

SPECIALITY RESTAURANTS LIMITED

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Statement of Consolidated Audited Financial Results for the Quarter and Year Ended 31st March 2020

₹ in Lakhs (Except per share data)

Sr. No.	Particulars	Quarter Ended			Year Ended	
		31.03.2020 (Audited) Note 5	31.12.2019 (Unaudited)	31.03.2019 (Audited) Note 5	31.03.2020 (Audited)	31.03.2019 (Audited)
1	Revenue from operations	7,541	10,629	8,359	35,779	34,636
2	Other Income (Refer note 3)	321	202	350	1,027	946
3	Total Revenue	7,862	10,831	8,709	36,806	35,582
4	Expenses					
	(a) Cost of materials consumed	2,463	3,323	2,637	11,348	10,891
	(b) Employee benefits expense	1,710	2,203	2,087	8,202	8,188
	(c) Finance costs (Refer note 3)	520	576	-	2,115	-
	(d) Depreciation/amortisation/impairment (Refer note 3)	1,179	1,558	980	5,749	2,871
	(e) Lease rent (Refer note 3)	571	244	1,589	1,206	6,335
	(f) Other expenses (Refer note 3)	2,383	2,461	2,042	9,325	7,975
	Total Expenses	8,826	10,365	9,335	37,945	36,260
5	Profit/(Loss) before exceptional Items, Share of Joint Venture & tax (3 - 4)	(964)	466	(626)	(1,139)	(678)
6	Exceptional Items (Refer Note no. 5)	2,738	-	-	2,738	-
7	Profit/(Loss) before Share of Joint Venture & tax (5 - 6)	(3,702)	466	(626)	(3,877)	(678)
8	Share of Profit/(Loss) in Joint venture Company	(9)	(4)	-	(13)	(2)
9	Profit/(Loss) before tax (7 - 8)	(3,711)	462	(626)	(3,890)	(680)
10	Tax expense					
	a) Current tax	-	-	73	-	90
	b) Deferred tax	-	-	-	-	-
	c) (Excess)/Short provision for tax relating to prior years	-	(90)	11	(90)	11
		-	(90)	84	(90)	101
11	Profit/(Loss) after tax for the period (9 - 10)	(3,711)	552	(710)	(3,800)	(781)
12	Other comprehensive income/(Loss) Items that will not be reclassified to profit or loss	(26)	24	(8)	(42)	(53)
13	Total comprehensive income for the period (9 - 10)	(3,737)	576	(718)	(3,841)	(834)
14	Earnings per equity share (of ₹ 10/- each) (not annualised for quarters)					
	(a) Basic	(7.90)	1.18	(1.51)	(8.09)	(1.66)
	(b) Diluted	(7.90)	1.18	(1.51)	(8.09)	(1.66)
	See accompanying notes to the financial results					



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Notes:

- The above financial results have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on 23 July, 2020.
- The Company is engaged in the food business, which in the context of Ind AS 108 on Operating Segment, constitutes a single reportable business segment.
- Effective 1st April, 2019, the Company adopted Ind AS 116 "Leases" using the modified retrospective approach for transition. Accordingly, the Company has not restated the comparative information. Instead, the cumulative effect of initial application of the standard has been recognised as an adjustment to the opening balance of retained earnings as on 1st April, 2019, aggregating to Rs. 1,699.03 lakhs. Consequently in the Statement of Profit and Loss for the current period, the nature of expenses in respect of operating leases has changed from "Lease rent" in previous period to "Depreciation and amortisation expense" for the right of use assets, "Finance cost" for interest accrued on lease liability and GST on Lease Rent to "Other expenses". As a result the "Lease Rent", "Depreciation and amortisation expense", "Finance cost" and "Other expenses" of the current period is not comparable to the earlier periods. The performance of the current period is not comparable with previous period results. The reconciliation of the above effect on the Statement of Profit and Loss for the quarter and year ended 31st March, 2020 is as under:

₹ in Lakhs			
Quarter ended 31st March, 2020			
Adjustments to increase / (decrease) in Profit before tax	Quarter ended 31 March, 2020 comparable basis	Changes due to Ind AS 116 increase/ (decrease)	Quarter ended 31 March, 2020 as reported
Other Income	321	0	321
Lease Rent	1,755	(1,184)	571
Other expenses	2,165	218	2,383
Depreciation and amortisation expense	563	616	1,179
Finance cost	3	517	520
Exceptional Items	2,544	194	2,738
Profit / (Loss) before tax	(3,350)	(361)	(3,711)

₹ in Lakhs			
Year ended 31 March, 2020			
Adjustments to increase / (decrease) in Profit before tax	Year ended 31 March, 2020 comparable basis	Changes due to Ind AS 116 increase/ (decrease)	Year ended 31 March, 2020 as reported
Other Income	966	(62)	1,027
Lease Rent	6,722	(5,516)	1,206
Other expenses	8,483	842	9,325
Depreciation and amortisation expense	2,100	3,649	5,749
Finance cost	21	2,094	2,115
Exceptional Items	2,544	194	2,738
Profit / (Loss) before tax	(2,688)	(1,201)	(3,890)

- The outbreak of Coronavirus (COVID-19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. There has been disruption in regular business operations due to the measures taken to curb the spread of the pandemic. Businesses are being forced to limit their operations for long or indefinite period of time. The restaurant industry has been adversely affected and the Company has assessed the impact of COVID-19 pandemic on its business operations, the carrying amount of its assets, liquidity position, lease/licence fees commitments and profitability.

The Company has already initiated effective steps to reduce its operational fixed costs which include re-negotiation of Rent and CAM charges for the rented properties. Due to uncertainties and impossibilities of business the company has initiated discontinuation of Lease/Leave and Licence arrangements of the premises.

Takeaway and Delivery Sales were resumed during the lockdown period as per the advisory and guidelines by the Central/State Authorities. The Company has considered external and internal information in assessing the impact of COVID - 19 on various elements of its financial statements, including recoverability of its assets as at the Balance Sheet date.

Exceptional item for the quarter and year ended 31st March 2020 resulting from COVID 19 Pandemic i) Impairment of Property Plant and Equipment amounting Rs. 2,544.48 Lakhs, ii) Impairment of Rights of Use Asset amounting Rs. 1,645.41 Lakhs and iii) Gain on disposal of Right Of Use Asset Rs. 1,452.10 Lakhs.

The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes based on future economic conditions.

- The results of the quarter ended 31st March 2020 and 31st March 2019 are the balancing figure between audited results in respect of full financial year and published year to date results up to third quarter of relevant financial year.
- Previous period / year figures have been regrouped, wherever necessary.

For and on behalf of the Board

For Speciality Restaurants Limited



Anjan Chatterjee
Chairman & Managing Director
(DIN : 00200443)

Place: Mumbai
Date: 23 July, 2020

Speciality Restaurants Limited
Statement of Consolidated Cash Flows

₹ In Lakhs

Particulars	Notes	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Cash flow from Operating Activities			
Loss before tax		(3,877)	(680)
Adjustments for:			
Depreciation and amortisation expense		4,644	2,871
Depreciation - Right Of Use Asset		5,295	-
Gain on sale of Property, plant and equipment (net)		(2)	(2)
Share of Loss in Joint Venture		-	2
Gain/Loss On Disposal Of Right Of Use Asset		(1,514)	-
Profit on sale of investments (net)		(599)	(290)
Gain on fair value of investments (net)		178	(154)
Finance costs		2,115	0
Interest income from banks/others		(72)	(138)
Interest on income tax refund		(15)	(92)
Dividend on current investments		-	(0)
Unwinding effect of security deposits		(365)	23
Sundry balances written off		7	4
(Income)/expenses recognised in respect of equity-settled shared based payments		-	(20)
Lease rent equalisation adjustment		-	8
Provision for doubtful debts and advances		19	372
Payable on account of gratuity (net)		87	-
Foreign exchange (gain)/loss (net)		-	(4)
Operating Profit before working capital changes		5,900	1,898
Adjustments for (increase)/decrease in operating assets:			
Inventories		(69)	36
Trade receivables		289	57
Other current financial assets		(22)	138
Other non-current financial assets		(1,556)	(427)
Other current assets		358	(63)
Other non-current assets		(12)	(148)
Adjustments for increase/(decrease) in operating liabilities:			
Trade payables		(766)	(82)
Other current liabilities		31	137
Other non-current financial liabilities		(47)	100
Other current financial liabilities		2,457	-
Non - Current Provision		69	-
Cash generated from operations		6,632	1,645
Net income tax (paid)/refund		(83)	(83)
A. Net cash generated from Operating Activities (A)		6,549	1,562
B. Cash flow from Investing Activities			
Capital expenditure on property, plant and equipment		(1,913)	(1,506)
Proceeds from sale of property, plant and equipment		28	27
Investment in subsidiary company		(759)	-
Investment in commercial paper		(7)	(494)
Investment in mutual funds		(6,254)	(12,578)
Proceeds from sale of current investments		7,355	13,421
Current loans		(1,695)	17
Non-current loans		1,133	(9)
Interest received		72	138
Dividend received		-	0
Bank deposits placed		(0)	(0)
B. Net cash used in Investing Activities (B)		(2,040)	(983)
C. Cash flow from Financing Activities			
Repayment of long-term borrowings		-	(3)
Payment of Lease liability		(5,441)	-
Finance costs		-	(0)
C. Net cash used in Financing Activities (C)		(5,441)	(3)
Net increase in cash and cash equivalents (A+B+C) = (D)		(932)	577
Cash and cash equivalents at the beginning of the year (E)		1,099	522
Cash and cash equivalents at the end of the year (D)+(E)		167	1,099



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Chartered Accountants

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

To
The Board of Directors of
Speciality Restaurants Limited

Report on the audit of the Consolidated Financial Results

Opinion

We have audited the accompanying statement of quarterly and year to date consolidated financial results of **Speciality Restaurants Limited** (hereinafter referred to as "the Holding Company") and its subsidiaries, (the Holding Company and its Subsidiaries together referred to as "the Group") which includes the Group's share of loss in its associates and joint venture for the quarter and year ended 31st March, 2020 ("Statement"), attached herewith, being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

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

- i. includes the results of the following entities:
 - a. Speciality Hospitality UK Limited (Subsidiary-UK)
 - b. Caterland Hospitality Limited (Joint venture of subsidiary-UK)
 - c. Speciality Hospitality US Inc (Subsidiary-US).
 - d. Foodland Ventures LLC (Joint venture of subsidiary-US).
 - e. Mainland China Restaurant and Indgrill Restaurant LLC (Joint venture -US).
- ii. is presented in accordance with the requirements of the Listing Regulations in this regard; and
- iii. gives a true and fair view in conformity with the applicable accounting standards and other accounting principles generally accepted in India, of the consolidated net loss and total comprehensive loss for the quarter ended 31st March 2020 and for the year ended 31st March 2020 and other financial information of the Group.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013, as amended ("the Act"). Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Results" section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion.

KOLKATTA (HO)

NEW DELHI

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Emphasis of matter

We draw attention to Note 4 to financial results, which describes the possible effect of uncertainties relating to COVID-19 pandemic on the Company's financial performance as assessed by the management and impairment of assets recognized amounting to Rs 2,544.48 lakhs, net of reversal of lease liability and right of use assets. The consequential impact may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes based on future economic conditions as a result of the COVID-19 pandemic.

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

Management's Responsibilities for the Consolidated Financial Results

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

In preparing the Statement, the respective Board of Directors of the Companies included in Group are responsible for assessing the Group ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the Statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Statement.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Group has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the Financial Results / Information of the entities within the Group to express an opinion on the Annual Consolidated Financial Results. We are responsible for the direction, supervision and performance of the audit of financial information of the Holding Company included in the Consolidated Financial Results of which we are the independent auditor. The financial information of other entities, included in the Consolidated Financial Results has not been audited and these unaudited financial results/ statements have been approved and furnished by the management. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of Holding Company and regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

We also performed procedures in accordance with the Circular No. CIR/CFD/CMD1/44/2019 dated March 29, 2019 issued by the Securities Exchange Board of India under Regulation 33 (8) of the Listing Regulations, to the extent applicable.

Other Matter

1. The Statement includes the results for the quarter ended March 31, 2020 being the balancing figure between the audited figures in respect of the full financial year ended March 31, 2020 and the published unaudited year-to-date figures up to the third quarter of the current financial year, which were subjected to a limited review by us, as required under the Listing Regulations.

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2. The consolidated financial results includes the unaudited financial information of two subsidiary companies and their shares of losses in joint ventures, included in the consolidated financial results, whose financial statements reflect total assets of Rs. 911.16 lakhs as at March 31, 2020 and total revenues of Rs. Rs. 86.06 lakhs and 28.71 lakhs for the quarter and year ended March 31, 2020, respectively, total profit after tax of Rs 77.52 lakhs and Rs 16.15 lakhs for the quarter and year ended March 31, 2020, respectively and total comprehensive income of Rs 77.52 lakhs and Rs 16.15 lakhs for the quarter and year ended March 31, 2020, respectively, and net cash outflow of Rs 241.00 lakhs for the year ended March 31, 2020 as considered in this statement. These financial information are unaudited and have been approved and furnished to us by the Management and our opinion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and joint venture is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial information are not material to the Group.
3. Due to COVID-19 related lock-down restrictions, the management of the Holding Company was able to perform year end physical verification of Inventories, subsequent to the year end. Due to lock-down, we were not able to physically observe the stock verification which was carried out by the management. Consequently, we have performed alternate procedure to audit the existence of inventory as per the guidance provided in SA 501 "Audit Evidence – Specific Consideration for Selected Items" and have obtained sufficient appropriate audit evidence to issue our unmodified opinion on these financial result.

Our opinion on the Statement is not modified in respect of the above matter with respect to our reliance on the work done and the report of other auditor.

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

SUKHENDRA Digitally signed by
SUKHENDRA LODHA
Date: 2020.07.23
18:36:12 +05'30'
RA LODHA

Sukhendra Lodha
Partner
Membership No. 071272

Place: Mumbai
Date: 23rd July, 2020

UDIN: 20071272AAAAABD7298

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