



**SPECIALITY**  
RESTAURANTS LIMITED

# ANNUAL REPORT 2022





## Contents

---

	Page Nos.
Our Mission	1
Curtain Raiser	1
Chairman & Managing Director's Perspective	3
Powered By Our Brands	7
New Brands	16
What the Numbers Say	17
Board of Directors	19
Brand Presence	22
Company Information	24
Notice	25
Directors' Report	41
Management Discussion and Analysis	56
Report on Corporate Governance	65
Standalone Financial Statements	
Auditor's Report	86
Balance Sheet	95
Statement of Profit and Loss	96
Statement of Changes in Equity	97
Statement of Cash Flows	98
Notes to Financial Statements	100
Consolidated Financial Statements	
Auditor's Report	130
Financial Statements	135
Statement in Form AOC-1	171

## 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.

## Curtain Raiser

---

After an unprecedented year of hardships and extraordinary challenges we started the new financial year all over again with a new zeal, resolve and determination. There was renewed focus to beat all odds and consolidate first to put the house in order and then try and outperform ourselves as compared to the last few years.

But that was not to be. The financial year 2021-22 started with turbulence due to resurgence of a newer and deadlier variant of the COVID 19 pandemic (Delta) inflicting severe casualty and disruption of business. However, your company fared comparatively better this time around taking quick decisions and decisive steps to save precious lives and minimising the impact with lessons learnt from the earlier period.

The government also took decisive steps and the wave was largely brought under control in three months, after achieving its peak, through localised containment and extensive vaccination coverage. During the lockdown period, unlike the previous year, the staff showed resilience and stayed back which helped your company to aggressively promote and sustain with online deliveries from almost all its outlets during this period.



This also helped to kick start dine-in operations at the outlets immediately, as and when lockdown restrictions started easing, thus giving a competitive advantage. The results were visible as we experienced a sharp turn around in the business and reported profitability in the year 2021-22. This could be attributed to some of the hard decisions that we took in the previous year of operating with a lean staff strength coupled with new dimensions added to the business like operating 'kitchen-within-kitchens' and independent 'Cloud kitchens'. Food delivery through online ordering and take-aways became the new norm as well as people rediscovering appetite for dine-out at restaurants with a vengeance to makeup for the lost period having been confined at home for long. The Cloud Kitchens are operating on a 'plug & play' model with low investments and low manpower costs, low wastages due to support from central base kitchens, low rental and maintenance charges and on the other hand increased the reach of our brands in hitherto unrepresented markets.

Speciality Restaurants Limited is one of the largest chain of restaurants in the fine dining sector with restaurants across India, UAE (Dubai), Qatar (Doha), Tanzania (Dar e salam) and in UK (London). Our flagship brand Mainland China continues to serve authentic Chinese cuisine with some new items on the Menu while it's offshoot i.e. Asia Kitchen by Mainland China serves pan-Asian cuisine in a semi-casual dining format. Haka has been a recent addition to our Cloud Kitchen format in the same genre ie. haka style chinese cuisine and which has shown good results in terms of revenue at a lower pricepoint and holds promise for dine-in formats at a later stage. It will help the company to scale its operations at lower costs to target the mid-market segment.

The group's other brands include Oh! Calcutta serving authentic 300-year-old unexplored flavours of Calcutta, Sigree Global Grill with live grillers on each table offering unlimited grills of the world while Sweet Bengal serves authentic Bengali sweets made with pure cow's milk by artisans from Bengal. The wet led formats like Episode One, BARishh and Hoppipola offers innovative mixes with added attraction of good nibbles.

Your Company's most awaited first London restaurant 'Chourangi' was launched during the second half of the year to create new milestone for the company.

## Chairman & Managing Director's Perspective

---

**Anjan Chatterjee**  
**Chairman & Managing Director**



Dear Shareholders,

I'm delighted to welcome you to the 23rd Annual General Meeting, with the good tidings that your company has achieved an excellent performance.

After a turbulent two years, the COVID-19 virus appears to have been tamed. Experts believe it may have reached the endemic stage. But there are many who have faced the brunt of this unprecedented virus and the chaos it caused. We stand with them in solidarity. It was arguably, one of the most difficult challenges the world had to face, but with fortitude and resilience, the world is now cautiously optimistic that the worst is behind us.

It has been acknowledged that the Food & Beverage sector worldwide was one of the worst hit by the pandemic. India was no exception.

### **Overcoming challenges successfully**

While your Company, Speciality Restaurants Limited also encountered several challenges during this period, I am happy to inform you that your Company has not only overcome every challenge but has also quickly bounced back and is on course for further growth. The critical period taught us a few lessons the hard way. But those lessons were well learnt, and we are focused now on ensuring that we put into practice those disciplines that the pandemic forced upon us. I am confident that our efforts will continue to bring in sustained growth and profitability in the coming years.

In the year under review, your company achieved a turnover of over ₹ 266.6 crores, registering a growth of 59.8% as against the previous year. This was despite unfavorable macro-economic factors such as a resurgence of waves of new variants of the COVID-19 virus, geopolitical escalations across the world and increase in oil prices by headwinds of broad-based inflation. At ₹ 56.1 crore, the EBIDTA registered a growth of 269.1% as against the previous year.

The Profit after Tax was ₹ 13.5 crore registering a growth of 146% as against the previous year. This increase in revenue and profit was mainly due to the bold strategic decisions taken during the pandemic, the focus on financial prudence and innovative strategic initiatives.

### **A Strategic Focus**

The critical two-pronged strategy included the closing of unprofitable outlets, and a tight control on costs with a greater focus on profitability.

The rationalization of manpower at both at outlet levels and at the backend office was one of the biggest achievements that contributed to a leaner and more efficient processes. This was made possible through a continued people focus. While also ensuring their wellbeing, we were able to make the workforce more efficient by helping them develop multi-skilling and multi-tasking abilities.

Additionally, better negotiations with vendors led to a reduction in cost of procurement. Tighter negotiations with real estate owners helped in the reduction of rental costs. This, together with financial prudence, tighter control of wastage and overhead costs were the major contributors that enabled a significant improvement in bottom lines. These strategies have borne fruit with the encouraging performance of almost all the brands and formats under the Speciality umbrella. Almost all the outlets, including the newer ones like Episode One, Riyasat and BARishh, have now turned the corner and are on the path of growth.

### **Chourangi – an exciting impact in London**

Your Company's first London restaurant Chourangi was launched during the second half of the year. Despite this period being fraught with the specter of Covid-19 in the UK, the response from all quarters – from food critiques to connoisseurs to the public at large – have been overwhelming. The food, the ambience and the service have all been lauded, and there is a palpable impact in terms of increasing footfalls and enhanced brand equity.



## **Food delivery – a new paradigm**

The pandemic, while throwing up immense challenges, has also created new opportunities. In the area of food, it is the concept of cloud kitchens that has opened new avenues of business growth. Keeping an ear to the ground, your company has been quick to seize the moment and pivoted our model to the hybrid model of cloud kitchens along with dine-in restaurants. Through the last year, we have successfully launched nine cloud kitchens that have exponentially expanded our reach. With strategic tie ups with delivery partners, we have been able to provide customers with an ‘at home’ dining experience, providing the cuisine that best lends itself to this format. Cloud kitchens is opening up an opportunity to scale up our online business, without the level of investment that offline restaurants demand. Recognizing that this is trend that is here to stay, your company is on course to build a very strong presence in this area as well. Further building upon the concept of cloud kitchens, your company has also innovated the idea of ‘Kitchen within Kitchen’ i.e., multi-brand virtual kitchen format. This concept was explored by your company with a view to enable sweating of assets from existing restaurant kitchens to meet the requirements of online delivery services. This was facilitated by third party delivery apps. This model has increased business exponentially with minimum additional investment.

## **A trajectory of growth**

Opportunities in food and beverage sector in India continue to remain attractive. ‘The 58 billion USD (INR 4.2T) Indian Food Service Industry (FSI) is expected to grow by 9% CAGR over FY20-25. According to the Economic Survey Of India 2019-20, 62% of India’s population is in the 15-60 year age bracket, with 30% under the age of 15 years. India is poised to enjoy the benefits of a substantial working age population for a long period of time.’ (Source: Food Service Industry Report of Motilal Oswal December 2021).

Secular trends of a young population, growing affluence, rising urbanisation, increase in disposable income, growth of organised retail and burgeoning digital connectivity are all driving consumption. Your Company's strong and versatile portfolio of brands, cuisines, personalized service and understanding of guest experience has enabled us to deliver the current performance and build an enduring presence in the minds of your customers. Your Company firmly believes that the turbulence of the past few years is behind us. We have countered the headwinds better with innovation and resilience and remain optimistic about the future and confident about harnessing newer growth opportunities in food services industry that will enable your Company to continually move towards sustainable growth and profitability to stay ahead of the curve.

Your Company continues to place their mission at the heart of the business as they believe that brands with purpose grow; companies with purpose last; and people with purpose thrive.

I would like to take this opportunity to thank each and every person who has reposed their faith in us - employees, partners, customers and all stakeholders - for their commitment and support to Speciality Restaurants. I would also like to thank the Board of Directors for their unstinted support.

Above all, I would like to thank you, shareholders, for your overwhelming trust, support and confidence in Speciality Restaurants Limited. I wish you all the very best and look forward to your continuing support in the years to come.

Warm Regards,

Anjan Chatterjee  
(Chairman and Managing Director)

## Powered By Our 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 and in this pandemic the exponential growth of our delivery business has reinforced our belief in the power of our brands. Our standard SOP's have allowed a smooth run for all the franchisee's and continuing this trend will inch us closer to near and long-term goals and success.

## Flagship Brands

IF IT'S CHINESE, IT'S  
**MAINLAND  
CHINA**

If it's Chinese, It's Mainland China. Mainland China, flagship brand of Speciality Restaurants has acquired great reviews, acclaim, top of the mind recall and a loyalty among gourmets for over 25 years. Its offerings have the subtle blending of spices, perfect balance of Ying Yang flavours, the toss of the wok or the tempering of the sauces lend a unique flavour to its dishes brings harmony and contrasting aspects of Chinese cuisine. To its credit it has remained one of the most favoured and popular Chinese fine dining restaurant chain catering to the Indian taste buds.

Our Chefs at Mainland China excel at preparing authentic dishes that delight the taste buds. The crunchiness of the garlic pepper chicken, the spicy hot crab chilli, the crispy dim sums, the fish cooked in a light sauce tempered in spices that cool the palate, the gently tossed noodles, glistening with a rich sauce, the light fluffy fried rice, the piping hot soup ideal to whet your appetite will tempt you to sit back and enjoy a meal that takes you on a culinary journey from Sichuan to Jiangsu, to the bustling streets of Beijing.

