



SPECIALITY
RESTAURANTS LTD.

**ANNUAL
REPORT**
2020



SPECIALITY
RESTAURANTS LTD.

**MAKING YOU
FEEL SPECIAL**

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OUR MISSION

To consistently provide world-class cuisine and experience at an affordable price. To create a dining experience whose uniqueness lies in elegance and refinement, brought alive by care and personalized service in a warm, vibrant environment, that makes everybody *feel special*.



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CURTAIN RAISER

As we stepped into the 26th year of our operations it brought in new challenges and together with it new opportunities. Brand refresh of the existing ones, giving birth to new ideas, new creations and new formats all added a new fillip providing a much needed platform for our future growth.

We all know that food is the basic need of every human being and we strive to meet that need in the most satisfying way. More than three thousand two hundred associates at Speciality Restaurants strive to create a special dining experience on the table for all our guests and stake holders, sharing joy and happiness in their lives.

Speciality Restaurants Ltd. as a public entity, is still the largest chain of fine dining restaurants in the country with outlets across India and also beyond our shores in UAE, Bangladesh and Tanzania. Our flagship brand **Mainland China** serves authentic cuisine of Chinese provinces while it's younger offshoot in the form of **Asia Kitchen** and **Gong** serves modern pan-Asian cuisine in a semi-casual dining formats.

The group's power brands include **Oh! Calcutta** serving authentic 300-year-old flavour of Calcutta is one of the most respected and awarded, **Sigree Global Grill** offering unlimited serving of grills of the world over live grillers on each table and **Sweet Bengal** serving authentic Bengali sweets made with pure cow's milk by artisans from Bengal have been the driving force. In its portfolio the group also has a casual dining formats in the form of **Café Mezzuna**, an all-day bar and kitchen and **Hoppipola** as a playful bar and kitchen for the young millennials which lends variety.

The new entrants in this year are in the form of **Riyasat** serving 'contemporary Indian cuisine' while **Episode One**, **UDP (Urban Deccan Pub)**, **HAY** and **BARissh** in the 'fun dining' genre, holds a lot of promise for the future. Serving various high-end spirits prepared by international mixologists along with wide range of quick bites and other value offerings targeted primarily to a younger audience who are redefining the traditional dining.

Other brands of the group are Haka, Flame & Grill, Machaan, Zoodles, Jungle Safari, Dariole (confectionery) which are silent performers and forms a part of our wholesome basket of offerings to guests.

ANJAN
CHATTERJEE

CHAIRMAN & MANAGING
DIRECTOR

CHAIRMAN & MANAGING DIRECTOR'S PERSPECTIVE

Dear Shareholders,

It gives me great pleasure to share with you, your Company's performance for the financial year 2019-20.

The year has been a challenging one – not just for India, but for the world. The unprecedented fallout of the Covid 19 pandemic has had a significant impact on the hospitality industry. Despite this, I remain optimistic primarily because of the judicious measures we have taken to stem the impact of the pandemic.

Your Company continues to place its mission at the heart of the business based on the strong belief that brands with purpose grow; companies with purpose last; and people with purpose thrive.

In the year under review, your company achieved a turnover of over Rs.367 crores, registering a marginal growth of 3.35% as against the previous year. This was achieved despite the headwinds that the economic environment continued to throw up, creating hurdles to unfettered growth. Through this period, your Company retained its strong focus on innovation, by creating novel offerings; by investing in relevant technology to enhance customer experience; through intelligent menu engineering; by renegotiating rentals for increased reduction; and by taking appropriate measures to reduce raw material costs.

Staying responsive to opportunities, even during this period, your Company has signed up for the second restaurant at Dubai with the existing franchisee. This is due to the tremendous response and ensuing demand for Mainland China Asia Kitchen. Additionally, the St Regis Hotel at Doha has signed an operating contract with your Company for the Indian cuisine restaurant – Riyasat.



As you are aware that in the year under review, your company was on track with all its growth plans till the month of February 2020, till the disruption due to the Covid-19 pandemic which began to spread in March 2020. With the hospitality industry among the worst affected especially in the United Kingdom, your company has taken the judicious step of deferring the launch of its first restaurant in London till next year. With the same perspective, your company's expansion plans in the US market have also been placed on hold as of now.

Considering that the impact of the pandemic is likely to be felt for the next several months, your company has been diligently working to reduce all major fixed costs. These include the expenses under all heads that fall within Restaurant operations. This is being done through re-negotiations of Rentals/CAM/AMC and annual contracts of raw material suppliers and relevant parties in order to neutralize the impact.

We have reviewed the existing contracts judiciously, negotiated and sought relief during the lock down period with property owners wherever possible and plan to exit those that do not fit into our scheme of things. Your Company has undertaken a stringent exercise of rationalisation of restaurant operations including change in service design, contactless ordering as well as manpower requirement.

The pandemic has also imposed incremental operating costs on the business. While we foresee impact on the profitability for the FY 20-21; it is difficult to assess the exact quantum at this stage. A redeeming factor is that your Company doesn't have any debt on its book. Hence there is no impact pertaining to debt obligations on the Company.

A quick response

One outcome of the pandemic has been the increase in the trend of deliveries and takeaway services. Recognising this as a long term opportunity, your company responded rapidly. During the lockdown period in keeping with Government directives, some kitchens in select and approved locations were kept in operation for deliveries and takeaway services. Going forward, your company's food delivery and take away operations will remain operational. Additionally, we are in the process of identifying more locations at our existing kitchens/outlets to make them operational. We are also making a foray into the cloud kitchen segment to tap the existing markets to optimise the recall value and brand equity of our various restaurants.

Recognising the potential and having been able to stabilise at the back-end, your Company is also getting into the sale of its proprietary sauces under the brand 'Mainland China' in the B2C segment through e-commerce platform to generate higher volumes and revenues.

Your company has always placed a great emphasis on hygiene and quality. During the pandemic, we have added even more stringent measures to reassure our customers of the quality of the food and the hygiene. This has resulted in your company experiencing higher customer preference due to the unwavering faith and confidence in our established brands. The safety of our employees and customers remains our highest priority. Your Company had already moved to 'work from home' policy for its corporate office, thereby significantly reducing risk to them in this period. In the kitchens, a stringent 'social distancing' policy is being adhered to, keeping all employees safe. Various other proactive measures have been initiated viz. best in class sanitising with Virex treatment everyday through Johnson Diversey, checking temperatures of all staff and tagging all delivery packets with the recordings, frequent hand washing as an SOP etc.

We have seen significant business impact due to multiple lockdowns, restrictions and social distancing norms and the uncertainty of the situation makes it difficult for us to anticipate the extent of the impact. However, we are confident of bouncing back as soon as the external environment returns to normalcy.

Restarting dine-in operations of the restaurants and bars is a decision that is governed by the Central Government and respective State Government directives under the Disaster Management Act with regulatory strictures and guidance. These will be adhered to and hence our schedule for reopening key restaurants is dependent on it.

Thanks to 25 years of unparalleled brand equity, your company is well entrenched in peoples' minds and hearts as delivering quality food and dining experience. With well established brands for takeaway and delivery, your company continues to be in a position of strength to overcome this crisis and capitalise on future growth opportunities.

Staying responsive to the ever blowing winds of change, your Company is adapting strategies to the changing business environment and responding suitably to fulfill the needs of its customers. Keeping our ear close to the ground, we are closely monitoring the external situation and restrictions imposed and phase wise relaxations being granted by the regulatory authorities from time to time.

I would like to take this opportunity to thank each and every stakeholder who has reposed their faith in us, employees, partners, customers and all stakeholders for their commitment and service to Speciality Restaurants. I would also like to thank the Board of Directors for their unstinted support. Most importantly, I would like to thank you, shareholders, for your overwhelming trust, support and confidence in Speciality Restaurants Limited.

Warm Regards,
Anjan Chatterjee
(Chairman and Managing Director)



OUR FOUNDATION, BUILT ON BRANDS

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

IF IT'S CHINESE, IT'S MAINLAND CHINA

Beyond the Great Wall lies the kingdom of Mainland China, a place where all dreams come true. Today, this flagship brand of Speciality Restaurants has a countrywide presence in the form of 37 outlets across India serving customers with authentic Chinese cuisine. To its credit it has remained one of the most favored and popular Chinese fine dining restaurant chain catering to the Indian taste buds over 26 years.

The overwhelming popularity has taken the brand to international destinations viz. Tanzania and Bangladesh thereby earning a reputation of serving the finest Chinese cuisine suited for the Indian palette outside China, to discerning gourmets all over the world. It enjoys top of the mind brand recall and sustained loyalty of its customers over the years. It has won 'Best Chinese' – Times food and night life awards in all cities over the years.



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FLAGSHIP BRANDS

ASIA KITCHEN
by
MAINLAND CHINA



This is a refreshed new semi-casual format of the mother brand in a relaxed ambience serving exciting Pan-Asian cuisine from selections of Thai, Japanese, Malaya, Myanmar, Singapore, Hong Kong and of course China.

After receiving tremendous response in Mumbai, Pune, Kolkata, Bangalore and Chennai, the first outlet internationally is in operation at BurJuman Mall in Dubai, UAE. This exciting new format with live kitchen and innovative take on street food is creating ripples in the dining circles and receiving franchise offers internationally.

Oh! Calcutta

— The Taste of Joy —



Oh! Calcutta, with 9 operating outlets across the country, is an ode, a celebration to the romantic city of Calcutta and its gastronomic delights. Here the cuisine is quintessential Bengali offering a diverse and traditional fare of authentic Bengali cuisine that is reminiscent of Kolkata as it once was. Contemporary yet evocative. Modern yet traditional.

With a rare cuisine that celebrates Calcutta's melting pot of cultures, Oh! Calcutta's appeal reaches out to food connoisseurs far beyond Bengali's looking for their home flavours. It's a resurrection of 300-year-old recipes well researched to give a contemporary expression in the form of grilled and steamed specialties, deftly balancing the traditional

flavours with amalgamation of authentic ingredients and spices to appeal to a global audience. Keeping the elegance and creativity of the cuisine at heart, the brand is constantly pushing the envelope for the newer experiences of traditional flavours. It has won all foodie awards over the years and has now also been recognized as 'Best Regional Cuisine Award' by Eazydiner Foodies.



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CORE BRANDS

sigree
GLOBAL GRILL

Sigree Global Grill has emerged as a popular brand having promoted the concept of live grills in the style of Brazilian Churrascaria or Japanese Hibachi on each table, with display kitchen, interactive cooking with skillful displays by master chefs inspired by changing taste-buds adding vibrancy to the whole ambience.

The menu features a mélange of fresh, unlimited grilled flavours from all around the world like Mediterranean, Oriental, Spanish, Mexican and of course Indian Cuisines at all-inclusive attractive price points.





Literally meaning ‘jumping in puddles’ in Icelandic, Hoppipola is an embodiment that you don’t need to be young to have fun. Patrons are encouraged to participate in Beer Pong, Chuggathons, read from a quirky book section, play video and board games among other fun stuff.

Hoppipola offers ample contemporary flavours such as finger food and bar nibbles. Innovative mocktails also add to the funky menu. Hoppipola offers a fun filled experience to the young-at-heart who constitute the majority of a growing market of young and independent diners. So much so that it has now caught the fancy of diners even in far flung Tanzania.



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POWER BRANDS



Sweet Bengal

Heavenly sweets

It has proved to be the favourite Bengali sweet destination. The sole credit for this goes to the innovative and traditional spread of Bengali Sweets created from pure cow’s milk by

‘karigars’ from West Bengal who literally crafts each and every sweet. With 26 outlets it is the only chain serving authentic Bengali sweets and Bengali snacks in Mumbai and buoyed by the tremendous success the Company has now started expanding and spreading its sweetness in it’s hometown– Kolkata with the opening of 2 outlets as of now.



CAFÉ **MEZZUNA** ALL DAY RESTOBAR

Café Mezzuna is an all-day semi casual dining restaurant. It serves Modern European cuisine with selections from Italian, Mediterranean, Moroccan, Spanish, French flavours with a tastefully designed bar menu. Its unanimous admiration made it to win ‘Best Italian in Premium Dine in’ by The Telegraph and ‘Times food and night life awards’ from TOI group.