bansal**

Partner

Membership No. 49365

**Banwari Lal Jatia**

Chairman

**Amit Jatia**

Vice-Chairman

**Peter F. Fernandes**

Company Secretary

Place : Mumbai

Date : May 15, 2013



## SUMMARY OF FINANCIAL INFORMATION OF Subsidiary Companies pursuant to Section 212 of the Companies Act,1956

Name of Subsidiary Companies	(Amounts in ₹)			
	Hardcastle Restaurants Private Limited	Triple A Foods Private Limited	Westpoint Leisureparks Private Limited	West Leisure Resorts Private Limited
<b>The financial year ended on</b>	<b>31 March 2013</b>	<b>31 March 2013</b>	<b>31 March 2013</b>	<b>31 March 2013</b>
Capital	1,235,000,000	126,250,000	130,395	30,533,370
Reserves	(697,304,865)	2,407,741,179	2,794,876,887	11,316,722
Total Assets	4,632,428,024	2,534,010,280	2,796,028,529	42,088,018
Total Liabilities	4,094,732,889	19,101	1,021,247	237,926
Investments (except investment in subsidiaries)	5,000,000	2,973,537	-	1,494,730
Turnover	6,858,411,969	1,874,425	4,431,175	4,226,021
Profit before Tax	307,608,875	174,041	426,516	699,190
Provision for Tax	-	(9,280)	45,220	113,741
Profit after Tax	307,608,875	183,321	381,296	585,449
Proposed Dividend	-	-	-	-

### Notes:

1. In terms of General Circular No.2/2011 dated 8th February, 2011 of the Ministry of Corporate Affairs, copies of Balance Sheet, Profit and Loss Account, Reports of Board of Directors and Auditors of the Subsidiary Companies have not been attached to the Balance Sheet of the Company.
2. Annual Accounts of the Subsidiary Companies are available for inspection at the Registered Office of the Company.

# NOTES

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## This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.





Coming Soon

## Westlife Development Limited

1001, Tower-3, 10th Floor, Indiabulls Finance Centre  
Senapati Bapat Marg, Elphinstone Road  
Mumbai - 400 013, India. Tel : 4913 5000, Fax : +91-22-4913 5001



## WESTLIFE DEVELOPMENT LTD.

1001, Tower-3 • 10<sup>th</sup> Floor • Indiabulls Finance Centre • Senapati Bapat Marg •  
Elphinstone Road • Mumbai 400 013  
Tel : 4913 5000 – Fax : 4913 5001

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### FORM A

Format of covering letter of the annual audit report to be filed with the  
stock exchanges

1	Name of the Company	Westlife Development Limited
2	Annual financial statements for the year ended	31 <sup>st</sup> March, 2013
3	Type of Audit observation	Un-qualified
4	Frequency of observation	Question does not arise
5	To be signed by – <ul style="list-style-type: none"><li>• CEO/ Managing Director</li><li>• CFO</li></ul>	<div>Mr. B L Jatia Chairman </div> <div>Mr. O P Adukia (Principal Officer) </div>