SapphireFoods

Date: July 20, 2023

To,

National Stock Exchange of India Limited Exchange Plaza, Block G, C/1, Bandra Kurla Complex, Bandra (E), Mumbai – 400051 Symbol: SAPPHIRE	BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400001 Scrip Code: 543397

Dear Sir/ Madam,

Subject: Notice of the 14th Annual General Meeting (AGM) and Annual Report for the Financial year 2022-23 of Sapphire Foods India Limited ("Company")

In furtherance to our letter dated July 18, 2023, whereby the Company has given intimation of 14th Annual General Meeting ("AGM") of the Shareholders of Sapphire Foods India Limited ("Company") scheduled on **Friday, August 11, 2023 at 11.30 a.m. (IST)** through Video Conferencing ('VC') / Other Audio Visual Means ('OAVM'), in accordance with the applicable provisions of the Companies Act, 2013 and Rules made thereunder ("Act") and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with the applicable circulars as issued by "Ministry of Corporate Affairs ("MCA") and Securities and Exchange Board of India ("SEBI"), in relation to the subject matter.

In connection with the aforesaid, enclosed herewith the Notice convening 14th AGM and Annual Report of the Company for the Financial year 2022-23, which is being sent to the members through electronic mode. The same are also available on the website of the Company and can be accessed using the below given links:

AGM Notice	Click here to view AGM Notice
Annual Report	Click here to view Annual Report 2022-2023

You are requested to kindly take the above on record and disseminate the same on exchange website.

Thanking you,

Yours faithfully,
For Sapphire Foods India Limited

SACHIN TUKARAM DUDAM

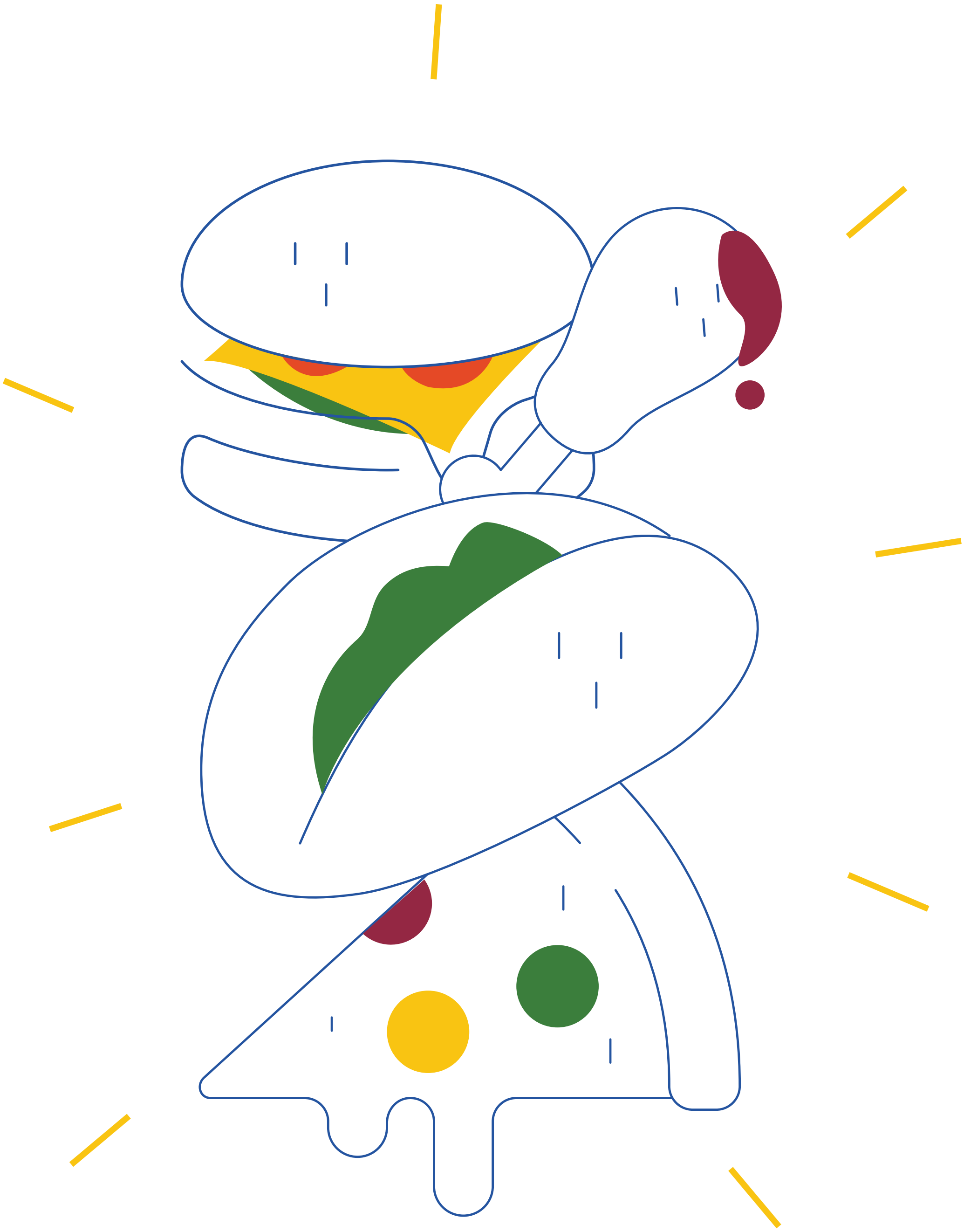
Digitally signed by SACHIN TUKARAM DUDAM
Date: 2023.07.20 13:46:39 +05'30'

SAPPHIRE FOODS INDIA LIMITED MUMBAI

Sachin Dudam
Company Secretary and Compliance Officer

Encl: a/a

SapphireFoods



RELENTLESS

EXECUTION. GRIT. GROWTH.

ANNUAL REPORT 2022-23

WHAT'S INSIDE

It gives me immense pleasure in presenting to you our Annual Report for FY 2022-23, our first full year since our successful public listing, and share our performance update for the year.

SAPPHIRE FOODS PROFILE

Who We Are

A Strong Platform of 743 Restaurant Outlets

Yum's Franchisee Operator in India, Sri Lanka and Maldives

Three Leading and Popular Brands
- KFC
- Pizza Hut
- Taco Bell

One of the Largest and Fastest Growing Restaurant Operators in India and Sri Lanka

627
Restaurant Outlets in India

114
Restaurant Outlets in Sri Lanka

2
Restaurant Outlets in Maldives

As on March 31, 2023

Our Ownership

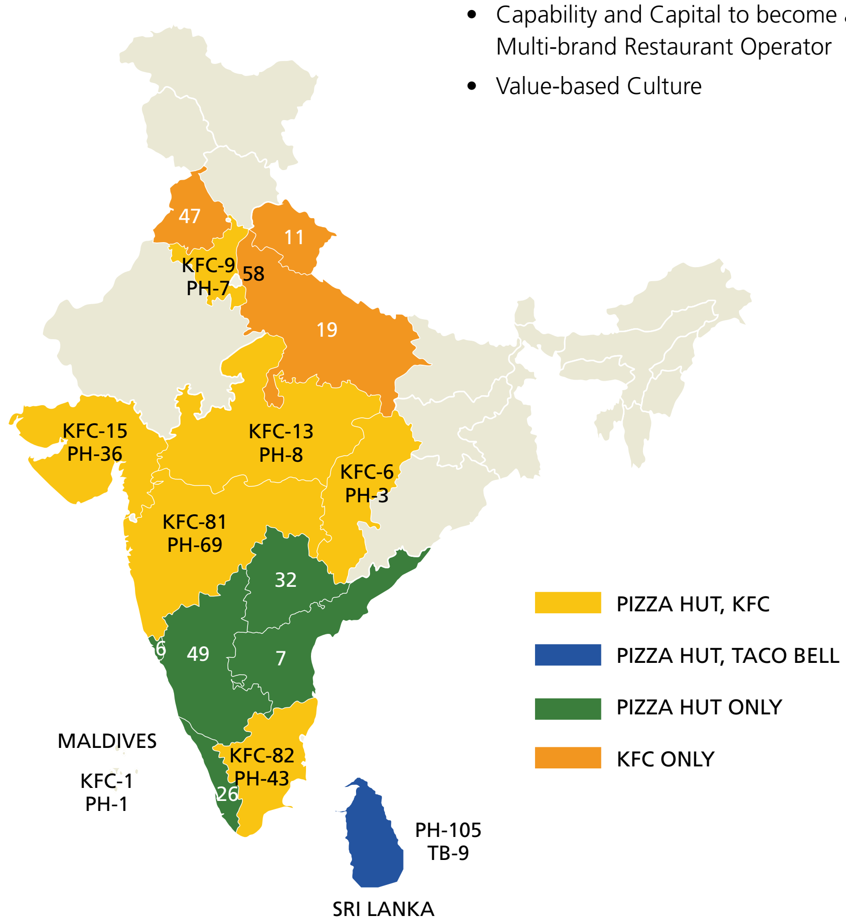
Sapphire Foods India Limited ("Sapphire Foods") is primarily promoted by Sapphire Foods Mauritius Limited which is backed by private equity investors. Promoters have created a long-term ownership structure via a lock-in of 25.1% of equity under an arrangement with Yum.

Our Board & Management

The Board is chaired by an Independent Director, Mr. Sunil Chandiramani. The Company is managed by a professional team led by Mr. Sanjay Purohit, Whole-time Director & Group CEO.

Our Geographic Footprint

This is how we are represented across the Indian subcontinent



Our Principal Franchisor

Yum! Brands Inc. (based in Kentucky) has over 55,000 restaurants globally, with a presence in more than 155 countries and territories, run by approximately 1,500 franchisees

Our Aspiration

To become India's best restaurant operator

Our Core Purpose

We strive to serve our customers great food with great experience at great value, every day!

The Sapphire Foods Story

- Passion for Food and the Brands we serve
- Execution Excellence
- Disciplined Capital Allocation
- Capability and Capital to become a Multi-brand Restaurant Operator
- Value-based Culture

Our Values-Driven Culture

Our core values that shape the organisation's culture, behaviour and drive execution

Excellence
To be the best version of ourselves every day

Courage
The ability to face challenges with boldness and without fear

Integrity
Doing the right thing even when no one is looking

Empathy
Respecting and valuing each other to drive collective strength

Accountability
Personal ownership and commitment

THE SAPPHIRE FOODS STORY

We want to tell the story that exemplifies our purpose in a way that resonates with our stakeholders. While we continue to be driven by our passion and value-based culture, every accomplishment at Sapphire Foods is a team effort to achieve execution excellence and disciplined capital allocation, creating more opportunities and celebrating successes.

The Sapphire Foods Story

Passion for Food and the Brands we serve

We are passionate about serving great food with great experience at great value to our customers, every single day. We have established a track record of successfully operating KFC, Pizza Hut and Taco Bell restaurants across India, Sri Lanka and the Republic of Maldives. Our brands built on a foundation of taste, quality and service excellence enjoy high customer affinity. We strive to provide a consistent experience to our customers aligned with our franchisor, YUM! Brands.

Execution Excellence

We deliver great food through our wide menu choice catering to multiple day parts and freshly prepared finger-licking food every day at our restaurants. This has been possible through our food hygiene & restaurant operating processes, robust supply chain, technology solutions to aid front end operations, financial controls, and governance.

Disciplined Capital Allocation to Build Scalability

At the heart of our restaurant expansion plan is our disciplined capital allocation. Our optimal capital allocation drives new restaurant expansion model, focussing on compact-sized omni-channel restaurants. Our constant emphasis is to make our business model more profitable with a strong focus on unit economics of our restaurants. Through our omni-channel strategy, we drive superior customer experience across channels – dine-in, takeaway and delivery.

Capability and Capital to become a Multi-brand Restaurant Operator

We have invested in training and hiring people with diverse industry experience enabling us to possess the competencies and perspectives to build multi-brand QSR operations at scale. Our investment in back-end processes and technologies allows us to scale and operate multiple restaurants across locations.

Our inorganic growth will be governed by 7 Mantras of Sapphire Foods.

Value-based Culture

We seek to create an invigorating work culture built on the foundation of our values. These help us in performance management and high performing talent acquisition and retention.

7 Mantras to Drive Success & Scale in Food Business

1 Centre of plate / meal / daily consumption

2 Difficult to make at home

3 Brand differentiation - Provenance story

4 Production processes do not need 'Chefs'

5 Value-for-Money

6 Quick service

7 Omni-channel worthy

Unit Economics Model

Sapphire Foods focusses on disciplined capital allocation. While we acquired a challenged business model with significantly long paybacks, we worked to improved unit economics to make the business model profitable with a shorter payback.

We inherited large dine-in focussed restaurants. Subsequently, we tweaked the strategy to open compact omni-channel restaurants which enabled a superior customer experience across all channels – dine-in, take-away and delivery.

The omni-channel strategy enabled a reduction in the size of restaurants by ~45%, while retaining the overall revenue generating capacity. As a result, capital costs, operating costs and rentals reduced significantly, improving restaurant EBITDA margin. This helped shrink restaurant payback for both brands to ~3-3.5 years.

Calibrated New Restaurant Economic Model for Expansion

	KFC India		Pizza Hut India	
	As on 31st March, 2019	As on 31st March, 2023	As on 31st March, 2019	As on 31st March, 2023
Average size of restaurant (in sq. ft.)	~2,700	~1,600	~2,400	~1,200
	Reduction in average restaurant size by ~40%		Reduction in average restaurant size by ~50%	
	FY19	FY23	FY19	FY23
Average Daily Sales per Restaurant (In ₹ '000)	125	135	61	58
Restaurant EBITDA Margin (%)	12.7%	19.4%	7.5%	13.3%

Our omni-channel strategy enables us to:

Retain superior dine-in experience, product quality and full menu

Reduce the size of the restaurant by ~45%, significantly reducing capex, rentals and other operating costs

GROUP CEO'S MESSAGE

The year also saw the highest ever number of new stores being opened, making us more accessible to our customers. We added 78 new KFC stores (60 in FY22) and 67 new Pizza Hut stores during the year (57 in FY22).

Dear Shareholders,

It gives me immense pleasure in presenting to you our Annual Report for FY 2022-23, our first full year since our successful public listing, and share our performance update for the year.

We are one of the largest QSR companies in India and Sri Lanka with a portfolio of two powerful global brands in both countries, KFC and Pizza Hut in India and Pizza Hut and Taco Bell in Sri Lanka. Our portfolio of brands are universal in appeal and offer something for every taste bud for all parts of the day. We are an omni-channel restaurant operator and we operate 743 restaurants across India, Sri Lanka and Maldives.

Macro-Economic and Industry Scenario

FY23 was no ordinary year, given the geo-political turmoil arising out of Russia-Ukraine war and the demand-supply mismatch coming out of the COVID-19 pandemic. Like other economies, the Indian economy also witnessed macro-economic volatility and the challenge of inflation. Most consumer brands had to resort to steep price increases to mitigate inflation, and the impact of falling demand was felt across brands, especially towards the second half of the year post-Diwali. The QSR industry was also impacted by steep inflation in input ingredients, necessitating near double digit price increases. In the first half of the year, on the back of continuing tailwinds arising out of strong demand post Covid and the price increases, performance was strong. However, broad-based inflation started to impact consumer wallets and discretionary spends post Diwali, when we experienced a slowing of demand. The year was therefore a tale of two differing halves from a consumer demand perspective and that reflected on the revenue and profitability numbers in each half.

The Sri Lankan economy faced even more acute challenges during the year. While the second half of FY22 saw perhaps the best 2 quarters from a performance standpoint in our recent history, political and economic turmoil came about very swiftly in the first quarter of FY23. The economy went into a tailspin precipitously, with hyper inflation, severe shortages of fuel, food, basic utilities and foreign exchange vital to imports, impacting operating conditions initially and finally consumer demand. Political strife eased during the second half of the year, and so did operating conditions. However due to the hyper inflation, consumer wallets were highly stressed and all consumer categories witnessed a sharp decline in transactions.

Relentless Execution. Grit. Progress.

Through the year, Sapphire Foods faced the onslaught of macroeconomic challenges with equanimity, focussing efforts on our controllables. Our recent experience of navigating the extremely turbulent period during the Covid pandemic and emerging a much stronger organisation gives us the blueprint and the confidence to handle such difficult periods successfully.

The immediate challenge was maintaining consumer transactions during a period of high inflation, the likes of which have not been experienced perhaps for more than a decade. Despite mid teen levels of input cost inflation, we only passed on a part of that (nearly double-digit price increase) to consumers, bearing a drop in gross margins. The first half of the year did see strong Same Store Sales Growth (SSSG), but post-Diwali we experienced the inevitable drop in transaction levels due to squeezed consumer wallets. In H2, the KFC brand was able to deliver positive SSSG but with declining Same Store Transaction Growth (SSTG), whereas the picture was the opposite for Pizza Hut, with declining SSSG but positive SSTG albeit lower than H1.

To sustain consumer interest, both brands had a strong calendar of innovation, both on core categories as well offering value options to customers. We also focussed on improving customer experience across both brands, using technology to drive as frictionless an experience as possible. The impact on gross margins was negated to a substantial extent through cost efficiencies.

Our Report Card in FY23

As a result of our efforts, we delivered strong top-line and bottom-line performance. We clocked highest ever restaurant additions, revenue, EBITDA (absolute value & % margin) and PAT (absolute value & % margin)

Consolidated		FY23	Growth (YoY)
Restaurant	(Nos.)	743	29%
Revenue	₹ in Mn	22,571	32%
EBITDA	₹ in Mn	4,343	34%
	Margin	19.20%	140 bps
PAT	₹ in Mn	2,332	407%
	Margin	10.30%	870 bps

Specifically our India operations grew 40% revenue (₹19,744 million) and delivered 17.8% Restaurant EBITDA, up 100 bps over FY22. Both brands delivered highest restaurant additions, revenue and restaurant margin %.

The year also saw the highest ever number of new stores being opened, making us more accessible to our customers. We added 78 new KFC stores (60 in FY22) and 67 new Pizza Hut stores during the year (57 in FY22).

₹22,571
Restaurant Sales (in million)

19.2%
EBITDA margin

As on 31st March 2023, our total restaurant count in India stands at 627.

74% of our new stores were opened in towns with 1 mn+ population. We also opened a KFC in 19 new cities/ towns and Pizza Hut in 18 new cities/ towns. We experimented with a tighter ~1,000 sq.ft. model for Pizza Hut with the same dine-in experience & covers and this model could prove useful in increasing density in 1 mn+ population towns. Our site selection process has continuously improved and we have developed in-house capabilities to assess the potential and viability of specific locations.

Performance of our brands

KFC

KFC had an action-packed innovation calendar through the year, with new launches like Chizza, KFC Popcorn with Maggi Noodles, KFC Popcorn with Nachos being very popular with customers. From a communication standpoint, the "Let's KFC" brand campaign across mass media and digital media helped drive greater relevance of KFC and the fried chicken category aimed at making KFC more and more relevant to consumers every single day. Apart from mass media campaigns, we also invested in local digital awareness campaigns at the store level.

Speed of service is a key differentiator across all our KFC restaurants. We implemented the "7-minute Service Challenge" wherein a free piece of chicken was served to customers if the ordered dish couldn't be served within the time limit. This challenge helped drive a 'speed culture' at our stores and our operational metrics on speed improved as the year progressed.

On the digital front, there were two major interventions. We experimented with digital kiosks in 16 stores aimed at dine-in and takeaway customers. The results are very encouraging with customers appreciating both the faster order turnaround time and the ability to navigate the menu at their convenience. We now intend to scale up kiosk installation in the new fiscal year. The digital app experience was also further enhanced with total app downloads for KFC being 7.9 mn+ with 1.4 mn+ active users.

Pizza Hut

At the beginning of the year, we believed that we had most parts of our Pizza Hut strategy in place. The signature pan pizza, our menu range and the dine-in experience were clearly differentiated vs competition, the menu meal options offered compelling value to customers, our omni-channel compact store format with paybacks around 3.5 years allowed us to expand our accessibility to customers, and the digital app and partnership with aggregators had resulted in improved delivery experience.

In July 2022, we introduced an important value layer to our menu range with the launch of Flavour Fun pizzas, starting ₹79/-. This range in the true spirit of the brand was presented in a differentiated manner with dual toppings and five sauce options. Customer response to Flavour Fun has been very encouraging and has brought in an incremental 'value-conscious' customer into the brand fold thereby increasing transaction growth.

Speed of service, like in KFC, is an important differentiator for the brand. We implemented several operational improvements in the kitchen to drive speed of service. The Yum global Guest Experience Survey helps us monitor overall customer satisfaction at every store thereby fostering an environment of continuous improvement.

On the digital front, we launched the Native App version of the global Pizza Hut app, enhanced specifically for India. For our dine-in customers, we launched a self-ordering QR code ordering system towards the end of the year.

In April 2023, we further enhanced our Pizza Hut product credentials with a revamp of our core range. We launched 10 new pizzas with exciting toppings and sauces and augmented our pasta and appetiser range. We also intend to buttress our marketing investments behind the brand.

Strengthening our back-end capabilities

From the very outset, our ambition at Sapphire Foods was to build capabilities to be a multi-brand platform player in the QSR space. This year has seen several initiatives at the backend to improve our performance.

Given our high growth ambitions, we have worked on expanding the supply base for key raw materials like chicken, dairy, seasonings, packaging materials, etc. by on-boarding new vendor partners across regions. During the course of the year, with the supply base expanding, inflation started to cool off across most input materials such as chicken, oil, packaging and flour, with the exception of dairy. It is expected that FY24 will see relatively modest inflation. We also expanded our distribution reach by opening 2 new warehouses (managed by third party logistics partners) in Punjab and Gujarat. By being close to the market, we were able to reduce distribution and warehousing costs in the year.

The digital app experience was also further enhanced with total app downloads for KFC being 7.9 mn+ with 1.4 mn+ active users

The year also saw an unprecedented levels of attrition at the store unit level. Post pandemic, with retail and hospitality sectors opening up, front-line staff who perhaps had experienced relatively greater difficulties during the pandemic found enhanced opportunities. At another level, IT talent too was very scarce at the start of the year. Again, as in the case of inflation, attrition eased during the latter half of the year.

Through the year, we upped our efforts on training, capability building, employee engagement and cascading Sapphire Values at the store unit level and at the "Restaurant Support Centre" (as the above-store corporate team is referred to internally). Training programmes such as Sapphire Spark and Sapphire Young Turks aimed at store teams and Sapphire TalentEdge, EnCap, Soulace for the RSC were key recurring initiatives. The Gallup engagement study that we conducted for the 5th year shows that we continue to be in the top quartile of all companies surveyed by Gallup worldwide.

We are big believers in the power of Technology to not just improve customer experience but also to simplify and transform our business operations. An example of this was the implementation of an Automatic Replenishment System for our stores, where basis projected demand, stores would be automatically replenished with their raw material and packaging material requirements without any need of manual intervention. This process has multiple benefits: monitoring of 'Out-of-Stock' items, inventory optimisation, and significantly less administrative work for our store teams allowing them to focus on key operations. From implementing a new IT Operations service model for stores, enhancing our network and computing capability, business intelligence and automation of finance processes, the year saw several continuing investments on the technology front. This is a key operating muscle for the organisation.

In our first full year since public listing, our Investor Relations team had a busy year in communicating the Sapphire Foods narrative to a wide audience. We are quite pleased that at the time of writing this message, we have 15 investment houses who actively cover the company. Our domestic investor base at 27.4% shareholding is also among the highest in the industry which is indicative of the faith and support for the stock among Domestic Institutional Investors.

Creating a truly sustainable business for the long term

A stringent focus on ESG has been integral to our journey and we recognise the importance of a well-crafted ESG agenda in creating a sustainable business. We are very pleased to publish our first ESG report as per the GRI and BRSR norms. This is also a first in the QSR industry.

As part of our ESG framework, we first reached out to our various stakeholders to conduct a materiality assessment exercise. We identified 12 themes under four key areas of focus – Food, Planet, People and Governance and have a defined roadmap of initiatives under each theme.

A Word on the Sri Lanka Story

As said earlier, the descent from a normal-functioning country in FY22 into macro-economic chaos was extremely sudden. As with every other business in Sri Lanka, we too faced challenges due to the unpredictable operating conditions, shortages of food and key utilities, unavailability of foreign exchange and high inflation. However, we have a significant operating competitive advantage in Sri Lanka. The Pizza Hut brand is the No.1 QSR brand in the country and our menu range and product innovation, omni-channel store model, accessibility, digital & delivery capabilities and strength of team are unmatched.

We were perhaps among the very few brands to be able to continue operations with minimal disruptions. While the first six months were challenging from an operating standpoint, the second half was difficult from a customer demand perspective. Here too, we believe in the long-term opportunity in Sri Lanka and during the year continued our pace of expansion. Looking at data from countries which have gone through similar economic crises, there are indications that the country could bounce back in the near 12-24 months period. And when so, we should be in an even better competitive position than earlier.

Looking forward

Generally it is observed that in difficult macro-economic demand conditions, customers tend to favour their most trusted brands. This is an opportune time for trusted brands like Pizza Hut and KFC to up the ante on product, customer service and value and gain differential momentum. We remain excited about the QSR opportunity and committed to creating lasting value for our stakeholders and for the society in general.

As I end this communication, I take this opportunity to thank our Board members for their unflinching support and valuable contribution and our stakeholders for their continued confidence in the Company.

With my best wishes.

Sanjay Purohit

Whole-Time Director & Group CEO

MESSAGE BY PROMOTER NOMINEE

We maintain a continuous focus on food quality and safety to enhance the experience for our customers. Our leadership team strives to create a work environment and culture based on our strong values. We also encourage our employees to adopt a frugal mindset to weed out inefficiencies and wastage in the system.

Dear Shareholders,

Aligned with our commitment towards long-term value creation for all stakeholders, we are maintaining a strategic focus on three key priorities – building a distinctive consumer-centric culture, creating and scaling purposeful brands, and establishing a strong governance system. These priorities have been reinforced through our values of excellence, courage, integrity, empathy and accountability.

A distinctive and unique culture

Our business principles and practices are designed to foster and nurture a customer-centric and collaborative culture. We maintain a continuous focus on food quality and safety to enhance the experience for our customers. Our leadership team strives to create a work environment and culture based on our strong values. We also encourage our employees to adopt a frugal mindset to weed out inefficiencies and wastage in the system.

We believe that our distinctive culture will help us build the best restaurant organisation in India, and stay focussed on our goal of serving great food with great experience at great value to our customers, every single day.

Our purposeful brands

Each of our brands have a unique and single-minded purpose and play a significant role in striking enduring connections with our customers. We are passionate about scaling the most iconic and purpose-led brands in the world in an authentic and culturally relevant manner for the Indian market. We do so in a deeply collaborative manner with Yum Brands, while also keeping a sharp eye on on-ground execution.

Towards long-term growth

Being a part of India's QSR industry, we strive to leverage the multi-decadal opportunity, well-supported by our strong systems, regular product innovation, and continually improving experiences. Our decision-making is long-term oriented, while also keeping in mind our short-term goals. With our consumers at the heart of everything we do, every single decision is taken keeping them in mind. Be it driving store operations for a delightful customer experience or promoting culturally relevant product innovations for our customers.

Strong governance

Today, Sapphire Foods is trusted and respected for doing business the right way, and also ensuring that our people are highly engaged and continuously enhancing their capabilities. Sapphire Foods follows the highest level of governance in terms of spirit and action, one that matches world-class standards. We seek to win with integrity and fairness. Our culture is fully committed to accountability, ethical behaviour and transparency.

In Conclusion

Our intent behind all the above is to become an outlier organisation, stay true to our purpose, and live our values daily. By doing this and by living up to our commitments, we move towards another year of progress, while building a business that delivers value to all our stakeholders.

We thank our stakeholders for their unwavering support in our endeavour to focus on long-term value creation in the Sapphire journey, which has just got started.

Sincerely,

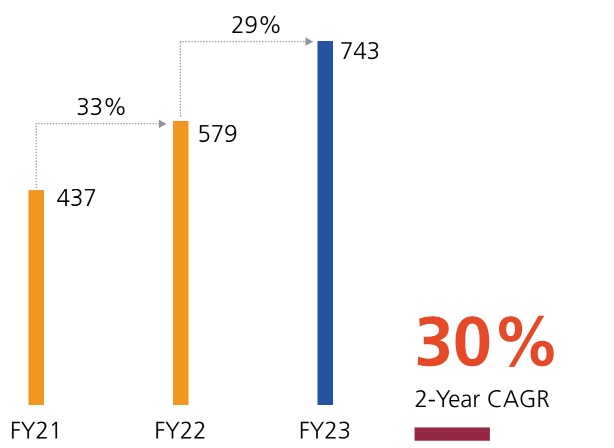
Sumeet Narang
Non-Executive Nominee Director

We are passionate about scaling the most iconic and purpose-led brands in the world in an authentic and culturally relevant manner for the Indian market. We do so in a deeply collaborative manner with Yum Brands, while also keeping a sharp eye on on-ground execution.

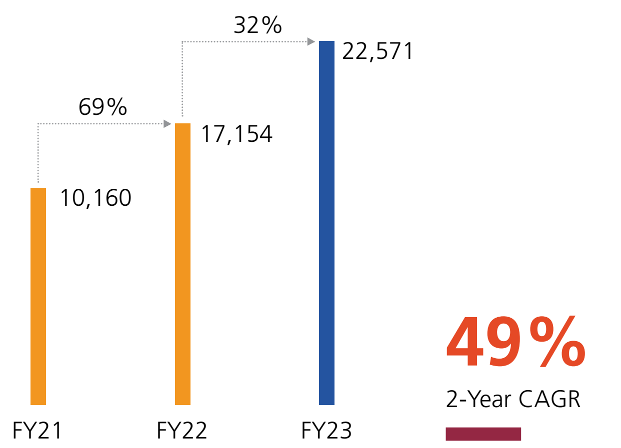
MEASURING OUR PROGRESS

2-Year Scorecard

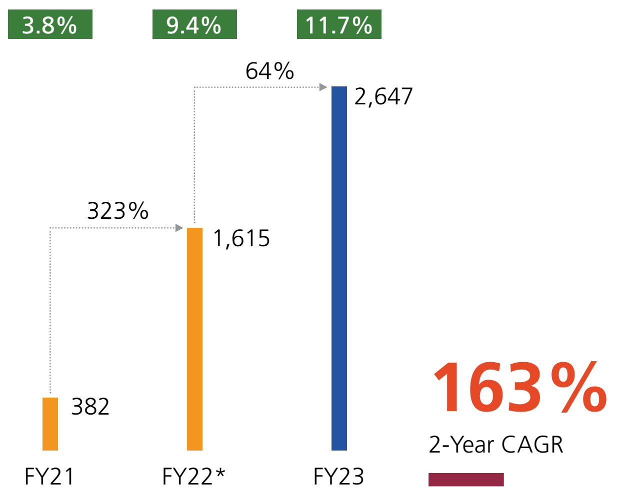
No. of Restaurants



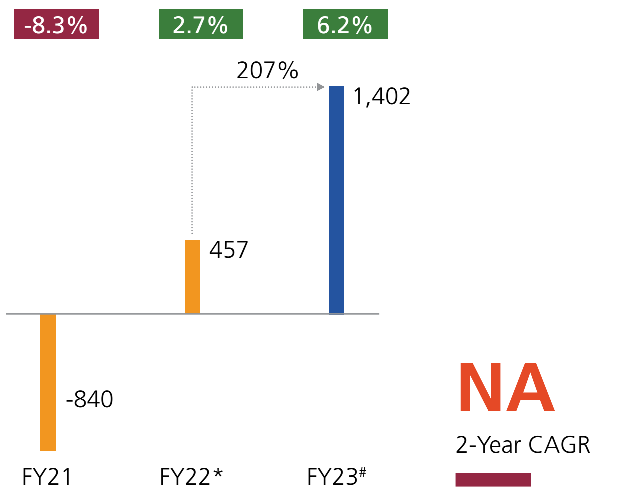
Restaurant Sales (₹ Mn)



Adj. EBITDA^ (₹ Mn / %)



Adj. PAT^ (₹ Mn# / %)



^ Adj. EBITDA and Adj. PAT is before Ind-AS 116 adjustments

* Adj. EBITDA and Adj. PAT for FY22 have been normalised for additional incentive from Yum accrued in that year

Adj. PAT excludes Deferred Tax Credit (DTC) of ₹1,253 mn towards carried forward losses in SFIL in FY23. Post DTC, the Adj. PAT is ₹2,654 mn

FY23 - Best Ever Annual Performance

Highest Restaurant Sales: ₹22,571 Mn	**Highest New Restaurant Additions:** 164
Highest Adj. EBITDA: ₹2,647 Mn and Highest margin of 11.7%	**Best Ever Year for KFC and Pizza Hut India** (Restaurant Sales and Restaurant EBTIDA% vs FY22 normalised EBITDA)
Highest Adj. PAT (before DTC): ₹1,402 Mn and Highest margin of 6.2%	**Pizza Hut Sri Lanka despite challenges, Restaurant Sales grew by 48% YoY in LKR terms | No.1 QSR Brand in the Country**

Performance Scorecard in FY23

	KFC India	Pizza Hut India	Pizza Hut & Taco Bell Sri Lanka
Revenue (₹ in Mn)	₹14,529	₹5,214	₹2,716
Restaurants Addition	78	67	19
Restaurants	341	286	114
Cities/Towns	90	66	52

Sapphire Foods – By the Numbers (As on 31st March, 2023)

₹12,841
Net Worth (₹ in Mn)

₹2,623
Cash Balance (Net of Debt) (₹ in Mn)

₹77,401
Market Capitalisation (₹ in Mn)

13,359
No. of Employees

OUR JOURNEY

Our passion and a keen focus on maintaining execution excellence and disciplined capital allocation is the cornerstone of our success and helped us turn our strategy into action and become a multi-brand restaurant operator.

2015-16

A group of private equity firms led by Samara Capital set up Sapphire Foods by acquiring around 270 restaurants of KFC and Pizza Hut in India and Sri Lanka from small, unviable franchisees of Yum Brands. This was backed by the belief that the QSR industry offered multi-decade growth potential.

2016-17

Opened first omni-channel Pizza Hut store in India

2017-18

- Opened first Taco Bell store in Sri Lanka
- Kickstarted expansion with 37 Restaurants

2018-19

Crossed the ₹ 10 billion mark turnover on consolidated basis

10 bn

2019-20

Introduction of compact omni-channel model (~1,200 sq. ft. for Pizza Hut and ~1,600 sq. ft. for KFC)

2021-22

- Listing of equity shares of Sapphire Foods on the stock exchanges
- Touched 500 Stores mark across India, Sri Lanka and Maldives operations
- KFC crossed ₹10 billion in turnover
- KFC, Pizza Hut and Sri Lanka business delivered highest-ever restaurant EBITDA margin of 18.7%
- Achieved first-ever PAT profitability

20 bn

2022-23

- Best Ever Performance – Highest Restaurant Additions, Revenue, EBITDA & PAT (absolute value & margin%)

BRANDS THAT EVERYONE LOVE

BRANDS THAT EVERYONE LOVE

KFC India

Large QSR Chain serving Chicken in India and Rest of the World

A Quick Snapshot of Sapphire KFC in FY23

341
Total Restaurants

187
Restaurants in High Street (out of which 36 restaurants are in Drive Throughs)

118
Restaurants in Malls

10
States which covers 56% of India's GDP*

179
Restaurants in top 5 out of top 8 Cities. These 8 cities cover 83% of India's chain food service market*

278
Restaurants in Cities / Towns with 1 Mn+ Population

90
Presence in Towns and Cities

135
Average Daily Sales per Restaurant (₹ in Thousands)

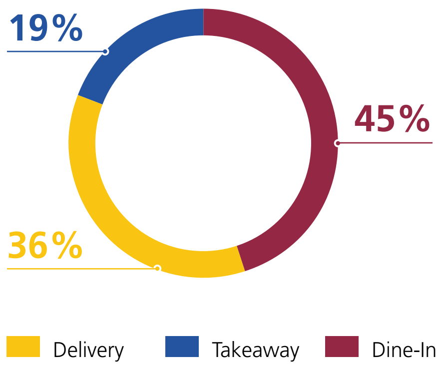
** Source: Technopak Industry Report*

Total Revenue

₹14,529 Mn

(Up 40% YoY)

Channel Contribution



19.4%
Restaurant EBITDA Margin

↑ 40%
Growth in Absolute EBITDA

DID YOU KNOW

Fresh = From Raw Chicken to Marination to Breading to Frying – all processes done at the Restaurant's kitchen everyday

Brand Priorities

Enhance Fried Chicken Category Relevance
- "Let's KFC" communication campaign

Craveable Taste
- Innovation: Chizza, Chicken Popcorn with Maggi and Popcorn Nachos

Improve Accessibility
- Doubling the restaurant count in 3-4 years

Value
- Entry value innovation: Chicken Rolls
- Abundant value: Bucket Options

Operational Excellence
- 7 Minutes Express Pick-up

Frictionless Customer Experience
- Digital kiosks
- KFC App
- Partnering with aggregators

Extensive Menu Offerings – For all parts of the day!

Chicken on Bone | Boneless Chicken | Grilled Chicken | Burgers | Rolls | Rice | Desserts | Beverages

BRANDS THAT EVERYONE LOVE

KFC Brand Priorities Snippets

Enhance Fried Chicken **Category Relevance**: Let's KFC Campaign

Our **Craveable** Innovations

Offering **Value** to Customers: Entry & **Abundant** Value

Frictionless Customer Experience: KIOSKs & App

Operational Excellence: Speed of Service through 7 Min express pickup project

7.9 Mn+
Total App downloads

1.4 Mn+
Monthly Active Users

Improve Accessibility


KFC AEROCITY - MOHALI


KFC NFC – NEW DELHI


KFC BHATINDA


KFC RAMANATHAPURAM – TAMIL NADU

BRANDS THAT EVERYONE LOVE

Pizza Hut India

Second-Largest Pizza Chain in India and the Largest Pizza Chain in Asia

A Quick Snapshot of Sapphire Pizza Hut in FY23

286
Total Restaurants

214
Restaurants in High Streets

72
Restaurants in Malls

11
States covering 57% of India's GDP*

169
Restaurants in top 6 out of top 8 Cities. These 8 cities cover 83% of India's chain food service market*

253
Restaurants in Cities/Towns with 1 Mn+ Population

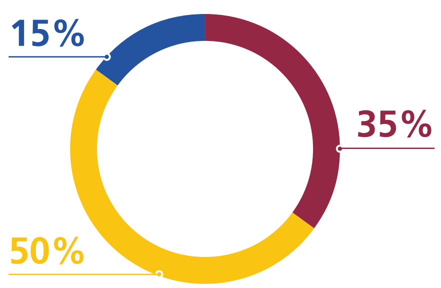
66
Presence in Towns/Cities

58,000
Average Daily Sales per Restaurant (₹ in Thousands)

** Source: Technopak Industry Report*

Total Revenue
₹5,214 Mn
(Up 41% YoY)

Channel Contribution

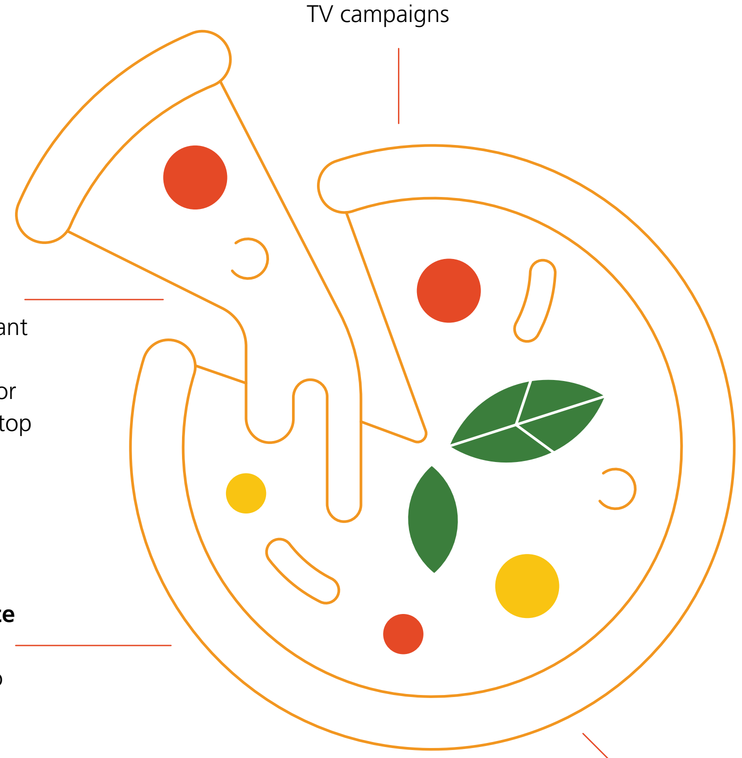


13.3%
Restaurant EBITDA Margin

↑ 40%
Growth in Absolute EBITDA

DID YOU KNOW
From Flour to Dough to Pizza Base to Final Pizza, the entire process happens at the Restaurant's kitchen everyday

Brand Priorities



Build Top-of-Mind Awareness
Enhance marketing investments; TV campaigns

Improve Accessibility
- Doubling the restaurant count in 3-4 years
- 1,000 sq. ft. model for increasing density in top 6 cities

Taste Leadership in Pizza Category
- Innovation: 10 new Pan Pizzas, 2 new Pastas, Keema Garlic Bread

Operational Excellence
Use of technology (Dragon Tail, HutBot) to simplify operations and improve customer experience

Frictionless Customer Experience
- New Pizza Hut app
- Self-Ordering Dine-In Table QR Code

Value
- Entry level value: Flavour Fun Pizzas
- Attractive Meal Options

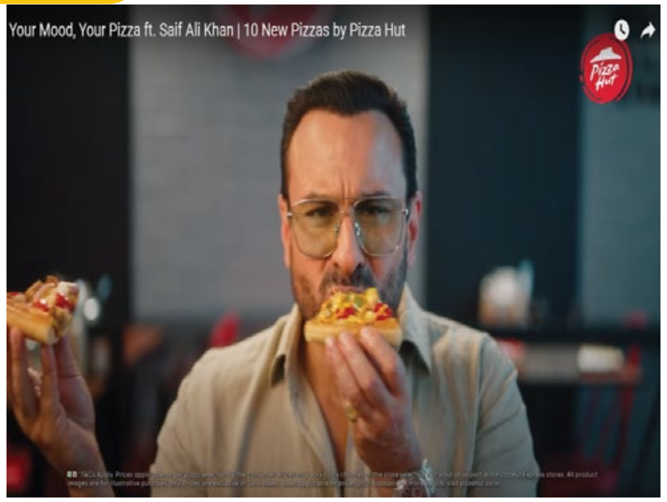
Extensive Menu Offerings – For all parts of the day!

Pizza | Pasta | Appetisers | Desserts | Beverages

BRANDS THAT EVERYONE LOVE

Pizza Hut Brand Priorities Snippets

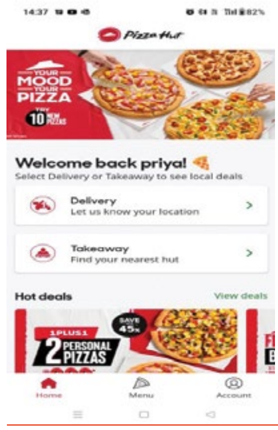
Build Top-of-Mind Awareness: TV Campaign & Marketing Investments



Taste Leadership in Pizza Category: Core Innovations

Creating Value: Entry Level and Meal Options

Frictionless Customer Experience: App and Self Ordering QR Code on Dine-In Table



4.5 Mn+
Total App Downloads

1.2 Mn
Monthly Active Users

Self Ordering QR Code

Operational Excellence: Using Technology to simplify process & improve customer experience

Dragontail systems

Kitchen Management System Partnering with Aggregators to deliver Hot Pizzas

HutBot

Simplifying operations for Restaurant Teams

dista

Rider Tracking

Improve Accessibility

PH MISSION STREET - PUDUCHERRY

PH MAHIM - MUMBAI

PH URBAN OASIS HUBLI - KARNATAKA

PH PANJIM - GOA

BRANDS THAT EVERYONE LOVE

Sri Lanka Business

Largest Pizza and QSR Chain

Quick Snapshot of Pizza Hut and Taco Bell in Sri Lanka in FY23

114
Total Restaurants

105
Pizza Hut Restaurants

9
Taco Bell Restaurants

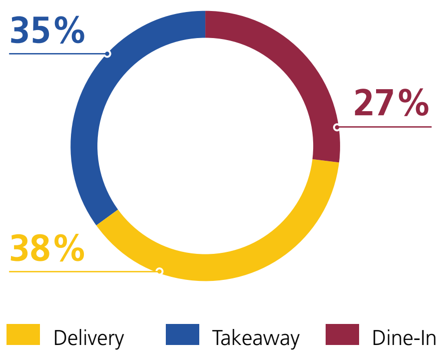
37
Restaurants in Top 10 Cities/Towns

52
Presence in Cities/Towns

72
Average Daily Sales per Restaurant (₹ in Thousands)

Total Revenue
₹2,716 Mn
(Down 9% YoY)

Channel Contribution

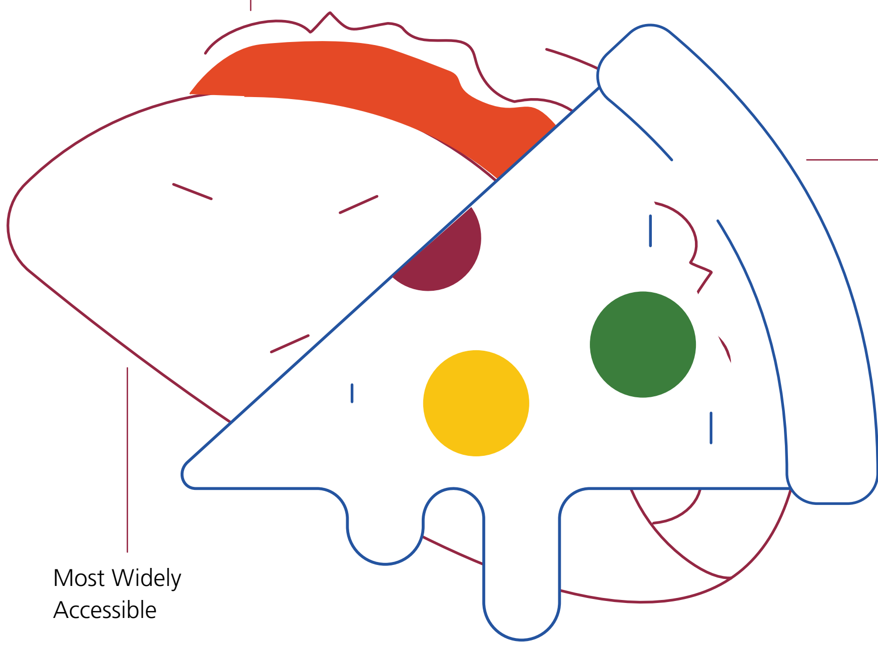


14.8%
Restaurant EBITA Margin

↓ 42%
Decline in Absolute EBITDA

DID YOU KNOW
Pizza Hut brand is the No.1 QSR brand in Sri Lanka

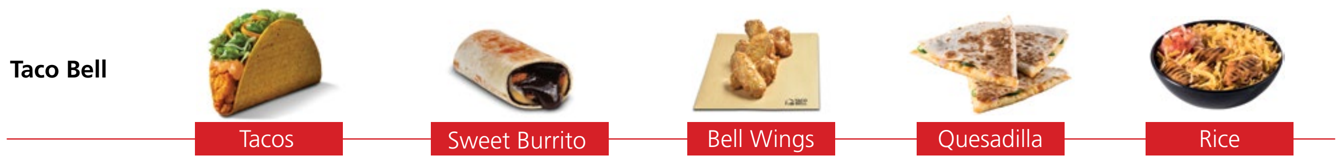
Key Priorities



Extensive Menu Offerings – For all parts of the day!

Pizza Hut

Taco Bell

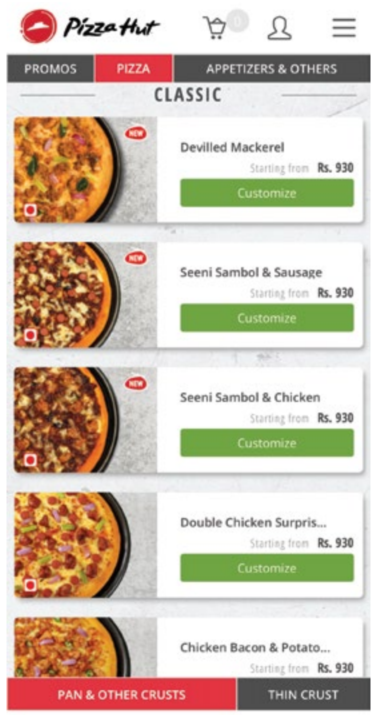


BRANDS THAT EVERYONE LOVE

Sri Lanka Key Priorities Snippets

Product Quality & Innovation

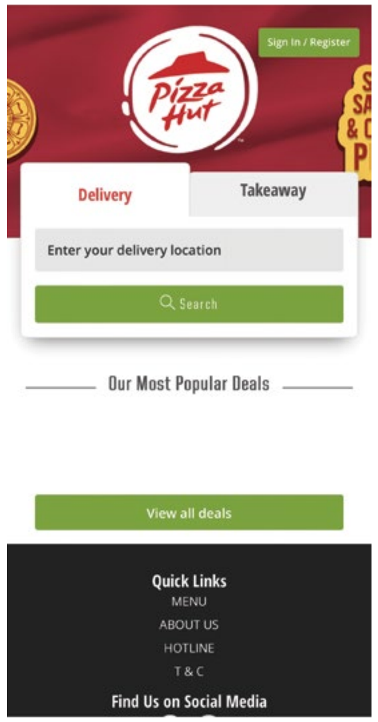
Best Own Delivery & Digital Capabilities



Our Digital Strategy

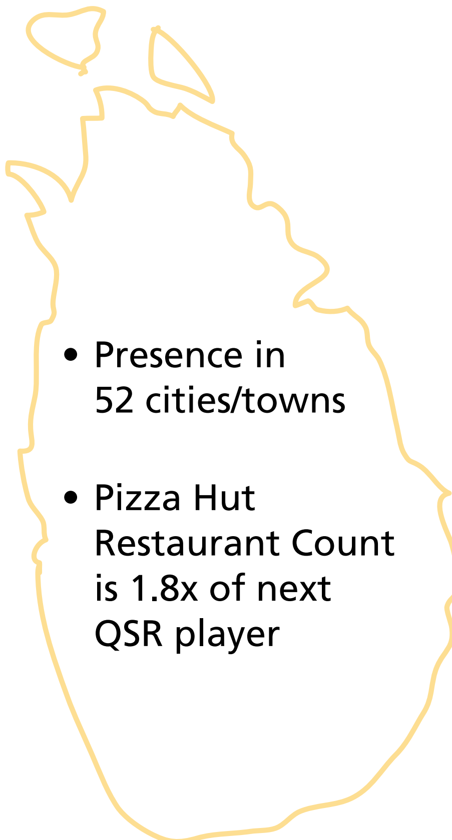
0.4 Mn+

Monthly Active
App / Web Users



Omni-Channel Great Looking Restaurants

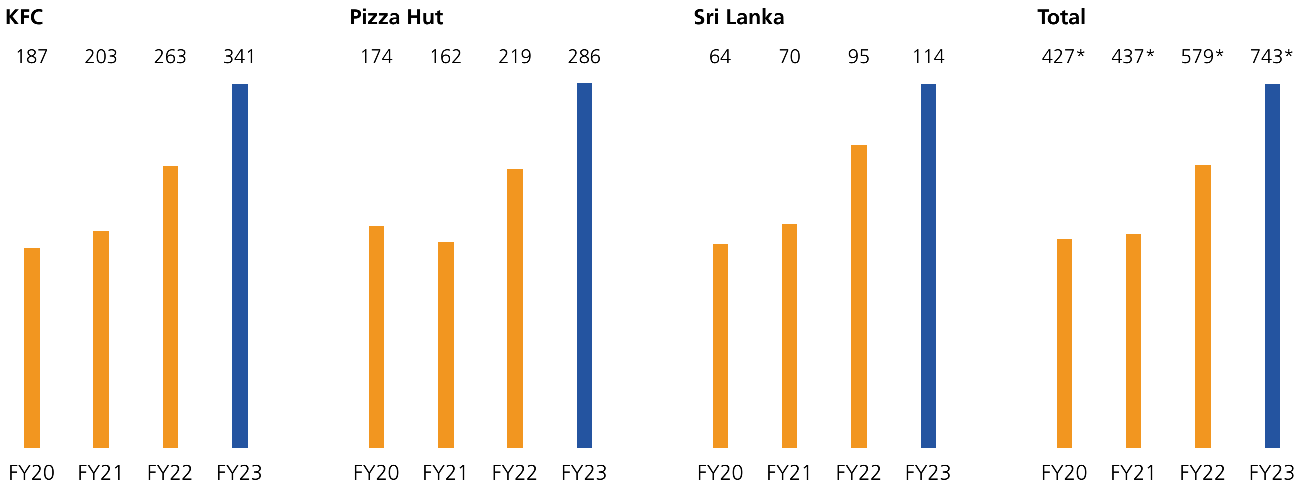
Most Widely Accessible



- Presence in 52 cities/towns
- Pizza Hut Restaurant Count is 1.8x of next QSR player

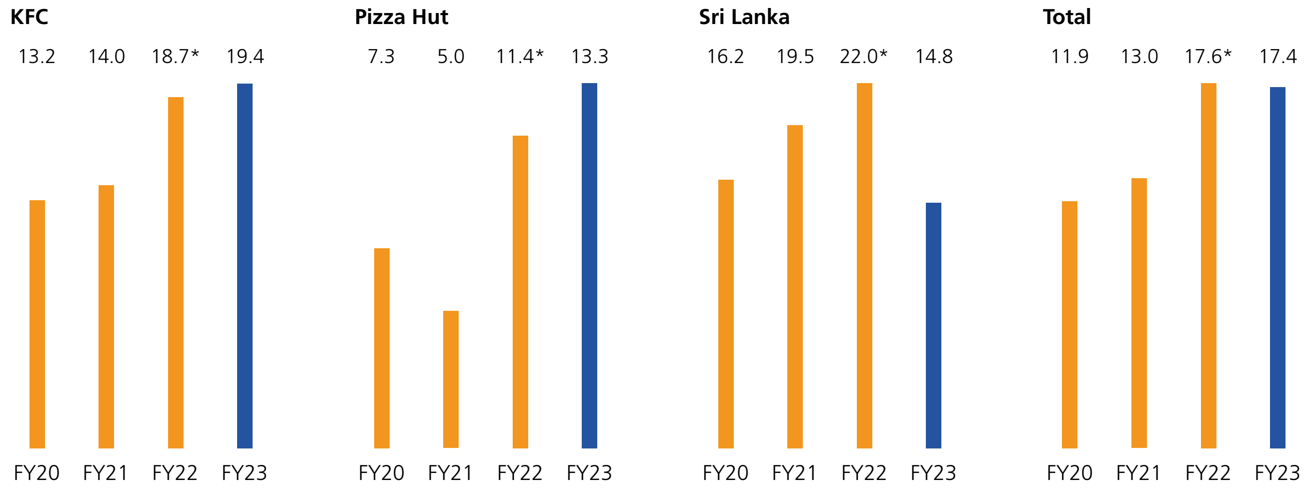
FOCUSSED ON EXECUTION. SUSTAINING PROGRESS.

Restaurant Count (In Numbers)



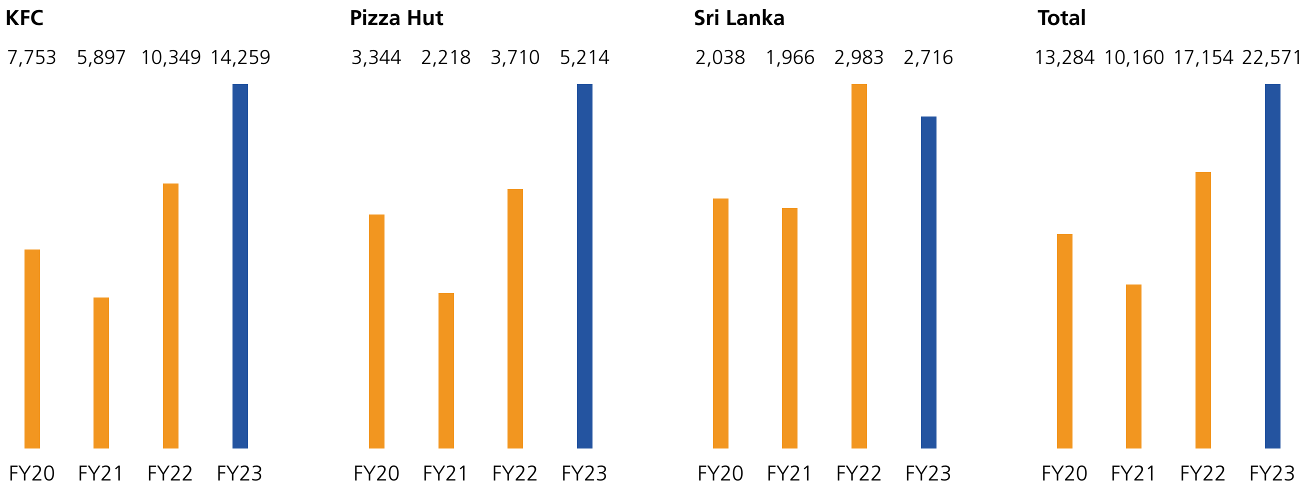
*Includes 2 restaurants in Maldives

Restaurant EBITDA (%)

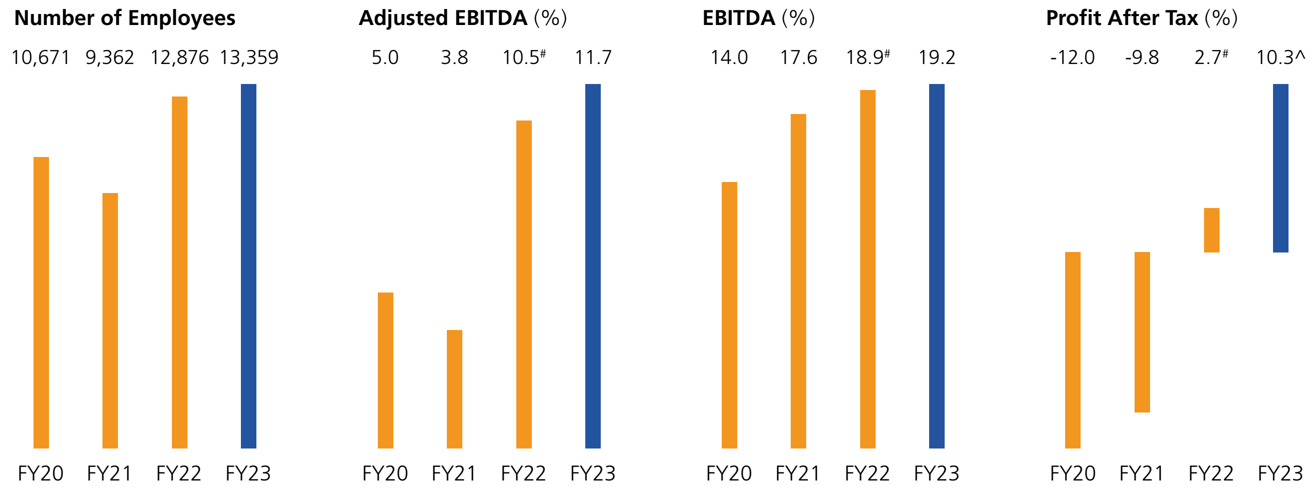


*FY22 Restaurant EBITDA% excludes additional incentives of 0.8% in KFC, 2.0% in Pizza Hut, 1.2% in Sri Lanka and 1.1% in Total, accrued in the period.

Restaurant Sales (In ₹ Million)



Other Particulars



FY22% includes additional incentives of 1.1% accrued in the period
^ PAT includes Deferred Tax Credit (DTC) of ₹1,253 mn towards carry forward losses in SFIL in FY23

OUR PRIORITIES AND PROGRESS ON ESG

Environmental, Social and Governance (ESG) has been integral to our journey, and we recognise it as a continuous path that requires a clear strategy. Our ESG goals are embedded in how we operate as a business and are part of very foundation. We conduct business and develop our corporate strategy by focussing on the highest-priority ESG issues for our Company, system and stakeholders.

First QSR Company to publish the ESG Report in line with GRI, SASB and BRSR standards

Key ESG Highlights

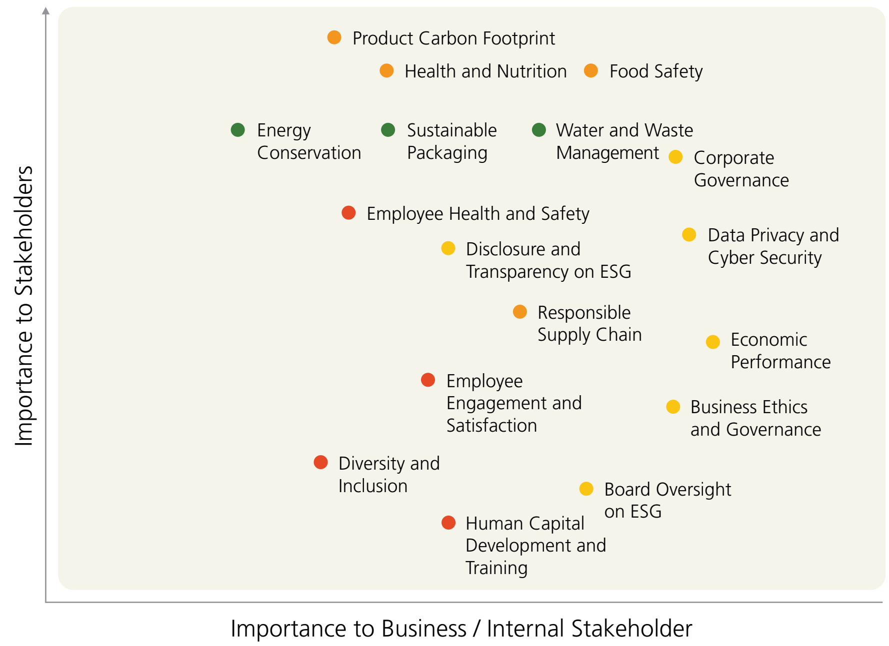
- Published our first Business Responsibility and Sustainability Report (BRSR) on voluntary basis as per the Securities and Exchange Board of India (SEBI) regulations.
- Conducted an ESG diagnostic to review and benchmark our existing policies and processes, identifying opportunities to further deepen ESG within our strategy, operating model, and culture.
- Consulted 165 internal and external stakeholders through a materiality assessment to identify our ESG priorities.
- Enhanced our ESG policies, aligned with the National Guidelines for Responsible Business Conduct.
- Published our first ESG report aligned with GRI standards and framed our response to Sustainability Accounting Standards Board (SASB) framework.
- Developed a pathway to enhance our ESG initiatives by crafting granular action plans and functional roadmaps.
- Published our second ESG report aligned with GRI standards. For more details, refer our ESG Report for FY23 on www.sapphirefoods.in ->Investor Relations -> Annual & ESG Reports -> FY 2022-23 -> ESG Reports.

Materiality Assessment

The materiality assessment enables us to align our sustainability and business objectives with societal needs and expectations, thereby ensuring long-term sustainability and enhancement of stakeholder value. The assessment consisted of five phases: understanding the context, identifying actual and potential impacts, assessing the significance of impacts, prioritising the impacts, and reviewing by the senior leadership.

Results of our Materiality Assessment

The results of the Materiality Assessment are summarised below:



Based on the above assessment, the Company has prioritised the below material issues:

Key Material Issues

FOOD	PEOPLE	PLANET	GOVERNANCE
• Food safety • Responsible supply chain	• Human capital development and training • Employee engagement and satisfaction • Diversity and inclusion • Employee health and safety	• Energy conservation • Water and waste management • Sustainable packaging	• Economic performance • Business ethics and governance • Data privacy and cyber security

Key Pillars of our ESG Framework

FOOD

Our focus is to serve high quality meals and deliver customer satisfaction by designing a consistent experience at our restaurants, adhering to Food Safety Standards & Processes (FSSAI and YUM! standards), conducting periodic food safety and quality assessments at restaurants, supply chain centres and vendors, investing in training and development of staff, and engaging and partnering with our value chain partners to ensure YUM! quality standards.

PEOPLE

We seek to create a workplace that enables people to excel and grow. We are doing this by enabling a collaborative workplace and values based culture. We are dedicated to building the capacities of each of our employees through continuous on-the-job functional training programmes and comprehensive leadership initiatives. We uphold the well-being and safety of our employees through various focussed initiatives.

PLANET

To manage our environmental impact, we are regularly exploring opportunities to implement renewable energy and effective waste and water management practices. We maintain a stringent focus on monitoring environmental metrics, energy management and conservation, responsible waste management and sustainable packaging.

GOVERNANCE

Our corporate governance framework guides our business strategies, enables transparency and accountability, embeds a culture of compliance, and promotes ethical conduct. We ensure sound organisational governance through our multi-tiered governance structure, with roles and responsibilities defined for every constituent to align with the best practices. We have established internal controls, risk management systems, and implemented data privacy and cyber security measures.

FY23 ESG Highlights

The ESG disclosures in this report represents for parent company (SFIL).

Food

100%
employees at restaurants and distribution centres trained on food safety and quality

100%
restaurant, suppliers, and distribution centres audited for food safety and quality

100%
restaurants have a FosTac certified RGM

Over **85%**
fresh produce traceability

Integrated
Quality Assurance
across the value chain

People

10,623
Employees

30%
Gender Diversity

22%
Women in Management positions

90
Average annual training hours per employee

38 (₹ million)
Amount spent on Training and Development

Improvements
in Gallup (Employee Engagement) Score and Percentile

Mean Score improved from 4.12 in 2018 to
4.41 in 2022

Percentile rank improved from 57 in 2018 to
75 in 2022

Zero
fatalities over last three years

Planet

Scope 1 emissions
9,232 $MtCO_2$

Scope 2 emissions
47,248 $MtCO_2$

91 $MtCO_2$
per restaurant GHG Emission Intensity

100% KFC and
77% Pizza Hut
restaurants covered by Energy Management Systems (EMS)

4.5%
resultant energy savings

14
restaurants have Solar panels installed

10%
resultant renewable energy contribution for the above restaurants

100%
used cooking oil disposed of through certified recyclers

100%
restaurants have wastewater disposal system

100%
eco-friendly product packaging

Governance

Professional Board led by an
Independent Director as Chairman

2 out of 9 Directors are women

Constituted
ESG Committee
of the Board to guide and govern our sustainability practices

100%
employees trained on code of conduct

Zero
Data Privacy breaches in last 5 years

19,628
Revenue (₹ million)

3,910.88
EBITDA (₹ million)

40% growth in revenue and
54% growth in EBITDA
over the last year

BOARD OF DIRECTORS

Sunil Chandiramani
Chairman and Independent Director

Sanjay Purohit
Whole-time Director & Group CEO

Sumeet Narang
Non-Executive Nominee Director

Deepa Wadhwa
Independent Director

Vinod Nambiar
Non-Executive Nominee Director

Vikram Agarwal
Non-Executive Nominee Director

Anu Aggarwal
Independent Director

Norbert Fernandes
Non-Executive Nominee Director

Kabir Thakur
Non-Executive Nominee Director

LEADERSHIP TEAM

Deepak Taluja
CEO - KFC

Vikrant Vohra
CEO - Pizza Hut

Vijay Jain
Chief Financial Officer

Sandhydeep Purri
Chief People Officer

Nandita Bapat
Head - Projects

Amar Patel
Chief Technology Officer

Puneet Bhatia
Head - Business Development

Niraj Patil
Head - Legal and Liaison

Ashu Khanna
Head - Supply Chain Management

AWARDS & RECOGNITION

- Pizza Hut won TRRAIN Award in customer service excellence in the restaurants (QSR) category.
- Pizza Hut was 1st runner up in the national award category.
- KFC won TRRAIN Award in customer service excellence in the restaurants (QSR) category.

Certified as Great Place to Work backed by continuous prioritisation on the 5 dimensions of a High-Trust, High-Performance Culture™ – Credibility, Respect, Fairness, Pride and Camaraderie.

Received KFC Development Summit 2023 award for first Sustainable Restaurant at T Nagar and adding 15 more restaurants in the category.

1st runner up in the Water Treatment category at Greenpreneur Convention & Awards 2022.

KFC was one of the two franchises recognised globally by YUM! for exceptional leadership in driving Operational Excellence.

Pizza Hut won "The Most Relevant Brand Award" from Yum! at the Annual International Franchisee Convention.

CORPORATE INFORMATION

BOARD OF DIRECTORS

MR. SUNIL CHANDIRAMANI
Chairman & Independent Director

MR. SANJAY PUROHIT
Whole Time Director & Group CEO

MR. SUMEET NARANG
Non-Executive Nominee Director

MR. VIKRAM AGARWAL
Non-Executive Nominee Director

MR. KABIR THAKUR
Non-Executive Nominee Director

MR. NORBERT FERNANDES
Non-Executive Nominee Director

MR. VINOD NAMBIAR
Non-Executive Nominee Director

MS. ANU AGGARWAL
Independent Director

MS. DEEPA WADHWA
Independent Director

REGISTERED & CORPORATE OFFICE

SAPPHIRE FOODS INDIA LIMITED
CIN: L55204MH2009PLC197005
702, Prism Tower, A-Wing, Mindspace,
Link Road, Goregaon (West),
Mumbai 400062, Maharashtra, India
Telephone No. (022) 67522300
Email ID: investor@sapphirefoods.in
Website: www.sapphirefoods.in

KEY MANAGERIAL PERSONNEL

MR. VIJAY JAIN
Chief Financial Officer

MR. SACHIN DUDAM
Company Secretary & Compliance Officer

AUDITORS

STATUTORY AUDITORS
M/s. S R B C & Co LLP,
Chartered Accountants,
14th Floor, The Ruby,
29th Senapati Bapat Marg,
Dadar (West), Mumbai – 400 028.
Firm Registration No. 324982E

SECRETARIAL AUDITORS
M/s. Alwyn Jay & Co.
Company Secretaries
Annex-103, Dimple Arcade,
Asha Nagar, Kandivali (East),
Mumbai – 400101
Firm Registration No.: P2010MH021500

BANKERS

HDFC BANK LIMITED

REGISTRAR & TRANSFER AGENT

M/S. LINK INTIME INDIA PRIVATE LIMITED
C-101, 247 Park,
L.B.S. Marg, Vikhroli (West),
Mumbai – 400083
Telephone No: (022) 49186270
Email Id: rnt.helpdesk@linkintime.co.in

MANAGEMENT DISCUSSION & ANALYSIS

Economy Overview

India:

India continues to be among the fastest-growing economies in the world. The Indian economy continues to show strong resilience to external shocks and its real GDP is estimated to grow at 7.0% in FY 2022-23 compared to 9.1% in FY 2021-22. India's per capita income at current prices is estimated to have increased 14.6% from ₹1.50 lakh in 2021-22 to ₹1.72 lakh in FY 2022-23. The IMF projects the Indian economy to expand at 5.9% in FY 2023-24 before rising to 6.3% in FY 2024-25.

Sri Lanka:

The economy of Sri Lanka is facing its worst economic crisis ever. The country's real GDP contracted by 7.8% (Y-o-Y) in 2022 due to sharp contractions in Q3 and Q4 2022. Sri Lanka has been facing macroeconomic challenges on account of high inflation, a debt crisis, depletion of forex reserves, and depreciation of Sri Lankan currency (LKR). However, the forex rates have stabilised and seen some appreciation during the quarter that ended on 31st March 2023. Further, the recent IMF bailout package would result in an improvement in economy and expected to overcome macro challenges in year 2023.

Global Economic Growth: Actual and Projections (%)

Particulars	2022	2023 (Estimate)	2024 (Estimate)
Global Economy	3.4	2.9	3.1
Advanced Economies	2.7	1.2	1.4
Emerging Markets and Developing Economies (EMDEs)	3.9	4.0	4.2

(Source: International Monetary Fund)

Y-O-Y GDP growth of the top five major economies:

Major economies	2020	2021	2022
United States	(3.4)	5.7	2.1
China	2.3	8.1	3.0
Japan	(4.8)	1.7	0.4
Germany	(4.9)	2.9	1.8
India	4.2	(7.3)	9.1

(Source: BEA, IMF, CEIC, European Commission)

Indian Food Services Market Overview

The food services industry in India has witnessed a paradigm shift in the recent decade due to economic development, young and working population, urbanisation, changing lifestyles, and consumption pattern. The Indian food services market was valued at ₹3,630 billion in 2022 and is projected to reach ₹8,720 billion by 2027, growing at an impressive CAGR of 19%. The organised chain market under the organised food services market is expected to grow by 23% till 2027, whereas the unorganised segment is expected to grow by ~ 4%. The market growth can be attributed to factors including the rising trend of dining out and online food delivery, the emergence of a branded food service ecosystem, growing fast food chains, and exposure to non-native cuisines, among others.

Food Services Market CAGR (%)

Format	CAGR FY 2010-15	CAGR FY 2015-20	CAGR FY 2020-27 Projected
Unorganised Market	7%	5%	4%
Organised Standalone Market	13%	13%	17%
Chain Market	21%	18%	23%
Restaurant in Hotels	10%	8%	10%

(Source: Technopak)

Indian QSR sector review

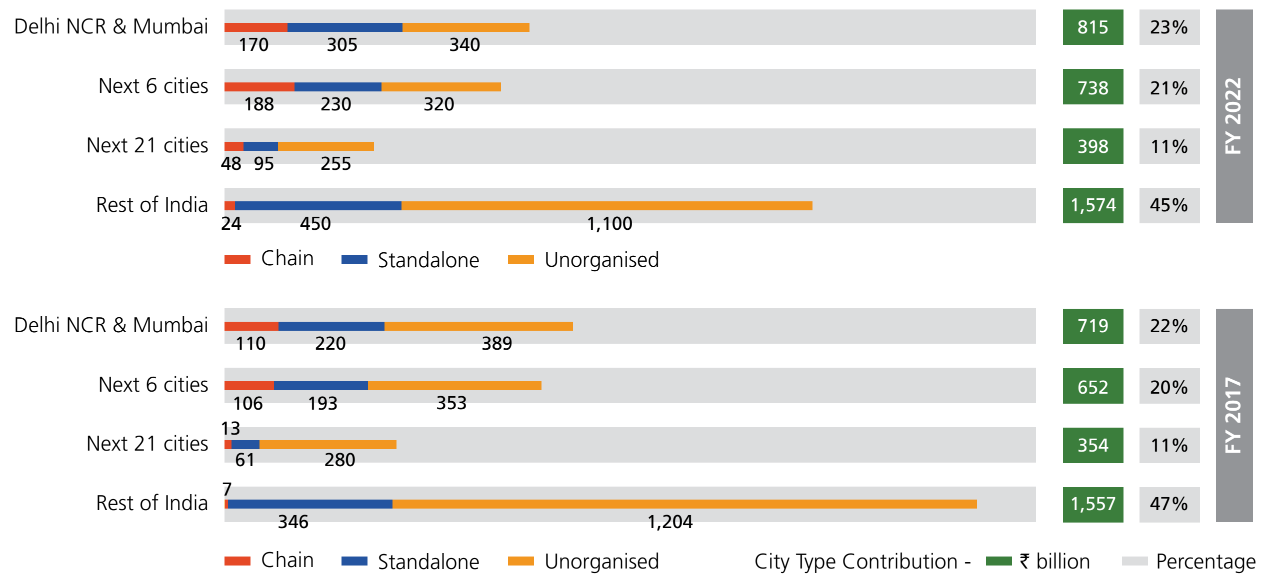
The quick service restaurant (QSR) market growth in India is fostered by factors such as significant expansion in the food and beverage industry, the widespread adoption of franchise business models by popular restaurant chains, rising penetration of e-commerce channels and continuous focus on affordable offerings. Further, the availability of organised retail space aids the industry in encouraging the growth of local and international brands across different formats.

Chain food services market CAGR (%)

Format	CAGR FY 2010-15	CAGR FY 2015-20	CAGR 2020-27 Projected	Market Share FY 2027
Quick service restaurants	29%	19%	23%	48%
Casual dining restaurants	18%	19%	23%	36%
Café	16%	8%	14%	4%
Frozen dessert / Ice cream	15%	16%	20%	5%
Pub, bar, café, and lounge market	25%	22%	26%	7%
Fine dining restaurants	5%	3%	12%	1%

(Source: Technopak)

Food services market by city type



(Source: Technopak)

(Next six cities (mini metros) include cities like Ahmedabad, Pune, Kolkata, Hyderabad, Bengaluru and Chennai)

The eight largest cities (Delhi, Mumbai, Kolkata, Bengaluru, Chennai, Hyderabad, Pune, and Ahmedabad) of India have been development hubs for the organised food services market. KFC and Pizza Hut restaurants operated by Sapphire Foods are present in five and six of these top eight cities respectively. While these 8 cities contributed ~ 43% of the total revenue of food services market in India in FY22, they contributed 83% of the chain food service market in India during the same period. The demand in these cities is primarily driven by increased economic activity and rising incomes. Further, large food service chains have deepened their reach in Tier II and III cities as there is a huge consumer market for QSR brands in these cities.

KFC and Pizza Hut restaurants operated by Sapphire Foods are present in five and six of these top eight cities respectively. While these 8 cities contributed ~ 43% of the total revenue of food services market in India in FY22, they contributed 83% of the chain food service market in India during the same period.

Company Overview

Sapphire Foods is one of the largest franchisees of Yum! Brands Inc. in the Indian subcontinent, with a track record of successfully operating more than 700 KFC, Pizza Hut and Taco Bell restaurants across India, Sri Lanka, and the Maldives. The Company started operations in September 2015, following the acquisition of around 270 KFC and Pizza Hut restaurants in India and Sri Lanka by a group of leading Private Equity firms and managed by a team of professionals. As of March 31, 2023, the Company owned and operated 341 KFC and 286 Pizza Hut restaurants in India, 105 Pizza Hut and 9 Taco Bell restaurants in Sri Lanka and 1 KFC and Pizza Hut each in Maldives. The Company introduced compact omni-channel restaurants and expanded its footprints across over 135 cities in India. It opened total 164 new restaurants in FY 2022-23 (78 KFC, 67 Pizza Hut in India and 15 Pizza Hut and 4 Taco Bell in Sri Lanka).

KFC

The table below provides our key financial and operating metrics for KFC in India:

Particulars	March 31, 2021	March 31, 2022	March 31, 2023	Growth YoY
Total store count	203	263	341	30%
Number of restaurants in top 10 cities	135	165	214	
Total cities where present	56	75	90	
Average daily sales per restaurant (in ₹ thousand)	106	130	135	
Same store sales growth (%)	(30.0)	52.0	15.0	
Delivery as % of restaurant sales (%)	38.1	44.0	36.0	
Restaurant related revenue (in ₹ million)	5,897	10,349	14,529	40%
Gross margin (%)	67.9	68.4	66.6	
Restaurant EBITDA (in ₹ million)	828	2,016	2,819	
Restaurant EBITDA (%)	14.0	18.7[(1)]	19.4	70 bps

[(1)] Restaurant EBITDA% is normalised for additional incentives of 0.8% in that period and YoY comparison is with normalised numbers of FY22

Sapphire Foods operates 341 restaurants of KFC in 10 states of India which constitutes ~56% of India's GDP. KFC is the leading brand in the chicken QSR segment in India by a significant margin across peers.

Despite the headwinds, KFC's overall revenue grew Y-o-Y by 40% with same-store sales growth (SSSG) of 15% in FY 2022-23. While the inflation was in Mid-teens, we took a price increase of ~ 9% only to minimise the impact on transaction growth. Despite gross margin drop of 180 bps due to inflation, It delivered healthy restaurant EBITDA of 19.4% (up 70 bps YoY)[(1)] on account of operating leverage and continued cost efficiencies.

In the first half of the fiscal year, inflation impacted the gross margins adversely but due to double digit SSSG, robust restaurant margins were delivered. In the second half, while inflation cooled off and we saw partial recovery of gross margins, the macroeconomic conditions impacted consumer demand adversely leading to low single digit SSSG in H2.

Our omni-channel (dine-in, take away, and delivery channels) strategy and compact store size (average size of ~1,600 sq. ft.), enabled us to accelerate the pace of expansion. The Company opened 78 new KFC restaurants in India in FY 2022-23. It is the highest-ever store launch for the KFC brand by Sapphire Foods.

In tough macro-economic environments, consumers generally tend to gravitate towards the leading brands in a category. We see this as a big opportunity for our brands. Hence, our increased emphasis on marketing, innovation and frictionless customer experience will enable us to drive differential growth momentum in the coming years.

Pizza Hut

The table below provides our key financial and operating metrics for Pizza Hut in India:

Particulars	March 31, 2021	March 31, 2022	March 31, 2023	Growth YoY
Total store count	162	219	286	31%
Number of restaurants in top 10 cities	129	149	194	
Total cities where present	32	52	66	
Average daily sales per restaurant (in ₹ thousand)	48	57	58	
Same store sales growth (%)	(35.4)	42.0	12	
Delivery as % of restaurant sales (%)	53.0	57.0	50.2	
Restaurant related revenue (in ₹ million)	2,218	3,710	5,214	41%
Gross margin (%)	76.1	75.5	74.7	
Restaurant EBITDA (in ₹ million)	111	497	691	
Restaurant EBITDA (%)	5.0	11.4[(2)]	13.3	190 bps

[(2)] Restaurant EBITDA% is normalised for additional incentives of 2.0% accrued in that period and YoY comparison is with normalised number of FY22

Sapphire Foods operates 286 restaurants of Pizza Hut in 11 states of India which constitutes 57% of India's GDP. Pizza Hut is the number two brand in the Indian pizza market with a variety of menu offerings from meals to snacking. Over the years, Sapphire Foods transformed its Pizza Hut business model by focussing on four factors:

- Differentiated dine-in experience
- Strong value proposition (Flavour Fun pizza range and attractive meal options)
- Omni-channel strategy with tighter store formats (~1,200 sq. ft.)
- Optimising cost to improve the long-term efficiency of our business

Higher inflation presented challenges for Pizza Hut restaurants in FY 2022-23 especially in Dairy segment. The Company took a measured approach during the financial year to raise prices ~ 9% (while inflation touched mid-teens) across 4 tranches to minimise impact on consumer demand. Further, to drive transactions, a new entry level value layer was introduced with the launch of "Flavour Fun Pizzas" starting at ₹79/-. This enabled us to grow transactions through the year. The first half of the fiscal recorded highest ever restaurant margins due to double digit SSSG. However, the second half was impacted by soft consumer demand, high raw material costs which reduced gross margins and led to lowered restaurant margins. However, transaction growth continued to remain positive even in H2.

Sapphire Foods operates 286 restaurants of Pizza Hut in 11 states of India which constitutes 57% of India's GDP. Pizza Hut is the number two brand in the Indian pizza market with a variety of menu offerings from meals to snacking.

The overall revenue of Pizza Hut grew by 41% and SSSG by 12%. In spite of Gross margin pressure, operating leverage along with the cost efficiency measures resulted in healthy Restaurant EBITDA of 13.3% (up 190 bps YoY)[(2)]. The Company added 67 new Pizza Hut restaurants in FY 2022-23. It is the highest-ever new store expansion for the Pizza Hut brand by Sapphire Foods.

The brand offers a differentiated proposition to consumers in the form of superior product, omni-channel capabilities, entry value offerings, meal options and accessibility which will enable the next phase of growth. Sapphire Foods is also committed to investing higher marketing spends in the near future to create greater awareness and consideration for the Pizza Hut brand.

Sri Lanka operations

The table below provides our key financial and operating metrics for Sri Lanka:

Particulars	March 31, 2021	March 31, 2022	March 31, 2023	Growth YoY
Total store count	70	95	114	20%
Number of restaurants in top 10 cities	36	36	37	
Total cities where present	44	49	67	
Average daily sales per restaurant (in LKR thousand)	236	298	322	
Average daily sales per restaurant (in ₹ thousand)	94	108	72	
Same store sales growth (%) (in LKR terms)	1.0	42.0	22.0	
Delivery as % of restaurant sales	54.9%	56.0%	38.0%	
Restaurant related revenue (in LKR million)	5,145	8,229	12,166	48%
Restaurant related revenue (in ₹ million)	1,965	2,983	2,716	
Gross margin (%)	68.6%	66.2%	58.1%	
Restaurant EBITDA (in LKR million)	1,003	1,810	1,801	-1%
Restaurant EBITDA (in ₹ million)	384	691	402	
Restaurant EBITDA (%)	19.5	22.0[(3)]	14.8%	-720 bps

(3) Restaurant EBITDA% is normalised for additional incentives of 1.2% accrued in that period and YoY comparison is with normalised numbers of FY22

Sapphire Foods India, through its 100% subsidiary Gamma Pizzakraft Lanka (Pvt) Ltd, continued to be a market leader in terms of the number of restaurants with 105 Pizza Hut restaurants and 9 Taco Bell restaurants as on March 2023. Pizza Hut enjoyed 40% market share in terms of outlet count and 37% by QSR sector revenues in FY 2022-23.

The financial year started with severe macro and political challenges that impacted the operating conditions adversely for all businesses in Sri Lanka. As a result, shortages of raw material, disruption in supply of utilities and depreciation of local currency caused inflation to sky-rocket over the year. To mitigate the inflationary impact, we increased prices, however, the increase was at a level below the inflation impact which impacted the gross margin and restaurant margins adversely. Despite the challenging conditions, given the strength of the brand, our operating teams, support from Sapphire Foods India on supply chain and our digital & delivery capabilities enabled us to deliver healthy SSSG and maintain our QSR leadership in the country.

In the second half of the fiscal, operating conditions stabilised, however high inflation and increase in personal taxation impacted consumer wallets, resulting in double-digit SSTG decline.

While same-store transactions declined, overall revenue grew by 48% in LKR terms (down 9% in ₹ terms) with SSSG of 22% in LKR terms in FY 2022-23. The restaurant EBITDA dropped to 14.8% (down by 720 bps) entirely on account of adverse gross margin impact. However, absolute EBITDA largely remained flat YoY. The macro turbulences have not deterred Sapphire Foods from expanding its business reach in Sri Lanka with 19 new restaurant additions (15 Pizza Hut and 4 Taco Bell) in FY 2022-23.

Sapphire Foods is optimistic about the future in Sri Lanka. Economies which have gone through similar turbulent times have taken 12-24 months to attain positive GDP growth. While our focus on execution and cost efficiency continues, we are calibrating our store expansion strategy for the next 12 months in Sri Lanka.

Strategy/Outlook

Sapphire Foods is poised to deliver strong growth in the years ahead on the back of economic development and growth of the organised QSR segment in India. We are also optimistic about the demand revival in Sri Lanka in 2023 with the gradual improvement in the country's economy and IMF bailout. The Company is focussed on delivering profitable growth along with its commitment to maintaining a strong presence in both India and Sri Lanka.

Our brands are accessible through dine-in, takeaway, and delivery channels. We remain committed to investing in technology and leveraging our enhanced digital ecosystem and CRM program to deliver frictionless customer experience.

The following are the key elements of our growth opportunities:

- **Continuously enhance the relevance of our brands:** We will continue to strengthen the relevance of KFC and Pizza Hut as full meal options in addition to snacking and straddling all parts of the day. We continue to focus on menu innovation, abundant value meals options at entry and premium price points, emphasis on superior food safety, hygiene standards, and freshness of ingredients to meet evolving consumer preferences this will enable our brands to appeal to consumers across different age groups, leading to new consumer acquisition, increased ordering frequency and ticket size.
- **Rapid expansion of restaurants:** The Company intends to expand the restaurant network and increase customer traffic by utilising its cluster approach and penetration strategy and leveraging the global brand appeal of KFC and Pizza Hut. The Company is focussed to maximise revenue potential through all channels, expansion of the consumer base through value options and newly-evolved compact restaurant size. We believe that KFC and Pizza Hut are well-placed to capitalise on the opportunity created by the growing middle-class population and dining-out culture.
- **Leverage our omni-channel strategy:** Our brands are accessible through dine-in, takeaway, and delivery channels. We remain committed to investing in technology and leveraging our enhanced digital ecosystem and CRM program to deliver frictionless customer experience maximising revenue opportunity. For the delivery channel, we are focussed to improve our own digital restaurant experience and in-house delivery capabilities through close collaboration with aggregators to continuously improve operational efficiency and drive transaction growth / size through analytics-based marketing and innovative menu offerings. Further, we continue to contemporise the design of our restaurants, menu simplification, and ease of ordering through technology to cater to continuously changing consumer tastes and preferences.
- **Drive Margins through operating leverage (growth) & cost efficiencies:** We have built organisational capabilities in minimising wastage and enhancing efficiencies through a combination of ERP systems, processes, and people. Restaurant-level cost benchmarking Program such as PACE SETTER have helped us improve restaurant operating margins.
- **Pursue inorganic growth:** We have strategically built the organisation and developed our workforce to grow our brands, drive consumption, continuously improve operations, and deliver great customer experience to become India's best restaurant operator. We have built back-end organisation systems and processes to handle significant scale. We also have an organisational culture that fosters an entrepreneurial approach and skillset in pursuing acquisitions and other ways of growing inorganically. We intend to actively explore opportunities to acquire quality and scalable QSR and food brands in complementary categories in existing or new geographies.

Financial Overview

Summarised consolidated Profit and Loss statement:

		2023	2022	%age YoY
Total income	**₹ Million**	**22,966.66**	**17,595.50**	**30.5%**
Revenue from operations	**₹ Million**	**22,655.74**	**17,215.72**	**31.6%**
Cost of materials consumed	₹ Million	7,406.76	5,277.97	40.3%
	% of revenue	32.7%	30.7%	6.6%
Employee benefits expense	₹ Million	2,929.03	2,739.94	6.9%
	% of revenue	12.9%	15.9%	-18.8%
Finance costs	₹ Million	868.86	780.93	11.3%
	% of revenue	3.8%	4.5%	-15.5%
Depreciation and amortisation expense	₹ Million	2,641.74	2,135.21	23.7%
	% of revenue	11.7%	12.4%	-6.0%
Other expenses	₹ Million	8,036.03	6,147.60	30.7%
	% of revenue	35.5%	35.7%	-0.7%
Total expenses	₹ Million	21,882.42	17,081.65	28.1%
	% of revenue	96.6%	99.2%	-2.7%
Profit / (Loss) before tax	**₹ Million**	**1,084.24**	**513.85**	**111.0%**
	% of revenue	**4.8%**	**3.0%**	**60.3%**
Total Tax expense	**₹ Million**	**(1,247.67)**	**54.00**	**-2,410.5%**
	% of revenue	**-5.5%**	**0.3%**	**-1,855.7%**
Profit / (Loss) after tax	**₹ Million**	**2,331.91**	**459.85**	**407.1%**
	% of revenue	**10.3%**	**2.7%**	**285.3%**

Total Income: Our total income increased by 30.5% to ₹22,966.66 million for the financial year 2022-23 from 17,595.50 million for the financial year 2021-22. Robust performance was due to new restaurants launched during the year and the increased level of sales from existing restaurants on account of transaction and APC growth.

Revenue from operations: Our revenue from operations increased by 31.6% to ₹22,655.74 million for the financial year 2022-23 from ₹17,215.72 million during the financial year 2021-22, primarily due to an increase in the sale of products by our restaurants. Our restaurant sales increased by 31.6% to ₹22,570.64 million for the financial year 2022-23 from ₹17,154.46 million for the financial year 2021-22. This increase was due to increase in sales by restaurants on account of opening of new restaurants during the year: 79 KFC restaurants, 72 Pizza Hut restaurants in India and 15 restaurants in Sri Lanka and Same Store Sales Growth (SSSG) of 15% for KFC, 12% for PH India and -28% (-22% in LKR) for Sri Lanka. Our other operating income increased by 38.9% to ₹85.1 million for the financial year 2022-23 from ₹61.26 million for the financial year 2021-22. The increase in other operating income was primarily due to an increase in sales to airport dealers / franchisees to ₹62.43 million for the financial year 2022-23 from ₹38.95 million for the financial year 2021-22. This increase in sale to airport dealers / franchisees was largely on account of higher traffics at airports.

Expenses

Cost of Materials Consumed: Cost of materials consumed increased by 40.3% to ₹7,406.76 million for the financial year 2022-23 from ₹5,277.97 million during the financial year 2021-22. Such an increase in the cost of materials was primarily due to an increase in purchases to ₹7,688.57 million during the financial year 2022-23. The increase in purchases was in line with the increase in sales by restaurants primarily due to opening of new stores, compared to purchases in the amount of ₹5,435.73 million during the financial year 2021-22. The cost of materials consumed as a percentage of revenue from operation increased to 32.7% in FY 2022-23 as against 30.7% in FY 2021-22 led by mid teen level of inflation in India and significant inflation in Sri Lanka, whereas price increase was well below inflation so that impact on consumer demand is minimised.

31.6%
Revenue from operations

111.0%
Profit before tax

Employee Benefits Expense: Our employee benefits expense increased by 6.9% to ₹2,929.03 million for the financial year 2022-23 from ₹2,739.94 million for the financial year 2021-22. This increase in Employee Benefits Expense was primarily on account of the new restaurants opened during the year which got offset by reduced provision on account of ESOP expenses in financial year 2022-23. However, as a percentage of revenue from operations, employee benefits expenses decreased to 12.9% in FY 2022-23 from 15.9% in FY 2021-22, driven by cost efficiencies and lower provision on account of ESOP granted to specified employees.

Finance Costs: Our Finance Costs increased by 11.3% to ₹868.86 million for the financial year 2022-23 from ₹780.93 million for the financial year 2021-22. Such an increase in finance costs was primarily due to an increase in interest on lease liabilities by 21.5% to ₹795.14 million for the financial year 2022-23 from ₹654.58 million for the financial year 2021-22. The increase in interest on lease liabilities was primarily on account of new restaurants opened during the year, which was offset by a reduction in interest of lease liability on the repayment of the lease obligation of prior period lease contract.

Depreciation and Amortisation Expense: Our Depreciation and Amortisation expenses increased by 23.7% to ₹2,641.74 million for the financial year 2022-23 from ₹2,135.21 million for the financial year 2021-22, primarily due to an increase in Depreciation on property, plant and equipment by 24.4% to ₹1,171.69 million for the financial year 2022-23 from ₹942.25 million for the financial year 2021-22 and increase in Depreciation on right of use assets by 23.8% to ₹1,276.20 million for the financial year 2022-23 from ₹1,030.69 million for the financial year 2021-22. Led by opening of new restaurants during the year.

Other Expenses: Our Other Expenses increased by 30.7% to ₹8,036.03 million for the financial year 2022-23 from ₹6,147.60 million for the financial year 2021-22. However, as a percentage of revenue from operations, Other Expenses decreased to 35.5% in FY 2022-23 from 35.7% in FY 2021-22 on account of increased sales, operating leverage and cost efficiencies.

Reasons of increase in Other Expenses are as follows:

- Increase in royalty by 53.9% to ₹1,362.55 million for the financial year 2022-23 from ₹885.44 million for the financial year 2021-22 due to increased revenues from operations and additionally 2021-22 had higher waiver on account of Covid.
- Increase in electricity expenses by 51.4% to ₹1,487.08 million for the financial year 2022-23 from ₹982.10 million for the financial year 2021-22 on account of increase in consumption of energy on account of increase in revenue coupled with higher inflation on energy prices.
- Increase in marketing and advertisement expenses by 32.6% to ₹909.77 million for the financial year 2022-23 from ₹686.33 million for the financial year 2021-22, primarily due to increased contributions to YUM for marketing activities on account of our increased revenue.
- Increase in commission on aggregators and meal coupons by 16% to ₹1,447.16 million for the financial year 2022-23 from ₹1,247.95 million for the financial year 2021-22 due to increased aggregator sales.
- Increase in rent by 24.5% to ₹643.48 million for the financial year 2022-23 from ₹516.85 million for the financial year 2021-22 on account of an increased number of restaurants opened during the year, and increased rent on account of increased sales under our variable lease rental agreements.

Total Tax Expense: Our Total Tax Expense / (credit) was ₹ (1,247.67) million for the financial year 2022-23 compared to an income tax expense of ₹54.00 million for the financial year 2021-22, primarily due to recognition of deferred tax assets on accumulated tax losses and other items in the standalone financial statement of the company.

Profit / Loss for the Year After Tax

As a result, our Group reported Profit after tax of ₹2,331.91 million for the financial year 2022-23 as compared to ₹459.85 million for the financial year 2021-22.

Key Balance Sheet Items

Particulars	2023	2022	%age YoY
Capital employed	12,981.83	10,666.70	21.7%
Net Worth	12,539.14	10,054.49	24.7%
Equity share capital	635.43	635.43	0.0%
Borrowings	442.69	612.21	-27.7%
Property, Plant and Equipment	7,705.87	5,461.53	41.1%
Cash and bank balances including fixed deposit and current investment	3,065.92	4,605.82	-33.4%
Current Assets	4,926.00	5,906.37	-16.6%
Inventory	993.04	651.64	52.4%
Current Liability	5,337.11	4,471.52	19.4%
Trade Payable	2,169.91	1,991.15	9.0%
Trade Receivable	179.49	140.71	27.6%

The strength of the Balance Sheet improved in FY 2022-23 primarily on account of an improvement in revenues from operations, post-tax profit, and a reduction in total borrowings. Cash, net of debt, as on 31st March 2023 was ₹2,623.23 million.

Key Financial Ratios

Key ratios	2023	2022
Return on Capital Employed % (RoCE)	20.3%	7.2%
Return on Net Worth % (RoNW)	20.6%	6.2%
Return on Equity % (RoE)	20.6%	6.2%
Basic Earnings per Share (₹)	36.7	7.8
Net profit %	10.3%	2.7%
Debt Equity Ratio	-	0.1
Interest Service Coverage Ratio	50.6	20.4
Debt Service Coverage Ratio	13.4	4.5
Current Ratio	0.92	1.3
Debtor Turnover Ratio	141.51	157.6
Inventory Turnover Ratio	11.04	11.8

a) Return on capital employed % (RoCE) = RoCE indicates the ability of a Company's management to generate returns for both the debt holders and the equity holders. It measures a Company's profitability and the efficiency with which its capital is used. It is calculated by dividing profit or (loss) before exceptional item and tax + finance cost (excluding interest on lease liabilities) by average of total equity and total borrowing.

b) Return on net worth % (RoNW) = RoNW is a measure of profitability of a Company expressed in percentage. It is calculated by dividing net profit or (loss) after tax / average total equity.

c) Return on equity % (RoE) = RoE measures the company's financial performance on shareholder's equity. It is calculated by dividing net profit or (loss) after tax attributable to equity shareholders by average shareholder's equity.

d) Net profit % = The net profit margin is equal to how much net profit is generated as a percentage of revenue from operations. It is calculated by dividing profit or (loss) after tax by revenue from operations.

e) Debt equity ratio (D/E) = D/E is used to evaluate a Company's financial leverage. It is a measure of the degree to which a Company is financing its operations through debt versus wholly owned funds. It is calculated by dividing total borrowings by total equity.

f) Interest service coverage ratio = The interest service coverage ratio measures how many times a Company can cover its current interest payment with its available earnings. It is calculated by dividing net operating income by total finance cost paid.

Net operating income: Profit/ (loss) before tax + depreciation and amortisation expense + finance cost excluding interest cost on lease liabilities - other income + rent waiver due to COVID.

g) Debt service coverage ratio = Debt service coverage ratio is used to analyse the firm's ability to pay-off current interest and loan instalments. It is calculated by dividing earnings available for debt service by debt service i.e. net operating income / total finance cost paid and repayment of borrowings.

Net operating income: Profit/ (loss) before tax + depreciation and amortisation expense + finance cost - finance cost on lease liabilities - other income + rent waiver due to COVID.

h) Current ratio = The Current ratio indicates a Company's overall liquidity position. It measures a Company's ability to pay short-term obligations or those due within one year. It is calculated by dividing current assets by current liabilities.

i) Debtors turnover ratio = Debtors turnover measures the efficiency at which the firm is managing the receivables. The ratio shows how well a Company uses and manages the credit it extends to customers and how quickly that short-term debt is collected or is paid. It is calculated by dividing turnover by average trade receivables.

j) Inventory turnover ratio = Inventory turnover measures the efficiency with which a Company utilises or manages its inventory. It establishes the relationship between cost of goods sold and average inventory held during the period. It is calculated by dividing the cost of goods sold by the average inventory.

Internal Controls and their Adequacy

Your Company has aligned its current systems of internal financial control with the requirement of Companies Act 2013. The Internal Control Framework is intended to increase transparency and accountability in an organisation's process of designing and implementing a system of internal control. Your Company has successfully laid down the framework and ensured its effectiveness. The internal controls are commensurate with the size of the Company and the nature of its operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorised use, executing transactions with proper authorisation and ensuring compliance with corporate policies.

M/s. S R B C & Co LLP, Statutory Auditors of the Company have audited the financial statements included in this annual report and have issued an attestation report on our internal control over financial reporting (as defined in section 143 of Companies Act 2013).

The internal audit department along with the external partners/consultants carry out internal audit of the Company's business/functional activities. The audit is based on an internal audit plan, which is reviewed each year in consultation with and approved by the audit committee. The audit committee reviews reports submitted by the internal auditor, internal audit partner and statutory auditor. Basis inputs received from the audit committee, suggestions for improvement are considered and the audit committee follows up on corrective action.

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, the work performed by the internal auditor, statutory auditors and external partner/consultant, including the audit of internal financial controls over financial reporting by the statutory auditors and the reviews performed by management and the relevant board committees, including the audit committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during the financial year ended March 31, 2023.

Risk Management Framework

Risk management is integral to Sapphire Foods operations and embedded in its day-to-day business operations and activities. The framework enables risk identification, risk assessment, risk response planning and actions, risk monitoring and overall risk governance. The approach is based on the assessment of several factors and associated risks covering strategic, operational, compliance, financial risks and providing a holistic approach towards informed decision-making. Risks are assessed and managed at various levels with a top-down and bottom-up approach covering the organisation and the respective business functions. Your Company has constituted a Risk Management Committee of the Board to monitor and review the risk management plan and ensuring its effectiveness.

Key Risks	Definition / Impact on the Company	Mitigation Plan
Risks arising from industry and economic factors	• Business impact due to changes in industry, and economic factors including global factors impacting the above.	• Collaboration with YUM to proactively assess and address various industry and economic factors impacting YUM Brands. • Proactive tracking of market factors leading to changes in cost of operations to either hedge against the rising costs / secure benefit from declining costs • Maintaining competitiveness through:- – Optimising Cost – Driving Sales – Value proposition (Value for money to the customers) – Promotional Offers – Customer connect – Representation through Industry Associations to take up the industry-wide issues with the government for resolution
Macro-economic and Geo-Political Risks relating to Offshore Subsidiary	Potential impact on business due to forex shortage, high inflation, fuel shortages, restaurant shutdowns. This is further impacted at time of forex translation for consolidation at India level due to currency depreciation.	Our strength of business in terms of highest number of stores thereby providing accessibility, our own digital and delivery capabilities, price increase and supply chain management with support from parent company in India can help us mitigate the impact to some extent in the short run. We continue to expand stores and in the long run, we believe this would help us further consolidate market leadership position.

Key Risks	Definition / Impact on the Company	Mitigation Plan
IT Risks	• Risks arising from breakdown of / unauthorised access to the IT systems • Threats from virus attack / hacking	• Strong emphasis on maintaining and preserving secured IT systems and database through adequate IT policies and processes • Periodic review and upgradation of IT systems and processes in line with the business requirements • Continuous tracking and monitoring of IT systems to prevent / remediate security breach
Risks arising from changing Laws & Regulations	The Company has to comply with various regulations covering areas such as Food Safety, Employment and Labour, Taxation, Environment, Health and Safety, and so on. The laws and regulations are continuously evolving that result in enhanced greater compliance risk and cost of compliance for the company. The fast pace of changes in the regulatory environment requires quick understanding of their implications and adaptation in business operations. Failure to comply could result in penalties, reputational damage, and criminal prosecution.	• Operationalising regulatory requirements through adequate business policies and processes • Regular training and awareness sessions for restaurants and other employees on the evolving food safety and other regulations • Periodic food safety and quality assessments at Restaurants, Supply Chain Centres, Vendors • Emphasis on fostering ethical and compliance culture • Adequate and effective internal controls to comply with regulations and to keep a check on unlawful and fraudulent activities and internal audits to provide assurance • Adequate governance at Board, executive and management level
Operational Risks	Business impact due to: • Sales variations • Delayed pay backs on new restaurants • Disruption in supply chain • High attrition of restaurant staff • Other business uncertainties	• Robust business processes with regard to business plan evaluation, implementation and monitoring • Robust, multi-layered and data-driven approach to site selection for new restaurants • Improved payback through compact omni-channel format • Effective business / marketing strategies through collaboration with YUM to foster brand awareness and combat competitor actions • Enhancing supply chain and distribution systems and processes to ensure uninterrupted supplies • Strategic resource planning across all levels and effective hiring processes • Regular review of remuneration, recognition and training model to ensure retention and development of talent • Proactive approach to BCP processes to deal with business uncertainties

Human Resources

People Agenda

Sapphire Foods is dedicated to fostering a comprehensive People Agenda that prioritises purposeful and meaningful employment. We understand the importance of addressing various aspects crucial for the growth of our employees, including learning and development, a values-driven culture, and fair recognition. We provide employees with opportunities that align with our organisation's values, enabling them to find fulfilment and achieve personal and professional growth. At Sapphire Foods, we place great importance on performance and actively strive to create a culture that recognises and celebrates excellence. Our core values, including Excellence, Courage, Integrity, Empathy, and Accountability, form the bedrock of our culture and serve as guiding principles for promoting the growth and well-being of our people. We consistently uphold these values in all aspects of our operations, ensuring that our People Agenda remains at the forefront of our organisational culture.

Learning and Development

Our Company's commitment to learning is reflected in the various training and development programmes that we offer, as well as in the regular feedback and coaching that we provide to employees. We provide rigorous on-the-job functional training programmes that equip employees with the skills and knowledge they need to succeed in their current roles and beyond. Our emphasis is on robust leadership programmes, including the Young Turks, Talent Edge, EnCap, and Sapphire Spark, aimed at nurturing managerial skills for senior positions. In addition to formal training programmes, we encourage the organic growth of our talent and provide opportunities for employees to build their careers in our Company through structured IDP process. By building a culture that values learning and development, we are able to attract and retain top talent, foster innovation and creativity, and create a culture of continuous improvement that drives our Company 'success'.

Our emphasis is on robust leadership programmes aimed at nurturing managerial skills for senior positions

Young Turks	Talent Edge	EnCap

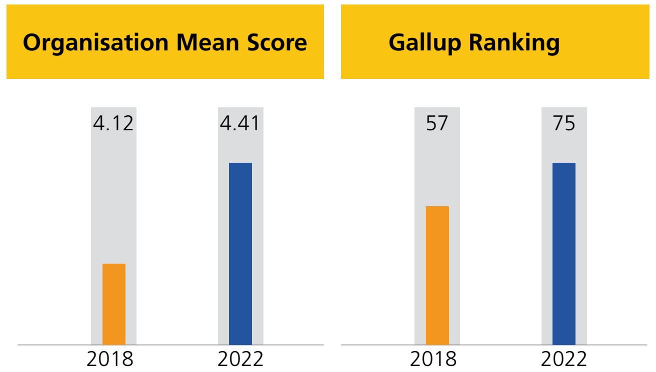
Employee Engagement

"SPEAK"

At Sapphire Foods, we have established a variety of channels, both formal and informal, to actively promote employee feedback and gain valuable insights into their experiences. One notable platform is "Sapphire Speak", an annual employee engagement survey conducted in partnership with Gallup. Additionally, we conduct another internal survey known as the OHS survey. These surveys are integral in assessing and tracking key indicators related to employee engagement over time. By collecting this valuable data, we are able to evaluate the progress and trends in employee engagement within our organisation. These feedback mechanisms are crucial in our continuous efforts to enhance employee satisfaction and create a positive work environment.

We are delighted to share that our mean Gallup Engagement Score has shown a positive trend, increasing from 4.12 in the year 2018 to 4.41 in the year 2022. This signifies a noteworthy improvement in employee engagement within our organisation. Additionally, our Gallup global mean percentile rank has also seen significant progress, rising from 57 in the year 2018 to 75 in the year 2022. These results highlight our commitment to fostering a positive and engaging work environment for our employees. As on 31st March 2023, our Company had 10,604 permanent employees compared to 10,154 on 31st March 2022. As part of our ongoing commitment to gathering feedback and insights from our employees, we have implemented a comprehensive approach. This includes conducting regular health surveys and actively engaging in focus group discussions (FGDs). These FGDs serve as valuable platforms for employees to share their perspectives and provide additional feedback on various aspects of their experience within the organisation. This multifaceted approach ensures that we have a thorough understanding of our employees' needs and enables us to make informed decisions to enhance their well-being.

Sapphire Speak – Organisation Mean Score & Gallup Ranking



Communication

In addition to conducting surveys, we prioritise employee engagement through a range of communication channels. Our Annual Executive Meeting provides invaluable opportunities for our leaders to embody and exemplify our core values. During these gatherings, our leaders actively practice active listening, demonstrating empathy and a genuine desire to understand the unique challenges faced by individuals in different roles. This fosters a culture of respect and appreciation for the diverse expertise and experiences within our organisation. Furthermore, during these events, leaders have the opportunity to share their ideas and insights, fostering collaboration and promoting excellence & growth.

Additionally, we leverage the Town Hall as a significant communication platform where our Group CEO personally engages with employees, providing updates, and addressing concerns and questions from the team. The Town Hall serves as an open and transparent platform that recognises the achievements of our employees and encourages open dialogue helping to have a trust-based organisation.

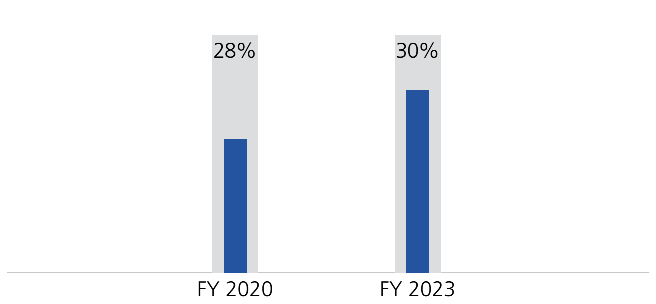
Diversity & Inclusion

We are committed to creating a workplace where individual differences are celebrated, diverse perspectives are encouraged, and people with varied abilities are included.

Our unwavering dedication lies in building an organisation that places importance on and recognises the unique qualities of every employee, regardless of their gender, age, race, or sexual orientation. Our Code of Conduct, Human Rights Policy and Diversity and Inclusion Policy governs our actions and sets the foundation for an inclusive and equitable workplace. We firmly believe in treating each other with respect and dignity, ensuring equal opportunities for all. This means that we uphold the principle of equal pay for equal work and strive to create a work environment that is free from discrimination and harassment. We are dedicated to fostering and empowering women-led enterprises within our brand. At present, we proudly operate one KFC and one Pizza Hut store, both under the capable leadership of women.

To instil an inclusive culture within our processes, we consistently dedicate resources to enhance our infrastructure, specifically by implementing audio-visual aids to provide comprehensive support for employees with disabilities. Moreover, we actively promote the recruitment and hiring of individuals with diverse abilities.

Organisation-wide Diversity



Cautionary Statement

The statement made in this section describes the Company's objectives, projections, expectation and estimations which may be 'forward-looking statements' within the meaning of applicable securities laws and regulations.

Directors' Report

Dear Members,

Your directors are pleased to present the 14th Annual Report on the business and operations of Sapphire Foods India Limited ("Company") together with the audited financial statements for the financial year ended 31st March 2023.

Financial Results and Performance

The financial statements of the Company have been prepared in accordance with the applicable provisions of Indian Accounting Standards ("Ind AS"), Companies Act, 2013 and Rules made thereunder ("Companies Act"), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and such other applicable rules, regulations, guidelines, etc., as amended from time to time.

The Company's financial (standalone and consolidated) performance during the financial year ended 31st March 2023 as compared to the previous financial year, is summarised below:

(₹ in Million)

Particulars	Standalone		Consolidated	
	F.Y. 2022-23	F.Y. 2021-22	F.Y. 2022-23	F.Y. 2021-22
Total Income	19,917.17	14,322.47	22,966.66	17,595.50
Less: Total Expenses	18,909.23	14,074.40	21,882.42	17,081.65
Profit/ (Loss) before tax	1,007.94	248.07	1,084.24	513.85
Less: Total tax expense/(credit)	(1,252.66)	-	(1,247.67)	54.00
Profit/ (Loss) after Tax	2,260.60	248.07	2,331.91	459.85
Total Comprehensive Income/(Loss) for the year, net of tax	2,259.04	231.82	2,318.89	231.84

During the year under review, the total income of your Company was ₹19,917.17 million on a standalone basis and ₹22,966.66 million on a consolidated basis as compared to the previous financial year total income of ₹14,322.47 million on a standalone basis and ₹17,595.50 million on consolidated basis. The net profit/ (loss) for the year under review after total tax expense/ (credit) stood at ₹2260.60 million on a standalone basis and ₹2,331.91 million on a consolidated basis.

The Company has not transferred any amount to the general reserves. There was no change in the nature of the business of the Company during the year under review.

Business Operations and State of Company's Affairs

Sapphire Foods India Limited, directly and through its' subsidiaries, is one of the largest franchisees of Yum! Brands in Indian sub-continent with a track record of successfully operating 743 KFC, Pizza Hut and Taco Bell restaurants across India, Sri Lanka and Maldives. Your Company has delivered highest revenue, profitability and new restaurant additions for the financial year ended on 31st March 2023.

For complete detail on Business Operations and State of Company's Affairs, please refer to the section of 'Management Discussion and Analysis Report' which forms an integral part of this Annual Report.

Dividend

During the financial year under review, your Directors has not recommended any dividend to the Shareholders of the Company.

The Board of Directors of your Company has adopted Dividend Distribution Policy based on the parameters as specified under Listing Regulations. The Policy can be accessed from the website of the Company at https://www.sapphirefoods.in/investors-relation/corporate-governance.

Subsidiaries, Joint Venture and Associate Companies

As at the close of the financial year 31st March 2023, your Company has one wholly-owned subsidiary company viz., Gamma Pizzakraft (Overseas) Private Limited, which in turn, has three wholly-owned subsidiaries viz., Gamma Pizzakraft Private Limited, India; Gamma Pizzakraft Lanka (Private) Limited, Sri Lanka & French Restaurant Private Limited, Sri Lanka and one subsidiary viz., Gamma Island Foods Private Limited, Maldives. Apart from the above, no other company has become or ceased to be subsidiary, joint venture or associate of the Company during the financial year under review.

Pursuant to the applicable provisions of Indian Accounting Standards ("Ind AS"), Companies Act, 2013 and Rules made thereunder ("Companies Act"), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and such other applicable rules, regulations, guidelines, etc., the consolidated financial statements presented by the Company include financial information of the subsidiary companies, which forms part of this Annual Report. In pursuance of Section 136 of the Companies Act, the annual report of the Company containing its standalone and consolidated financial statements have been uploaded on the website of the company. Further, Financials of the subsidiaries, are available on the website of the Company at https://www.sapphirefoods.in/investors-relation/annual-reports.

The highlights of performance and financial position of each of the subsidiary company for the financial year ended 31st March 2023, is provided in form AOC-1, in accordance with the provisions of Section 129 of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014. The form AOC-1 is enclosed with the Consolidated Financial Statements and forms an integral part of this Annual Report.

Your Company, in accordance with the Listing Regulations, has formulated and adopted the policy for determining material subsidiaries. The said policy is available on the website of the Company at https://www.sapphirefoods.in/investors-relation/corporate-governance

The Company has obtained a certificate from M/s. S R B C & Co. LLP, Statutory Auditor, for financial year ended 31st March 2023 certifying that the Company is in compliance with the Foreign Exchange Management (Non – Debt Instruments) Rules, 2019 read with Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019 with respect to Downstream Investment. The said certificate issued by the Statutory Auditor does not contain any observation and is free from qualifications.

Scheme of Merger by Absorption of Gamma Pizzakraft (Overseas) Private Limited and Gamma Pizzakraft Private Limited, wholly-owned subsidiaries with Sapphire Foods India Limited and their respective shareholders

The Board of Directors of your Company at their meeting held on 11th February 2022, subject to requisite approvals/ consents, approved the Scheme of Merger by Absorption of Gamma Pizzakraft (Overseas) Private Limited ("GPOPL") and Gamma Pizzakraft Private Limited ("GPPL") with Sapphire Foods India Limited ("Company") and their respective shareholders ("Scheme") under the applicable provisions of the Companies Act and Listing Regulations. The appointed date of the Scheme is 1st April 2022. Upon the Scheme becoming effective, all equity shares held by the Company in GPOPL and GPOPL in GPPL shall stand cancelled, without any further act or deed and no consideration shall be issued on merger.

The scheme application was filed and admitted with the National Company Law Tribunal (NCLT), Mumbai Bench on 5th May 2022. The merger formalities is currently in progress.

Increase in Equity Stake of Gamma Island Food Private Limited, step-down subsidiary of Sapphire Foods India Limited ("Company") through Gamma Pizzakraft (Overseas) Private Limited, wholly-owned subsidiary of the Company

During the year under review, the Board of Directors of Gamma Pizzakraft (Overseas) Private Limited ("GPOPL"), wholly-owned subsidiary of Sapphire Foods India Limited ("Company"), has considered and approved subscription of upto 81,914 Equity Shares of Gamma Island Food Private Limited ("GIFPL"), subsidiary of GPOPL and step-down subsidiary of the Company, for a total consideration of upto MVR 18,840,220 ("Proposed Acquisition"). Pursuant to this proposed acquisition, the equity share holding of GPOPL in GIFPL will be increased from the existing 51% up to 75%. The proposed acquisition will be completed on or before 30th June, 2023.

Share Capital

Authorised Share Capital

During the financial year under review, there was no change in the authorised share capital of the Company. The authorised share capital of the company as on 31st March 2023 amounted to ₹4,31,68,20,000 comprising of 43,16,82,000 Equity Shares of face value of ₹10 each.

Issued, Subscribed and Paid-up Share Capital

As on 31st March 2023, the issued, subscribed and paid-up capital of the Company stands at ₹63,54,25,410 comprising of 6,35,42,541 equity shares of face value of ₹10 /- each.

The Company has not issued any shares with differential rights and hence no information as per provisions of Section 43(a)(ii) of the Act read with Rule 4(4) of the Companies (Share Capital and Debenture) Rules, 2014 is furnished.

Employee Stock Option Plan / Schemes

With a view to attract, reward and retain talented and key employees in the competitive environment and encourage them to align individual performance with Company objectives, the Company has implemented Sapphire Foods Employees Stock Option Plan 2017 ("ESOP Plan") which was originally approved by the Board of Directors and the Shareholders of the Company on 24th May 2018 and 30th May 2018 respectively. Sapphire Foods Employees Stock Option Scheme 2019 – Scheme III – Management other than CEO ("Scheme III"), Sapphire Foods Employees Stock Option Scheme 2019 – Scheme IV – CEO ("Scheme IV"), Sapphire Foods Employee Stock Option Scheme 2022 – Scheme IIIA – Management other than CEO ("Scheme IIIA") and Sapphire Foods Employee Stock Option Scheme 2022 – Scheme IVA – CEO ("Scheme IVA") (hereinafter collectively referred to as "ESOP Schemes") forms an integral part of the ESOP Plan. With a view to reward loyalty for past services with the Company, retention of critical employees and align employees' interest with company's performance and shareholder's interest, the Company has granted, from time to time, stock options to the eligible employees under the said ESOP Plan / Schemes.

Subsequent to the Initial Public Offering ("IPO") of the Company in November 2021, the shareholders of the Company, pursuant to the approval and recommendation of the Nomination and

Remuneration Committee and Board of Directors at their respective meetings, has passed special resolutions by way of postal ballot on 8th April 2022 for:

- Ratification of Sapphire Foods Employees Stock Option Scheme 2019 – Scheme III – Management other than CEO and Sapphire Foods Employees Stock Option Scheme 2019 – Scheme IV – CEO read with Sapphire Foods Employees Stock Option Plan 2017;
- Amendment of ESOP Plan to increase the quantum of options reserved under the ESOP Plan from 28,39,033 stock options to 43,33,889 stock options by creating additional 14,94,856 stock options convertible into equivalent number of equity shares of face value of ₹10 each fully paid-up, upon exercise of vested options;
- Approval and Institution of Sapphire Foods Employee Stock Option Scheme 2022 – Scheme IIIA – Management other than CEO read with Sapphire Foods Employees Stock Option Plan 2017;
- Approval and Institution of Sapphire Foods Employee Stock Option Scheme 2022 – Scheme IVA – CEO read with Sapphire Foods Employees Stock Option Plan 2017;
- Approval of grant of stock options to Whole-time Director & Group CEO exceeding 1% of the issued and paid-up capital of the Company.

The shareholders of the Company, further, at their 13th Annual General Meeting held on 2nd September 2022, pursuant to the recommendation of the Nomination and Remuneration Committee and Board of Directors at their respective meetings, has passed special resolutions for:

- Ratification of Sapphire Food Employees Stock Option Scheme 2019 – Scheme III – Management other than CEO read with Sapphire Foods Employees Stock Option Plan 2017, for grant of options to the eligible employees of subsidiary companies.
- Approval of grants under Sapphire Foods Employee Stock Option Scheme 2022 – Scheme III A – Management other than CEO read with Sapphire Foods Employee Stock Option Plan 2017 to the eligible employees / directors of the subsidiary company(ies) of the Company.

The Nomination and Remuneration Committee of the Board is entrusted with the responsibility of implementation and administration of the ESOP Plan / Schemes.

The details of ESOP are provided in the notes to accounts in the financial statements forming part of this Annual Report and the disclosures as mandated under Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("SEBI SBEB & SE Regulations") are made available on the website of the Company at https://www.sapphirefoods.in/investors-relation/updates. Certificate from M/s. Alwyn Jay & Co. LLP, Secretarial Auditors of the Company, with respect to the implementation of ESOP Plan / Schemes in accordance with SEBI SBEB & SE Regulations shall be placed before the members at the ensuing Annual General Meeting of the Company.

The Company has not issued any sweat equity shares during the year under review and hence no information as per the provisions of Companies Act and SEBI SBEB & SE Regulations is furnished thereto.

Credit Rating

As at the end of the financial year 31st March 2023, long-term rating on the bank lines of your company is [ICRA]A (Stable) and the long term/short term unallocated limits is [ICRA]A (Stable) / [ICRA]A2+.

Deposits

The Company has not accepted or renewed any amount falling within the purview of provisions of Section 73 of the Companies Act 2013 read with the Companies (Acceptance of Deposit) Rules, 2014 during the year under review. Hence, the requirement for furnishing of details relating to deposits covered under Chapter V of the Companies Act or the details of deposits which are not in compliance with Chapter V of the Companies Act is not applicable.

Management Discussion and Analysis Report

The Management Discussion and Analysis Report for the financial year under review, as prescribed under Listing Regulations, is presented as a separate section which forms an integral part of this Annual Report.

Report on Corporate Governance

Your Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirements set out by Securities and Exchange Board of India. A separate report on Corporate Governance for the financial year ended 31st March 2023 is appended to this report and forms an integral part of this annual report.

A certificate from Practicing Company Secretary confirming the compliance with the conditions of Corporate Governance under Listing Regulations is also annexed to the report on Corporate Governance.

Environment, Social and Governance & Corporate Social Responsibility Practices

Environment, Social and Governance (ESG) has long been an integral to our journey and your company recognise it as a continuous path that requires a clear strategy and roadmap. As part of the ESG journey, your company aim to reduce the carbon footprint of our value chain and to improve business resilience by managing the short and long-term risks and impacts of climate change. Your company also endeavor to have a diverse, equitable and inclusive workplace which makes us stronger and enables us to create a better shared future for employees and communities. The Company is committed for making a tangible difference in society through interventions across four strategic pillars i.e., People, Planet, Food and Governance. The ESG Report for FY2023 is published along side this Annual Report and can be accessed at https://www.sapphirefoods.in/investors-relation/annual-reports.

In accordance with the provisions of Section 135 of the Companies Act, 2013 and Rules made thereunder, your Company has formed a Corporate Social Responsibility (CSR) Committee to monitor CSR activities of the Company. During the financial year 31st March 2023, the scope of the existing CSR Committee was enhanced to accommodate the scope of ESG / BRSR framework and the Committee was renamed as "CSR & ESG Committee" of the Board of Directors. The details of the Committee and its terms of reference are set out in the Corporate Governance Report forming part of this Report.

The Board of Directors has approved a CSR Policy for the Company which provides a broad framework with regard to implementation of CSR activities carried out by the Company in accordance with Schedule VII of the Act. The CSR Policy is available on the Company's website at https://www.sapphirefoods.in/investors-relation/corporate-governance.

The Business Responsibility and Sustainability Report ("BRSR") as mandated under Listing Regulations, detailing the various initiatives taken by your Company from the Environmental, Social and Governance perspective, forms part of this annual report and is appended hereinbelow. The Annual Report on CSR activities as prescribed under the Companies Act and Rules made thereunder is also annexed to this report.

Directors and Key Managerial Personnel

The Board of Directors are constituted in accordance with the provisions of Companies Act and Listing Regulations and Articles of Association of the Company. The Company has received relevant disclosures and declarations from the Directors and none of them are disqualified from being appointed as Director in terms of Section 164(2) of the Companies Act and Listing Regulations.

Your Board consists of eminent personalities with considerable professional expertise and credentials in finance, law, accountancy and other related skills and fields. Their wide experience and professional credentials help the Company for strategy formulation and its implementation, thereby enabling its growth objectives. As at 31st March 2023, the composition of Board of Directors of your Company was as under:

Sr. No.	Name of Director	Designation	DIN
1.	Mr. Sunil Chandiramani	Chairman & Independent Director	00524035
2.	Mr. Sanjay Purohit	Whole Time Director & Group CEO	00117676
3.	Mr. Sumeet Narang	Non-Executive Nominee Director	01874599
4.	Mr. Vikram Agarwal	Non-Executive Nominee Director	03038370
5.	Mr. Kabir Thakur	Non-Executive Nominee Director	08422362
6.	Mr. Vinod Nambiar	Non-Executive Nominee Director	07290613
7.	Mr. Paul Robine	Non-Executive Nominee Director	07828525
8.	Ms. Anu Aggarwal	Independent Director	07301689
9.	Ms. Deepa Wadhwa	Independent Director	07862942
10.	Mr. Norbert Fernandes	Alternate Director	06716549

The Board of Directors at their meeting held on 17th May 2022 had appointed Mr. Norbert Fernandes (DIN: 06716549) as an Alternate Director (in the capacity of Non-Executive Non-Independent Nominee Director) to Mr. Paul Robine. During the financial year under review, there were no other changes in the Directorship of the Company.

As on the date of this report, Mr. Paul Robine has resigned from the Board of Directors of the Company and consequently Mr. Norbert Fernandes ceased to be the Alternate Director to Mr. Paul Robine effective from 12th May, 2023. Further, pursuant to the recommendation of Nomination and Remuneration Committee, Mr. Norbert Fernandes was appointed as Additional (Non-Executive Nominee) Director by the Board of Directors on 12th May 2023. The regularisation of Mr. Norbert Fernandes as Non-Executive Nominee Director shall be placed before the shareholders at the ensuing 14th Annual General Meeting of the Company.

Retirement by Rotation

In terms of Section 152 of the Companies Act, 2013 and Articles of Association of the Company, Mr. Vikram Agarwal and Mr. Kabir Thakur, Non-Executive Nominee Directors of the Company, retires by rotation and being eligible, offers themselves for re-appointment at the ensuing 14th Annual General Meeting of the Company.

The brief profile in terms of Regulation 36 of Listing Regulations and the Secretarial Standards on General Meetings (SS-2), in respect of the directors seeking appointment/re-appointment has been annexed to the notice of the 14th Annual General Meeting.

Independent Directors

Mr. Sunil Chandiramani, Ms. Anu Aggarwal and Ms. Deepa Wadhwa were appointed as Independent Directors of the Company, effective 5th August 2021, for a fixed term of five years from the date of their respective appointment/regularisation by the shareholders. Mr. Sunil Chandiramani is designated as the Chairperson of the Board of Directors.

The Company has received declarations from the Independent Directors of the Company confirming that they continue to meet the criteria of independence, as prescribed under applicable provisions of the Companies Act and Listing Regulations. The Independent Directors have also confirmed that they have complied with the Code of Conduct of the Company and that they have registered themselves as an Independent Director in the data bank maintained with the Indian Institute of Corporate Affairs. The Independent Directors of the Company are not liable to retire by rotation.

The Board is of the opinion that the Independent Directors of the Company possess requisite qualifications, experience and expertise in the fields of strategy, planning and execution, management and leadership, functional and managerial experience, legal and risk management, corporate governance systems and practices, finance, banking and accounts and they hold highest standards of integrity and are independent of the management.

Key Managerial Personnel

Pursuant to the provisions of Sections 2(51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the following persons are the Key Managerial Personnel ("KMP") of your Company:

Name of the KMP	Designation
Mr. Sanjay Purohit	Whole Time Director & Group CEO
Mr. Vijay Jain	Chief Financial Officer
Mr. Sachin Dudam	Company Secretary & Compliance Officer

During the year under review, there has been no change in the Key Managerial Personnel of the Company.

Board Meetings

During the financial year 2022-23, four (4) meetings of the Board of Directors were convened and held. The meetings were held as per the business requirements and maximum gap between any two Board Meetings is within the permissible limits as prescribed under the Companies Act and Listing Regulations.

The details of the composition of the board, meetings held during the year and the attendance of the Directors at the Board Meetings, inter-alia, are provided at Report on Corporate Governance, forming part of this Report.

The Company has complied with the Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI) on meetings of Board of Directors and General Meetings.

Board Committees

The Board of Directors of the Company has constituted following Committees in order to effectively carry out some of the diverse functions of the Board:

- Audit Committee
- Nomination and Remuneration Committee
- Stakeholders Relationship Committee
- Risk Management Committee
- CSR & ESG Committee
- Operations Committee
- IPO Committee

The details of the composition of these committees of the Board, meetings held during the financial year, etc. are set out at the Report on Corporate Governance, forming part of this Report.

Familiarsation Programme

Pursuant to Regulation 25 of Listing Regulations, the Board of Directors has framed a policy to familiarise the Independent Directors about the Company. The Company shall conduct orientation programs / presentations / training sessions/ store visits, periodically at regular intervals, to familiarise the Directors including Independent Directors with the strategy, operations and functions of the Company. The Directors are also familiarised through presentation on business performance / operations, risk management framework, etc. at the Board Meetings.

The details as per the applicable provisions of the Companies Act and Listing Regulations are posted on the website of the Company at https://www.sapphirefoods.in/investors-relation/corporate-governance.

Board Evaluation

In accordance with the provisions of Companies Act and Listing Regulations, the Board of Directors shall conduct formal evaluation, on annual basis, of its own performance and that of its committees and individual directors including chairperson. The Nomination and Remuneration Committee is mandated for formulating criteria for evaluation of performance of the Board of Directors and its Committees and Directors.

Pursuant to determination of criteria by the Nomination and Remuneration Committee, the Company has carried out performance evaluation surveys for the Board of Directors and its Committees, Individual Directors including Whole-time Director & Group CEO, Chairperson, etc. The evaluation surveys were circulated to the concerned board members through BoardPAC application. All the Directors had actively participated in the evaluation surveys carried out by the Company.

The results along with feedback were shared with the Independent Directors at a duly convened meeting of the Independent Directors for their consideration. The Independent Directors, at their meeting held on 21st March 2023, deliberated in detail on the performance evaluation of the Board of Directors (as a whole), its Committees and Non-Independent Directors including Whole-time Director and Chairperson, inter-alia. Thereafter, the feedback from the meeting of the Independent Directors and board evaluation were presented to the Management and Board of Directors for their perusal and implementation thereof.

Nomination and Remuneration Policy

In compliance with Section 178 of the Companies Act, 2013 and Regulation 19 of Listing Regulations, the Board of Directors have formulated and adopted Nomination and Remuneration Policy for the Company, covering following objectives:

- To lay down criteria and terms and conditions for identifying persons who are qualified to become Directors & KMPs and who may be appointed / reappointed in Senior Management of the Company.
- To provide framework for remuneration of Directors and Employees and align with the Company's business strategies, values, key priorities and goals.
- To provide for rewards linked directly to the effort, performance and achievement of Company's targets by the employees.
- Formulating the criteria for performance evaluation of all Directors
- Succession Planning for Board and Senior Management
- Board Diversity

The salient features of this policy have been disclosed in the Report of Corporate Governance, forming part of this Report. The Nomination and Remuneration Policy of the Company can be accessed on the website of the Company at https://www.sapphirefoods.in/investors-relation/corporate-governance.

Particulars of Employees

The disclosures pertaining to remuneration and other required information pursuant to Section 197(12) of the Companies Act read with Rule 5(1) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, in respect of Directors, Key Managerial Personnel's and Employees of the Company, is appended to this report and forms part of this Annual Report.

The disclosure pertaining to remuneration as required under provisions of Section 197(12) of the Companies Act read with Rule 5(2) & 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this Annual Report. In terms of Section 136(1) of the Act and the rules made thereunder, the Report and Financial Statements are being sent to the shareholders excluding the said information. Any shareholder interested in obtaining copy of the aforesaid information, may send an email to the Company Secretary and Compliance Officer at investor@sapphirefoods.in.

Auditors

Statutory Auditors

M/s. S R B C & Co. LLP, Chartered Accountants (Registration No. 324982E/E300003) were re-appointed as Statutory Auditors of the Company at Annual General Meeting held on 15th October 2020, for a term of five consecutive years to hold office from the conclusion of 11th Annual General Meeting (AGM) till the conclusion of 16th Annual General Meeting of the Company. The auditors have confirmed that they are not disqualified from being re-appointed as Statutory Auditors of the Company and that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

The report given by the Statutory Auditors on the Financial Statements (Standalone and Consolidated) of the Company for financial year ended 31st March 2023 are annexed to the Financial Statements, forming an integral part of this Annual Report. The Auditors' Report read together with Annexures referred to in the Auditors' Report for the financial year ended 31st March 2023 does not contain any qualification, reservation, adverse remark or disclaimers. During the year under review, the Statutory Auditors have not reported any matter of frauds under Section 143(12) of the Companies Act.

Internal Auditors

The Company had appointed M/s. Deloitte Touche Tohmatsu India LLP, Chartered Accountants, as Internal Auditor Partner for carrying out the activities of Management Testing of Internal Financial Controls and Internal Audit of various business/ functions process for the financial year 31st March 2023.

The Company had designated Mr. Balkrishna Chaturvedi, Head-Management Assurance and Special Projects, as Internal Auditor of the Company, in compliance with the provisions of Section 138 of the Companies Act, 2013 and Rules framed thereunder.

Internal Audit Reports are reviewed by the Audit Committee of the Company at their meetings held during quarterly intervals. Both internal auditors carry out their functions as per the scope of work assigned and place their reports at the meetings of the Audit Committee, during quarterly intervals.

Secretarial Auditors

Pursuant to Section 204 of the Companies Act, 2013, the Board of Directors, has appointed M/s. Alwyn Jay & Co., Practising Company Secretaries (Firm Registration No. P2010MH021500) as Secretarial Auditor for carrying out secretarial audit and requisite certifications as mandated under Companies Act and Listing Regulations.

The Secretarial Audit Report for the financial year ended 31st March 2023 received from M/s. Alwyn Jay & Co., Secretarial Auditor of the Company is annexed to this report and forms an integral part of this Annual Report. The Report does not contain any qualifications, reservations, adverse remarks, disclaimers or reporting of fraud.

Cost Auditors

The Company is not required to maintain cost records, as specified by the Central Government under section 148 of the Companies Act, 2013 and Rules made thereunder.

Particulars of Investments, Loans, Guarantees and Securities

The full particulars of the loan, investments, guarantees and securities, in accordance with the applicable provisions of the Companies Act, 2013 and Listing Regulations made by your Company during the financial year 2022-23, has been furnished at Note 5 to the Notes to Accounts of the Financial Statements forming an integral part of this Annual Report.

Particular of Contracts or Arrangements with Related Parties

The Related Party Transactions are placed at the meetings of the Audit Committee / Board of Directors for their respective approval. Prior omnibus approval of the Audit Committee is obtained by the Company on an annual basis for Related Party Transactions that are foreseeable and repetitive in nature. A detailed statement of such Related Party Transactions entered into pursuant to the omnibus approval so granted are placed at the meetings of the Audit Committee for their review on a quarterly basis. The half yearly statement on the Related Party Transactions are also filed with the respective stock exchanges on which the equity shares of the Company are listed.

The Related Party Transactions entered during the financial year under review were in the ordinary course of business and on arm's length basis. There were no significant material related party transactions entered into by the Company with any related party during the financial year under review. Thus, the disclosure under Section 134 of the Companies Act, 2013 as per specified form AOC-2 is not applicable to the Company.

Details of Related Party Transactions as per Indian Accounting Standard – 24 (Ind AS 24) are given under Note 36 forming part of the Notes to Account of the Standalone Financial Statements to this Report.

Pursuant to the provisions of the Companies Act and Listing Regulations, your company has formulated a policy on Related Party Transactions for the purpose of identification and monitoring of such transactions, which is available on the website of the Company at - https://www.sapphirefoods.in/investors-relation/corporate-governance.

Annual Return

Pursuant to the provisions of Section 134(3)(a) and Section 92(3) of the Companies Act, 2013, the copy of the Annual Return of the Company for the financial year ended 31st March 2023 is placed at the Company's Website and can be accessed at https://www.sapphirefoods.in/investors-relation/updates

Risk Management Policy

Adequate Risk Management Framework is a necessity for the purpose of Risk Assessment and minimisation/mitigation of risks involved in business activity. The Company has laid down a robust risk management framework for identification and management of risks that could adversely affect the Company. The Company has formulated Risk Management Policy in order to achieve the following objectives, inter-alia:

- To ensure that all the current and future material risk exposures of the Company are identified, assessed, appropriately mitigated, minimised and managed i.e. to ensure adequate systems for risk management.

- To establish a framework for the company's risk management process and to ensure its implementation.

- To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices.

- To assure business growth with financial stability.

In terms of the provision of Regulation 21 of Listing Regulations, the Board of Directors has constituted a Risk Management Committee. The details with respect to its terms of reference, composition and meetings held during the part of the financial year under review are set out at the Report on Corporate Governance, annexed to this Report. The Audit Committee has additional oversight in the area of financial risks and controls. The major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

The Risk Management Policy is also available on the website of the Company at https://www.sapphirefoods.in/investors-relation/corporate-governance. For more details on risk management framework, please refer to the section of 'Management Discussion and Analysis Report' which forms an integral part of this Annual Report.

Vigil Mechanism

The Company believes in the conduct of the affairs of its constituents in a fair and transparent manner by adopting the highest standards of professionalism, honesty, integrity and ethical behavior.

Your Company has adopted a Whistle Blower Policy to provide a mechanism for the employees to report genuine concerns about any unethical behavior, actual or suspected fraud or violation of your Company's Code of Conduct. During the year under review, this policy was amended to enhance the scope for the vendors and suppliers of the company and subsequently the code of conduct for suppliers was introduced and promulgated.

The concerned constituents including employees of the Company are encouraged to voice their concerns internally and at a high level and to disclose information which the individual believes shows malpractice or impropriety. A designated email id whistleblower@sapphirefoods.in has been created and disseminated through this policy/code to the concerned stakeholders to voice their grievances. The access of this designated email id is mapped and made available to the members of the Audit Committee including its Chairperson.

The provisions of this policy are in line with the provisions of Section 177 (9) of the Companies Act, 2013 and Regulation 22 of Listing Regulations. All cases registered under the whistle blower policy of the Company are subject to review by the Audit Committee. The Whistle Blower policy of the Company is available on the Company's website at https://www.sapphirefoods.in/investors-relation/corporate-governance.

Disclosure Under Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act, 2013

In line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("POSH Act"), your Company has in place a policy on prevention, prohibition and redressal of sexual harassment at workplace. All employees (permanent, contractual, temporary, trainees) including at stores level, are covered under this policy.

As per the rules made under the POSH Act, the Company has constituted an Internal Complaints Committee (ICC) to redress the complaints received pertaining to sexual harassment at workplace. The Committee meets, as and when required, to discuss various cases received and to address the same uniformly across the organisation.

The details of the complaints received during the financial year 2022-23 are as follows:

Particulars	No. of Complaints
Complaints pending as on start of the financial year i.e. 1st April 2022	1
Complaints received during the financial year under review	8
Complaints disposed off during the financial year under review	9
Complaints pending as on end of the financial year i.e. 31st March 2023	0

An update on the aforesaid complaints received and disposed are placed at the meetings of the Audit Committee during quarterly intervals.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The activities of the Company are not energy intensive as the Company is not engaged in any manufacturing activity. Further, no technology has been developed and / or imported by way of foreign collaboration.

For complete details, please refer to the section of 'Business Responsibility and Sustainability Report' which forms an integral part of this Report. The particulars with regard to Foreign Exchange Earnings and Outgo are given in Standalone and Consolidated Financial Statements, forming part of this Annual Report.

Disclosure of Orders Passed by Regulators or Courts or Tribunal

During the financial year under review, there were no significant/material orders passed by the Regulator, Courts, Tribunals, etc. which can have an impact on the going concern status and the Company's operations in future.

The Company has not filed any application under Insolvency and Bankruptcy Code, 2016 as at the end of the financial year 31st March 2023. However, during the financial year ended on 31st March 2023, two petitions were pending against your company with National Company Law Tribunal ("NCLT") filed by operational creditors ("lessors"). Your company would like to clarify and state that the monetary demands raised by these operational creditors are unreasonable and inappropriate. Your company will make the necessary appearance before the NCLT in the concerned cases and is of the belief that the petitions may not be admitted by the Hon'ble NCLT and strike-off at the outset.

Internal Financial Controls

Your Company has aligned its current systems of internal financial control with the requirement of Companies Act 2013. The Internal Control Framework is intended to increase transparency and accountability in an organisation's process of designing and implementing a system of internal control. Your Company has successfully laid down the framework and ensured its effectiveness. The internal controls are commensurate with the size of the Company and the nature of its operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorised use, executing transactions with proper authorisation and ensuring compliance with corporate policies.

M/s. S R B C & Co LLP, Statutory Auditors of the Company have audited the financial statements included in this annual report and have issued an attestation report on our internal control over financial reporting (as defined in section 143 of Companies Act 2013).

The internal audit department along with the external partners/consultants carry out internal audit of the Company's business/functional activities. The audit is based on an internal audit plan, which is reviewed each year in consultation with and approved by the audit committee. The audit committee reviews reports submitted by the internal auditor, internal audit partner and statutory auditor. Basis inputs received from the audit committee, suggestions for improvement are considered and the audit committee follows up on corrective action.

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, the work performed by the internal auditor, statutory auditors and external partner/consultant, including the audit of internal financial controls over financial reporting by the statutory auditors and the reviews performed by management and the relevant board committees, including the audit committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during the financial year ended 31st March 2023.

Director's Responsibility Statement

In terms of Section 134(5) of the Companies Act, 2013, the Board of Directors hereby confirms that:

a. in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;

b. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2023 and of the profit/loss of the Company for that year;

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

d. they have prepared the annual accounts of the Company on a going concern basis;

e. they have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively;

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

Material Changes and Commitments, if any, Affecting Financial Position of the Company

Except as disclosed in this report, no material changes and commitments which could affect the Company's financial position, have occurred between the end of the financial year of the Company and date of this report.

Acknowledgements and Appreciation

The Board places on record its appreciation for the support and co-operation, your company has been receiving from its various stakeholders including Customers, Suppliers, Business Partners and Associates, Financial Institutions, Regulatory Bodies and Central & State Governments.

Your Directors appreciate and value the contribution made by every member of the Sapphire Family.

For and on behalf of the Board
Sapphire Foods India Limited

Date: 12th May 2023 Place: Mumbai	**Mr. Sunil Chandiramani** Chairman and Independent Director DIN: 00524035	**Mr. Sanjay Purohit** Whole Time Director and Group CEO DIN: 00117676

Report on Corporate Governance

Company's Philosophy on Corporate Governance

Corporate governance refers to a combination of laws, regulations, procedures, implicit rules and good corporate practices, which ensure that a Company meets its obligations with the objective to optimise shareholders value and fulfill its responsibilities to the shareholders, employees, customers, community, government and other societal segments. The Company believes that a sound governance discipline also enables the Board to direct and control the affairs of the Company in an effective manner and maximise stakeholders value, including the society at large.

Board of Directors

The Board is constituted in accordance with the provisions of Companies Act 2013 and Rules made thereunder ("Companies Act"), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and Articles of Association of the Company. Your Board consists of eminent persons with considerable professional expertise and credentials in finance, law, accountancy and other related skills and fields. Their wide experience and professional credentials help the Company for strategy formulation and its implementation, thereby enabling its growth objectives. The Board of the Company is committed towards upholding highest standards of governance. The Board has oversight on the functioning of the Company and ensures that every decision taken is in the best interest of all the stakeholders of the Company. The members of the Board of Directors bring wide range of skills, expertise and experience to the Company and they are entrusted with responsibility of management and general affairs of the Company.

Composition of the Board

The Board comprises of an optimum combination of Executive, Non-Executive, Independent and Women Director as required under Companies Act 2013 and Listing Regulations-.

As on financial year ended 31st March 2023, the Board of Directors of your Company comprises of Nine (9) Directors excluding Alternate Director, out of whom One (1) Director is Whole-time (Executive) Director and Group CEO, Three (3) are Non-Executive Independent Directors and Five (5) are Non-Executive Non-Independent Nominee Directors representing Promoter Shareholders. The Company has received relevant disclosures and declarations from the Directors and none of them are disqualified from being appointed as Director in terms of Section 164(2) and other applicable provisions of the Companies Act, 2013 and Listing Regulations.

Board Meetings

The Board meetings are held at least once in every quarter, inter-alia, to review financial results, business operations and performance, strategies, policies, annual operation plan and other business matters. The Board meetings are convened by giving appropriate notice as per the provisions of the Companies Act, 2013, Listing Regulations and Secretarial Standards on Board Meeting (SS-1). Additional board meetings are also held by the Company giving appropriate notice in case of any business requirements. However, in the case of business exigencies or urgent matters, approval of the Board of Directors is also sought by way of circulation or through conducting meetings on shorter notice, as permitted by law. The meetings are held as per the requirements of business and maximum interval between any two Board Meetings is within the permissible limits.

The Company Secretary informs the head of the respective departments and functions of the ensuing Board Meeting and accordingly, business/agenda matters are sought from them for placing it before the Board of Directors and/or its Committees. The Company Secretary, in consultation with the department and functional heads, prepares the detailed agenda for the meetings and the same is circulated to the Directors in advance, as required under the Companies Act. In case of sensitive agenda matters or where it is not practicable to circulate requisite information or documents as part of the agenda papers, the same are circulated closer to the meeting or tabled at the meeting. The Board periodically reviews compliance certificates received from respective departments and functional heads including key managerial personnel.

Your Board consists of eminent personalities with considerable professional expertise and credentials in finance, banking, law, audit and accountancy, private equity, strategy, planning and execution, management and leadership, functional and managerial experience, risk management, corporate governance systems and practices, etc. Their wide experience and professional credentials help the Company for strategy formulation and its implementation, thereby enabling its growth objectives. As on 31st March 2023, the composition of Board of Directors of your Company was as under:

Sr. No.	Name of Director	Category	DIN	Skill / Expertise / Competencies
1.	Mr. Sunil Chandiramani	Chairman & Independent Director	00524035	Finance, banking, law, audit and accountancy, strategy, management and leadership, risk management, corporate governance systems and practices.
2.	Mr. Sanjay Purohit	Whole Time Director & Group CEO	00117676	Strategy, planning and execution, management and leadership, functional and managerial experience, finance, risk management, IT security, law, audit and accountancy, etc.

Sr. No.	Name of Director	Category	DIN	Skill / Expertise / Competencies
3.	Mr. Sumeet Narang*	Non-Executive Nominee Director	01874599	Private Equity, finance, banking, audit and accountancy, strategy, planning and execution, management and leadership, risk management, etc.
4.	Mr. Vikram Agarwal^	Non-Executive Nominee Director	03038370	Private Equity, finance, banking, law, audit and accountancy, strategy, planning and execution, management and leadership, risk management, corporate governance systems and practices
5.	Mr. Kabir Thakur*	Non-Executive Nominee Director	08422362	Private Equity, finance, banking, audit and accountancy, strategy, planning and execution, risk management
6.	Mr. Vinod Nambiar*	Non-Executive Nominee Director	07290613	Strategy, planning and execution, management and leadership, functional and managerial experience, finance, risk management, law, audit and accountancy, etc.
7.	Mr. Paul Robine*	Non-Executive Nominee Director	07828525	Private Equity, finance, banking, audit and accountancy, strategy, planning and execution, risk management
8.	Ms. Anu Aggarwal	Independent Director	07301689	Finance, banking, audit and accountancy, strategy, management and leadership, risk management, corporate governance systems and practices.
9.	Ms. Deepa Wadhwa	Independent Director	07862942	Finance, banking, law, audit and accountancy, strategy, management and leadership, risk management, corporate governance systems and practices.
10.	Mr. Norbert Fernandes#$	Alternate Director	06716549	Private Equity, finance, banking, audit and accountancy, strategy, planning and execution, risk management

* Mr. Sumeet Narang, Mr. Kabir Thakur, Mr. Paul Robine and Mr. Vinod Nambiar are nominee directors representing Sapphire Foods Mauritius Limited, Promoter Shareholder.

^ Mr. Vikram Agarwal is nominee director representing QSR Management Trust, Promoter Shareholder.

As on the date of this report, Mr. Paul Robine has resigned from the directorship of the Company and consequently, Mr. Norbert Fernandes ceases to be the Alternate Director to Mr. Paul Robine.

$ Pursuant to the recommendation of Nomination and Remuneration Committee, Mr. Norbert Fernandes was appointed as Additional (Non-Executive Nominee) Director representing Sapphire Foods Mauritius Limited, Promoter Shareholder.

During the financial year 2022-23, the Board of Directors met four (4) times on 17th May 2022, 11th August 2022, 3rd November 2022 and 9th February 2023 in accordance with the provisions of the Companies Act, 2013 and rules made thereunder. The details of attendance of Directors at the Board Meetings and at the last Annual General Meeting held during the financial year 2022-23, Number of Directorships, Membership/Chairmanship on Board Committees, etc. as on 31st March 2023, are as under:

Name of the Director	No. of Board Meetings attended during the year		Attendance at last AGM held on 2nd September 2022	No. of Directorships in other Public Cos.	No. of Board Committees in which Director is a Member / Chairperson^		Shareholding as on 31st March 2023
	Held	Attended			Member	Chairperson	
Mr. Sunil Chandiramani	4	4	Yes	4	4	3	NIL
Mr. Sanjay Purohit	4	4	Yes	-	-	-	7,02,778
Ms. Anu Aggarwal	4	2	Yes	1	1	-	NIL
Ms. Deepa Wadhwa	4	3	Yes	7	7	1	NIL
Mr. Sumeet Narang	4	4	Yes	1	1	1	NIL
Mr. Vikram Agarwal	4	4	Yes	-	2	1	NIL
Mr. Kabir Thakur	4	4	Yes	1	1	-	NIL
Mr. Vinod Nambiar	4	4	-	-	-	-	NIL
Mr. Paul Robine / Mr. Norbert Fernandes#	4	4	-	1	1	-	NIL

* Excludes Private Companies, Section 8 Companies and Foreign Companies.

^ includes only Audit Committee and Stakeholders Relationship Committee of public companies.

Mr. Norbert Fernandes was Alternate Director for Mr. Paul Robine.

The details of directorships and category in other listed entities that are held by the Directors of the Company are as under:

Name of the Directors	Name of the Listed Entities	Category of Directorships
Mr. Sunil Chandiramani	1. Rupa & Company Limited	Independent Director
Mr. Sanjay Purohit	-	-
Ms. Anu Aggarwal	-	-
Ms. Deepa Wadhwa	1. J.K. Cement Limited;	Independent Director
	2. JK Paper Limited;	Independent Director
	3. Bengal & Assam Company Ltd.;	Independent Director
	4. Artemis Medicare Services Limited;	Independent Director
	5. NDR Auto Components Ltd.	Independent Director
Mr. Sumeet Narang	1. Godrej Consumer Products Limited	Independent Director
Mr. Vikram Agarwal	-	-
Mr. Kabir Thakur	-	-
Mr. Vinod Nambiar	-	-
Mr. Paul Robine	-	-
Mr. Norbert Fernandes	-	-

None of the Directors of the Company are having any inter-se relationship and are not related to each other.

Independent Directors

Mr. Sunil Chandiramani, Ms. Anu Aggarwal and Ms. Deepa Wadhwa, were appointed as Independent Directors of the Company, effective 5th August 2021, for a fixed term of five years from the date of their respective appointment/regularisation by the shareholders. Mr. Sunil Chandiramani is designated as the Chairperson of the Board of Directors.

The Company has received declarations from the Independent Directors of the Company confirming that they continue to meet the criteria of independence, as prescribed under applicable provisions of the Companies Act and Listing Regulations. The Independent Directors have also confirmed that they have complied with the Code of Conduct of the Company and that they have registered themselves as an Independent Director in the data bank maintained with the Indian Institute of Corporate Affairs. The Independent Directors of the Company are not liable to retire by rotation.

The Board is of the opinion that the Independent Directors of the Company possess requisite qualifications, experience and expertise in the fields of strategy, planning and execution, management and leadership, functional and managerial experience, legal and risk management, corporate governance systems and practices, finance, banking and accounts and they hold highest standards of integrity and are independent of the management.

Familiarisation Program of Independent Directors

Pursuant to Regulation 25 of Listing Regulations, the Board of Directors has framed a policy to familiarise the Independent Directors about the Company. The Company shall conduct orientation programs / presentations / training sessions/ store visits, periodically at regular intervals, to familiarise the Directors including Independent Directors with the strategy, operations and functions of the Company. The Directors are also familiarised through presentation on business performance / operations, risk management framework, etc. at the Board Meetings.

The details as per the applicable provisions of the Companies Act and Listing Regulations are posted on the website of the Company at https://www.sapphirefoods.in/investors-relation/corporate-governance.

Board Evaluation & Meeting of Independent Directors

In accordance with the provisions of Companies Act and Listing Regulations, the Board of Directors shall conduct formal evaluation, on annual basis, of its own performance and that of its committees and individual directors including chairperson. The Nomination and Remuneration Committee is mandated for formulating criteria for evaluation of performance of the Board of Directors and its Committees and Directors.

Pursuant to determination of criteria by the Nomination and Remuneration Committee, the Company has carried out performance evaluation surveys for the Board of Directors and its Committees, Individual Directors including Whole-time Director & Group CEO, Chairperson, etc. The evaluation surveys were circulated to the concerned board members through BoardPAC application. All the Directors had actively participated in the evaluation surveys carried out by the Company.

The results along with feedback were shared with the Independent Directors at a duly convened meeting of the Independent Directors for their consideration. The Independent Directors, at their meeting held on 21st March 2023, deliberated in detail on the performance evaluation of the Board of Directors (as a whole), its Committees and Non-Independent Directors including Whole-time Director and Chairperson, inter-alia. Thereafter, the feedback from the meeting of the Independent Directors and board evaluation were presented to the Management and Board of Directors for their perusal and implementation thereof.

Committees of the Board of Directors

In order to keep up the highest level of standards regarding Corporate Governance and Disclosures, the Board of Directors of the Company has constituted various Committees of the Board (formed in accordance with the Companies Act and Listing Regulations) with appropriate delegation of powers and authorities in order to effectively carry out some of the diverse functions of the Board. The terms of reference of these Committees are defined by the Board, setting their roles and responsibilities to ensure smooth functioning. The Board Committees closely review the specific areas which have been allocated and the findings and recommendations of such business matters are placed before the Board for its consideration or information, as the case may be. The Board has accepted the recommendations made by the Board Committees including Audit Committee at the meetings held during the financial year under review. The Board of Directors has constituted Seven (7) Committees of the Board viz:

- Audit Committee
- Nomination and Remuneration Committee
- Stakeholders Relationship Committee
- Risk Management Committee
- CSR & ESG Committee
- Operations Committee
- IPO Committee

During the financial year under review, all the recommendations of the Committees, wherever applicable, were accepted by the Board of Directors.

Audit Committee

The Company has an adequately qualified Audit Committee constituted in accordance with the provisions of the Companies Act, 2013 read with rules made thereunder and Listing Regulations. The Committee was re-constituted by the Board of the Company on 3rd November 2022 for inclusion of Ms. Deepa Wadhwa as member of the Audit Committee.

As on 31st March 2023, the Committee comprises of four directors out of whom three directors are Independent Directors viz. Mr. Sunil Chandiramani, Ms. Anu Aggarwal, Ms. Deepa Wadhwa and one Non-Executive Nominee Director viz., Mr. Vikram Agarwal. The Audit Committee is chaired by Mr. Sunil Chandiramani, Independent Director. The Company Secretary acts as the Secretary to the Committee.

All members of the Committee are financially literate and have accounting or related financial management expertise. The Audit Committee, inter-alia, is primarily responsible for reviewing the adequacy of the internal control systems, financial disclosures, related party transactions and statutory compliances or any other responsibility in accordance with the Companies Act and Listing Regulations or as delegated by the Board from time to time.

The Audit Committee has met four (4) times during the financial year (FY) 2022-23 on 17th May 2022, 11th August 2022, 3rd November 2022 and 9th February 2023. The meetings of the Audit Committee were held as per the requirements of business. The composition of the Audit Committee and attendance details is prescribed as under:

Name of the Member	Designation	Category	Number of Meetings	
			Eligible	Attended
Mr. Sunil Chandiramani	Committee Chairman	Independent Director	4	4
Ms. Anu Aggarwal	Member	Independent Director	4	3
Mr. Vikram Agarwal	Member	Non-Executive Nominee Director	4	4
Ms. Deepa Wadhwa*	Member	Independent Director	2	2

* Ms. Deepa Wadhwa was appointed as a member of the Audit Committee on 3rd November 2022

Terms of Reference

The terms of reference of Audit Committee are as follows:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, re-appointment, replacement, remuneration and terms of appointment of auditors of the Company and fixation of the audit fee;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the Annual Financial Statements and Auditor's Report thereon before submission to the Board for approval, with particular reference to:
   (a) matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
   (b) changes, if any, in accounting policies and practices and reasons for the same;
   (c) major accounting entries involving estimates based on the exercise of judgment by management;
   (d) significant adjustments made in the financial statements arising out of audit findings;
   (e) compliance with listing and other legal requirements relating to financial statements;
   (f) disclosure of any related party transactions; and
   (g) modified opinion(s) in the draft audit report;
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval; reviewing, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency, monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
6. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
7. Approval or any subsequent modification of transactions of the Company with related parties;
8. Scrutiny of inter-corporate loans and investments;
9. Valuation of undertakings or assets of the Company, wherever it is necessary;
10. Evaluation of internal financial controls and risk management systems;
11. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
12. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
13. Discussion with internal auditors of any significant findings and follow up there on;
14. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
15. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
16. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
17. To review the functioning of the whistle blower mechanism;
18. Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
19. Carrying out any other function as is mentioned in the terms of reference of the audit committee;
20. Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the company and its shareholders,;
21. Reviewing the utilisation of loans and/ or advances from/ investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision;
22. Framing suitable policies and systems to ensure that there is no violation, as amended from time to time, of any securities laws or any other applicable laws in India or overseas, including:
   (a) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended; and
   (b) The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003, as amended; and
23. Carrying out any other function as is mandated/delegated by the Board from time to time and / or enforced/mandated by any statutory notification, amendment or modification, as may be applicable.

Nomination and Remuneration Committee

Nomination and Remuneration Committee (hereinafter referred to "NRC") has been adequately constituted in accordance with the provisions of Companies Act, 2013 read with rules made thereunder and Listing Regulations.

As on 31st March 2023, the Nomination and Remuneration Committee comprised of three directors out of which two directors are Independent Directors viz. Ms. Anu Aggarwal and Ms. Deepa Wadhwa and one Non-Executive Nominee Director viz. Mr. Sumeet Narang. The Committee is chaired by Ms. Anu Aggarwal, Independent Director

The Nomination and Remuneration Committee is entrusted with powers to assist the Board in the discharge of its responsibilities related to compensation and benefits provided by the Company to its executive directors, officers and employees. The Nomination and Remuneration Committee further administers and supervises the Employees Stock Options Schemes, including review and grant of stock options to eligible employees of the Company and its Subsidiaries. The Company Secretary acts as the Secretary to the Committee.

The Nomination and Remuneration Committee has met three (3) times during the financial year 2022-23 on 16th May 2022, 3rd November 2022 and 9th February 2023. The composition of the Nomination and Remuneration Committee and attendance details is prescribed as under:

Name of the Member	Designation	Category	Number of Meetings	
			Eligible	Attended
Ms. Anu Aggarwal	Committee Chairperson	Independent Director	3	2
Ms. Deepa Wadhwa	Member	Independent Director	3	3
Mr. Sumeet Narang	Member	Non-Executive Nominee Director	3	3

Terms of Reference

The terms of reference of Nomination and Remuneration Committee are as follows:

1. Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy, relating to the remuneration of the directors, key managerial personnel and other employees. The Nomination and Remuneration Committee, while formulating the above policy, should ensure that:
   (a) the level and composition of remuneration be reasonable and sufficient to attract, retain and motivate Directors of the quality required to run our Company successfully;
   (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
   (c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals;
2. For every appointment of an Independent Director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an Independent Director. The person recommended to the Board for appointment as an Independent Director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the committee may:
   (a) use the services of an external agencies, if required;
   (b) consider candidates from a wide range of backgrounds, having due regard to diversity; and
   (c) consider the time commitments of the candidates.
3. Formulating criteria for evaluation of performance of Independent Directors and the Board of Directors;
4. Devising a policy on diversity of Board of Directors;
5. Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal and shall specify the manner for effective evaluation of performance of the Board, its Committees and Individual Directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance. The Company shall disclose the remuneration policy and the evaluation criteria in its Annual Report;
6. Extending or continuing the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors;
7. Recommending to the Board, all remuneration, in whatever form, payable to senior management;
8. Administering, monitoring and formulating detailed terms and conditions of the Employees Stock Option Scheme of the Company;
9. Carrying out any other function as is mandated by the Board from time to time and / or enforced / mandated by any statutory notification, amendment or modification, as may be applicable;
10. Performing such other functions as may be necessary or appropriate for the performance of its duties; and
11. Perform such functions as are required to be performed by the Nomination and Remuneration Committee under the SEBI (Share Based Employee Benefits) Regulations, 2014, as amended, including the following:
    (a) Formulating detailed terms and conditions of the Employees Stock Option Plan, 2017 (the "Plan"), which includes the provision as specified by the Board in this regard; and
    (b) Administration and superintendence of the Plan.

Stakeholders Relationship Committee

The Board of Directors of the Company has constituted a Stakeholders Relationship Committee in accordance with the provisions of Companies Act, 2013 read with rules made thereunder and Listing Regulations. The Stakeholders Relationship Committee comprised of four Directors out of which three are Non-Executive Nominee Directors viz. Mr. Vikram Agarwal, Mr. Paul Robine /Mr. Norbert Fernandes and Mr. Kabir Thakur and one Independent Director viz. Mr. Sunil Chandiramani. The Committee is chaired by Mr. Vikram Agarwal, Non-Executive Nominee Director. The Company Secretary acts as the Secretary to the Committee. The Company Secretary is also designated as Compliance officer of the Company in terms of provisions of SEBI Listing and PIT Regulations.

The Stakeholders Relationship Committee has met four (4) times during the financial year 2022-23 on 17th May 2022, 11th August 2022, 3rd November 2022 and 9th February 2023. The composition of the Stakeholders Relationship Committee and attendance details is prescribed as under:

Name of the Member	Designation	Category	Number of Meetings	
			Eligible	Attended
Mr. Vikram Agarwal	Committee Chairperson	Non-Executive Nominee Director	4	4
Mr. Paul Robine / Mr. Norbert Fernandes	Member	Non-Executive Nominee Director	4	3
Sunil Chandiramani	Member	Independent Director	4	4
Kabir Thakur	Member	Non-Executive Nominee Director	4	4

* Mr. Norbert Fernandes was Alternate Director to Mr. Paul Robine.

Terms of Reference

The terms of reference of Stakeholders Relationship Committee are as follows:

1. Considering and specifically looking into various aspects of interest of shareholders, debenture holders and other security holders;
2. Resolving the grievances of the security holders of the Company including complaints related to transfer/ transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings, etc.;
3. Review of measures taken for effective exercise of voting rights by shareholders;
4. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent;
5. Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports/statutory notices by the shareholders of the Company;
6. Carrying out any other function as is mandated/delegated by the Board from time to time and / or enforced/mandated by any statutory notification, amendment or modification, as may be applicable.

Shareholders Complaints

The details of Shareholders complaints received and disposed off, during the financial year ended 31st March 2023, are as under:

Number of Investor's Complaints received during the Financial Year	10
Number of complaints resolved during the Financial Year	10
Number of complaints pending during the Financial Year	0

Risk Management Committee

In terms of the provision of Regulation 21 of Listing Regulations, the Board of Directors has constituted a Risk Management Committee. The Risk Management Committee comprises of three directors viz. Ms. Anu Aggarwal, Mr. Vinod Nambiar and Mr. Sanjay Purohit. The Committee is chaired by Ms. Anu Aggarwal, Independent Director. The Company Secretary acts as the Secretary to the Committee.

The Risk Management has met two (2) times during the financial year 2022-23 on 10th August 2022 and 1st February 2022. The composition of the Risk Management Committee and attendance details is prescribed as under:

Name of the Member	Designation	Category	Number of Meetings	
			Eligible	Attended
Ms. Anu Aggarwal	Committee Chairperson	Independent Director	2	1
Mr. Vinod Nambiar	Member	Non-Executive Nominee Director	2	2
Mr. Sanjay Purohit	Member	WTD & Group CEO	2	2

Terms of Reference:

The terms of reference of Risk Management Committee are as follows:

1. To review and assess the risk management system and policy of the Company from time to time and recommend for amendment or modification thereof;
2. To implement and monitor policies and/or processes for ensuring cyber security;
3. To frame, devise and monitor risk management plan and policy of the Company;
4. To review and recommend potential risk involved in any new business plans and processes;
5. To review the Company's risk-reward performance to align with the Company's overall policy objectives;
6. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
7. To monitor and review regular updates on business continuity;
8. To advise the Board with regard to risk management decisions in relation to strategic and operational matters such as corporate strategy; and
9. Performing such other activities as may be delegated by the Board or specified/ provided under the Companies Act, 2013

or by the SEBI Listing Regulations or statutorily prescribed under any other law or by any other regulatory authority.

Corporate Social Responsibility & Environmental, Social and Governance Committee ("CSR & ESG Committee")

The Company has a duly constituted CSR & ESG Committee, which is responsible for fulfilling the CSR & ESG objectives of the Company.

The Board of Directors on its meeting held on 9th February 2023, amended and enhanced the existing scope of Corporate Social Responsibility ("CSR") Committee to accommodate the scope of Business Responsibility Sustainability Report ("BRSR")/ Environmental, Social and Governance ("ESG") framework and renamed the Committee as "CSR & ESG Committee" of the Board of Directors of the Company.

As on 31st March 2023, the Committee comprised of four Directors viz. Ms. Deepa Wadhwa, Mr. Sanjay Purohit, Mr. Sumeet Narang and Mr. Vinod Nambiar. The Committee is chaired by Ms. Deepa Wadhwa, Independent Director. The Company Secretary acts as the Secretary to the Committee.

The Committee has met once during the financial year 2022-23 on 17th May 2022. The composition of the Committee and attendance details is prescribed as under:

Name of the Member	Designation	Category	Number of Meetings	
			Eligible	Attended
Ms. Deepa Wadhwa	Committee Chairperson	Independent Director	1	1
Mr. Sanjay Purohit	Member	WTD & Group CEO	1	1
Mr. Vinod Nambiar	Member	Non-Executive Nominee Director	1	1
Mr. Sumeet Narang	Member	Non-Executive Nominee Director	1	1

Terms of Reference:

The terms of reference of CSR & ESG Committee are as follows:

(a) To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013 and make any revisions therein as and when decided by the Board;

(b) To review and recommend the amount of expenditure to be incurred on the activities referred to in (a);

(c) To monitor the Corporate Social Responsibility Policy of the company and its implementation from time to time;

(d) To oversee development and implementation of activities/ functions relating to ESG within the prescribed framework.

(e) To assist the Board in defining the ESG goals/objectives and to develop processes, systems, controls, policies relating thereto.

(f) To oversee the reporting and disclosure requirements relating to ESG.

(g) To do such other acts, deeds and things as may be required to comply with the applicable laws; and

(h) To perform such other activities as may be delegated by the Board or specified/ provided under the Companies Act, 2013 or by the SEBI Listing Regulations or statutorily prescribed under any other law or by any other regulatory authority.

Operations Committee

The Operation Committee has been adequately constituted in accordance with the provisions of Companies Act, 2013 and Rules made thereunder. The Operations Committee was initially constituted for sake of operational convenience while conducting day to day affairs of the Company. The Operations Committee was later re-constituted on 5th August 2021 with revised terms of reference.

As on 31st March 2023, the Operations Committee comprises of four Directors viz. Mr. Sanjay Purohit, Mr. Vinod Nambiar, Mr. Vikram Agarwal and Mr. Kabir Thakur. The Committee is chaired by Mr. Sanjay Purohit, Whole-time Director & Group CEO.

No meeting of the Operations Committee was held during the financial year 2022-23.

Terms of Reference:

The terms of reference of Operations Committee are as follows:

a) Authorising Opening and Closing of all type of bank accounts

b) Authorising new signatories and/or change, removal of existing authorised signatories in relation to bank accounts.

c) Availing borrowings from banks and financial institutions within the prescribed limits as set and delegated by the Board of Directors to the Committee, from time to time.

d) Authorising executives of the Company for negotiation, finalising, execution and presenting for registration documents such as Leave and License, Lease Deeds, etc. for establishment, acquisition, operations and registration of business outlets, on behalf of the Company.

e) Authorising executives of the Company to represent before government authorities, municipal corporations, civic or other regulatory bodies, judicial/quasi-judicial authorities, in any state in India for the purpose of acquiring permits, licences such as Shops and Establishment Registration Certificate, Labour Licences, Police NoC, Signage Licences, Food Safety Licences under FSSAI, Fire Licences, PCB Licences, etc. for operating and running the business in the brand style of "KFC" and "Pizzahut" in the respective states of India, from time to time.

f) Authorising executives of the Company to appear for and on behalf of the Company and defend all proceedings initiated in the Court / Forum / Tribunal, etc.

g) In addition to the above responsibilities, the Committee will undertake such other duties as the Board of Directors delegates to it, from time to time.

IPO Committee

The Board of Directors of the Company has constituted an IPO Committee, to approve and undertake, inter-alia, various activities in relation to the Initial Public Offer, on 5th August 2021. The IPO Committee comprises of three Directors viz. Mr. Vikram Agarwal, Mr. Sanjay Purohit and Mr. Kabir Thakur. The Committee is chaired by Mr. Vikram Agarwal, Non-Executive Nominee Director.

No meeting of the IPO Committee was held during the financial year 2022-23.

There was no change in the terms of reference of the IPO Committee as provided under the Report on Corporate Governance for the previous financial year.

Remuneration to Directors

Remuneration to Executive Director

Mr. Sanjay Purohit, Group CEO is designated as the Whole-time Director ("WTD") and was re-appointed by the Board of Directors and Shareholders of the Company on 22nd July 2021 and 23rd July 2021, respectively, pursuant to the recommendation of the Nomination and Remuneration Committee, in accordance with the provisions of the Companies Act, 2013. The details of the remuneration paid to Mr. Sanjay Purohit, Whole-time Director & Group CEO, for the financial year 2022-23 are as under:

Sr. No.	Particulars of Remuneration*	Amount in ₹
1.	Gross Salary	46,363,949.00
2.	Stock Options granted during FY2023 (Nos.)	10,79,000 stock options
3.	Sweat Equity (Nos.)	-
4.	Commission	-
5.	Others, please specify	-
	Total	**46,363,949.00**

* Notes:

1. Mr. Sanjay Purohit shall also be entitled to reimbursement of actual expenses including but not limited to telephone, traveling, hotel bill, conveyance, entertainment, miscellaneous expenses and incidents, incurred by him for and on behalf of and for the business of the Company in accordance with the Company's policy, wherever applicable.
2. Stock Options granted to the WTD & Group CEO shall be as per the scheme(s) framed by the Company from time to time.
3. Mr. Sanjay Purohit shall also be entitled to Perquisites and other benefits which shall include (but not limited to) stock option perquisites, reimbursement of medical expenses, leave travel concession, provident fund, superannuation fund or annuity fund, special allowance, leave encashment, gratuity, Company maintained car, fuel, driver and mobile/telephone as per Company's policy, wherever applicable and other benefits as may be provided from time to time. Perquisites and allowances shall be evaluated, wherever applicable, as per the provisions of Income Tax Act, 1961 or any rules thereunder or any statutory modification(s) or re-enactment(s) thereof; in the absence of any such rules, perquisites and allowances shall be evaluated at actual cost.

The Shareholders of the Company at their General Meeting held on 23rd July 2021, pursuant to recommendation of the Nomination and Remuneration Committee and Board of Directors, has approved the remuneration (including in the event of loss or inadequacy of profits in any financial year) to Mr. Sanjay Purohit, Whole-time Director & Group CEO, in accordance with the provisions of Section 197 of the Companies Act, 2013 read with Schedule V of the Act.

Remuneration to Non-Executive Directors

Your Board consists of Independent Directors who bring governance, transparency, independent and fair view on the Board of the Company. Independent Directors plays a very crucial role in terms of bringing objectivity into the functioning of the Board and improving its effectiveness. Independent Directors devote their valuable time and offer their skills, expertise and experience to the Company. Hence, your Board is of the view that Independent Directors should be appropriately compensated, even in case of inadequacy of profits or losses.

In view of the aforesaid, your Board of Directors, upon recommendation of the Nomination and Remuneration Committee, has considered to pay remuneration at a fixed amount to the Independent Directors of the Company. Mr. Sunil Chandiramani, Chairman and Independent Director, shall be paid up to ₹20 lakhs p.a. and Ms. Deepa Wadhwa shall be paid up to 15 lakhs p.a.. Ms. Anu Aggarwal, however, has opted not to receive any remuneration from the Company.

The Board of Directors pursuant to the recommendation of the Nomination and Remuneration Committee, at its meeting held on 12th May 2023 had further decided to pay sitting fees to the Independent Directors for the financial year 2023-24 considering the time and efforts put in by the Independent Directors during deliberations at the Board/Audit Meetings. The Independent Directors (excluding Ms. Anu Aggarwal) shall be paid sitting fees of Rupees One Lakh only for attending each Board Meeting and Rupees Twenty Five Thousand Only for attending each Audit Committee Meeting in relation to the approval of financial results of the Company. The sitting fees shall not be paid for any special Board/Audit Committee Meetings convened other than for approval of financial results.

The details of remuneration payable to the Independent Directors for financial year 2021-22 which was paid during FY 2022-23, is detailed hereunder:

Sr. No.	Name of the Independent Director	Remuneration/ Commission (₹)	Sitting Fees (₹)
1.	Mr. Sunil Chandiramani	13,33,333.00	-
2.	Ms. Deepa Wadhwa	10,00,000.00	-

** on pro-rata basis for FY22*

The Non-Executive Non-Independent Nominee Directors, representing Promoter Shareholders on the Board of the Company, are not paid any remuneration including sitting fees by the Company.

Codes and Policies

Code of Conduct for Directors and Senior Management Personnel's

The Company has formulated Code of Conduct Policy which applies to all employees including senior managerial personnel and Directors of the Company. The Code of Conduct spelt out the behavior expected from the employees and directors in case of conflict of interest, protection of confidential information, among others.

All members of the Board and Senior Management have affirmed compliance with the Code of Conduct for the financial year 2022-23. The declaration to this effect signed by Mr. Sanjay Purohit, Whole-time Director & Group CEO of the Company, is annexed to this report.

The said Code of Conduct is available on the website at https://www.sapphirefoods.in/investors-relation/corporate-governance

Whistle Blower Policy

As required under Companies Act, 2013 and Rules made thereunder and Listing Regulations, the Company has established a vigil mechanism for its Directors, Employees, Vendors and Suppliers to report unethical behavior, fraud or violation of Company's Code of Conduct. The mechanism provides a safeguard against victimisation of employees or directors. In exceptional cases, there is direct access to the chairperson of audit committee to report concerns. None of the personnel of the Company has been denied access to the Audit Committee.

The said Whistle Blower Policy can be accessed from the Company website at https://www.sapphirefoods.in/investors-relation/corporate-governance

Policy on Material Subsidiary

In accordance with the provisions of the Listing Regulations, the Company has formulated a policy on Material Subsidiary in order to determine the Material Subsidiary(ies) and to provide governance framework for such subsidiaries.

Details of Material Subsidiary

Name of Subsidiary	Gamma Pizzakraft Lanka (Pvt) Limited
Date of Incorporation	18th August 1975
Country of Incorporation	Sri Lanka
Name of Statutory Auditors	Ernst & Young, Chartered Accountants
Date of Appointment of Statutory Auditors	1st March, 2023

The policy for material subsidiaries has been placed on the website of the Company at https://www.sapphirefoods.in/investors-relation/corporate-governance

Nomination and Remuneration Policy

In compliance with Section 178 of the Companies Act, 2013 and Regulation 19 of Listing Regulations, the Board of Directors have formulated and adopted Nomination and Remuneration Policy for the Company, covering Board Diversity, Succession Planning, Formulating criteria for Performance Evaluation, inter-alia.

The Nomination and Remuneration Policy is available on the website at https://www.sapphirefoods.in/investors-relation/corporate-governance

Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information

The Company has adopted a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information ('UPSI') with a view to facilitate prompt, uniform and universal dissemination of UPSI. The Code also includes Policy for determination of 'legitimate purpose'. The Company has also adopted policy and procedure for inquiry in case of leak or suspected leak of Unpublished Price Sensitive Information.

The said code is available on the website at https://www.sapphirefoods.in/investors-relation/corporate-governance

Policy on Related Party Transactions

The Company has not entered in any materially significant transactions with the related parties viz promoters, directors, their relatives or the management, subsidiaries etc. that may have potential conflict with the interests of the Company at large.

Pursuant to the provisions of the Companies Act, 2013 and Listing Regulations, your company has formulated a policy on Related Party Transactions for the purpose of identification and monitoring of such transactions, which is available on the website of the Company at https://www.sapphirefoods.in/investors-relation/corporate-governance.

Please refer to the Directors' Report for detailed information on Related Party Transactions.

Policy on Dividend Distribution

The Board of Directors at their meeting held on 17th May 2022 had adopted Dividend Distribution Policy based on the parameters as specified under the Listing Regulations. The Policy can be accessed from the website of the Company at https://www.sapphirefoods.in/investors-relation/corporate-governance.

Disclosure under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

In line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("POSH Act"), your Company has in place a policy on prevention, prohibition and redressal of sexual harassment at workplace. All employees (permanent, contractual, temporary, trainees) including at stores level, are covered under this policy.

As per the rules made under the POSH Act, the Company has constituted an Internal Complaints Committee (ICC) to redress the complaints received pertaining to sexual harassment at workplace. The Committee meets, as and when required, to discuss various cases received and to address the same uniformly across the organisation.

The details of the complaints received during the financial year 2022-23 are as follows:

Particulars	No. of Complaints
Complaints pending as on start of the financial year i.e. 1st April 2022	1
Complaints received during the financial year under review	8
Complaints disposed off during the financial year under review	9
Complaints pending as on end of the financial year i.e. 31st March 2023	0

An update on the aforesaid complaints received and disposed are placed at the meetings of the Audit Committee during quarterly intervals.

General Body Meetings

The details of shareholders meetings (Extra-Ordinary General Meeting/ Annual General Meeting) held by the Company during previous three financial years are as under:

Financial Year	Date of EGM/ AGM	Time of Meeting	Special Resolutions passed in the meeting	Location of the Meeting
2022-23	2nd September 2022	11.30. A.M.	1. Ratification of Sapphire Foods Employees Stock Option Scheme 2019 – Scheme III – Management other than CEO" ("scheme III") read with Sapphire Foods Employees Stock Option Plan 2017 ("ESOP plan") for grant of options to the eligible employees of Subsidiary companies. 2. Approval of Grants under 'Sapphire Foods Employee Stock Option Scheme 2022 – Scheme III A – Management Other Than CEO' – ("Scheme III A") read with "Sapphire Foods Employee Stock Option Plan 2017" ("ESOP 2017") to the Eligible Employees / Directors of the Subsidiary company(ies) of Sapphire Foods India Limited	Through Video Conferencing (VC) or other audio visual means (OVAM))
2021-22	15th September 2021	03.00 P.M.	1. Maintenance of the Register of members and related books at a place other than the Registered Office of the Company 2. Alignment of Sapphire Foods Employee Stock Option Plan / Schemes in accordance with SEBI (SBEB SE) Regulations, 2021	702, Prism Tower, A Wing, Mindspace, Link Road, Goregaon (West), Mumbai – 400 062
	6th August 2021	04.00 P.M	1. Amendment and Adoption of Articles of Association 2. Appointment of Mr. Sunil Chandiramani (DIN: 00524035) as Chairman and Independent Director 3. Appointment of Ms. Anu Aggarwal (DIN: 07301689) as Independent Director 4. Appointment of Ms. Deepa Wadhwa (DIN: 07862942) as Independent Director 5. Approval for payment of remuneration to Non-Executive / Independent Directors 6. Approval for the payment of remuneration to Mr. Sunil Chandiramani (DIN: 00524035), Chairman and Independent Director of the Company 7. Approval for the payment of remuneration to Ms. Anu Aggarwal (DIN: 07301689), Independent Director of the Company. 8. Approval for the payment of remuneration to Ms. Deepa Wadhwa (DIN: 07862942), Independent Director of the Company	702, Prism Tower, A Wing, Mindspace, Link Road, Goregaon (West), Mumbai – 400 062
	23rd July 2021	05.00 P.M.	1. To approve issuance of equity shares to Arinjaya (Mauritius) Limited and Sapphire Foods Mauritius Limited on Preferential basis 2. To approve issuance of equity shares to Edelweiss Alternate Investment Opportunities Trust – Edelweiss Crossover Opportunities Fund – Series II on Preferential basis 3. Re-appointment of Mr. Sanjay Purohit (DIN: 00117676) as Whole-Time Director & Group CEO and Approval of remuneration payable to Mr. Sanjay Purohit for FY22 to FY24 4. To approve amendment to Sapphire Foods Employees Stock Option Plan 2017 ("ESOP Plan")	702, Prism Tower, A Wing, Mindspace, Link Road, Goregaon (West), Mumbai – 400 062

Financial Year	Date of EGM/ AGM	Time of Meeting	Special Resolutions passed in the meeting	Location of the Meeting
	9th July 2021	03.00 P.M.	1. To approve amendment in the Sapphire Foods Employees Stock Option Schemes 2019 – Scheme IV- CEO' read with Sapphire Foods Employee Stock Option Plan 2017 2. To authorised secured borrowings (By creation of Charges, Mortgages, Hypothecation on the Movable Properties of the Company) under Section 180(1)(A) of the Companies Act, 2013	702, Prism Tower, A Wing, Mindspace, Link Road, Goregaon (West), Mumbai – 400 062
	15th June 2021	03.00 P.M.	1. To approve conversion of Private Limited Company to Public Limited Company and consequently change of name from "Sapphire Foods India Private Limited" to "Sapphire Foods India Limited" 2. To approve amendment of Memorandum of Association of the Company 3. To adopt new set of Articles of Association of the Company	702, Prism Tower, A Wing, Mindspace, Link Road, Goregaon (West), Mumbai – 400 062
	9th June 2021	03.00 P.M.	–	702, Prism Tower, A Wing, Mindspace, Link Road, Goregaon (West), Mumbai – 400 062
	18th May 2021	03.00 P.M.	1. To approve amendments in the 'Sapphire Foods Employee Stock Options Scheme 2019 – Scheme III – Management other than CEO' – ("Scheme III") read with Sapphire Foods Employee Stock Option Plan 2017 ("ESOP 2017") 2. Approval of grants under Sapphire Foods Employee Stock Option Scheme 2019 – Scheme III – Management other than CEO' – ("Scheme III") read with Sapphire Foods Employee Stock Option Plan 2017" ("ESOP 2017") to the eligible Employees / Directors of the Subsidiary Company(ies) of the Sapphire Foods India Private Limited	702, Prism Tower, A Wing, Mindspace, Link Road, Goregaon (West), Mumbai – 400 062
2020-21	30th December 2020	03.00 P.M.	1. To approve variation to Sapphire Foods Employees Stock Options Schemes (Scheme III & Scheme IV) read with Sapphire Foods Employees Stock Option Plan 2017	702, Prism Tower, A Wing, Mindspace, Link Road, Goregaon (West), Mumbai – 400 062
	15th October 2020	03.00 P.M.	–	702, Prism Tower, A Wing, Mindspace, Link Road, Goregaon (West), Mumbai – 400 062
	21st August 2020	03.00 P.M.	1. To approve amendments to Sapphire Foods Employee Stock Option Loyalty Scheme and Sapphire Foods Employee Stock Option Performance Scheme read with Sapphire Foods Employee Stock Option Plan 2017.	702, Prism Tower, A Wing, Mindspace, Link Road, Goregaon (West), Mumbai – 400 062

Postal Ballot

During the financial year under review, the company had conducted Postal Ballot event. The details of the same are mentioned herein below:

Date of Board Meeting approving Postal Ballot Notice:	8th March 2022
Date of Postal Ballot Notice:	8th March 2022
Voting Period:	10th March 2022 to 8th April 2022
Date of declaration of result:	11th April 2022
Date of Passing of Postal Ballot Resolutions:	8th April 2022

Sr. No.	Name of Resolution	Type of Resolution	No. of votes	Votes cast in favor		Votes cast against	
				No. of votes	%	No. of votes	%
1.	Approval and Ratification of certain Articles and Alteration of the Articles of Association of the Company;	Special Resolution	54610506	48371960	88.58	6238504	11.42
2.	Regularisation of Mr. Paul Robine (DIN: 07828525) as Non-Executive Non-Independent Nominee Director of the Company	Ordinary Resolution	54610506	54107884	99.08	502592	0.92
3.	Regularisation of Mr. Vinod Nambiar (DIN: 07290613) as Non-Executive Non-Independent Nominee Director of the Company	Ordinary Resolution	54610506	54107874	99.08	502602	0.92
4.	Ratification of the 'Sapphire Foods Employee Stock Option Scheme 2019 – Scheme III – Management other than CEO" ("Scheme III") and "Sapphire Foods Employee Stock Option Scheme 2019 – Scheme IV – CEO" ("Scheme IV") read with Sapphire Foods Employee Stock Option Plan 2017' ("ESOP 2017")'	Special Resolution	54610506	49983735	94.52	2896091	5.48
5.	To approve amendment in the 'Sapphire Foods Employee Stock Option Plan 2017	Special Resolution	54610506	49521422	93.65	3358392	6.35
6.	To approve 'Sapphire Foods Employee Stock Option Scheme 2022 – Scheme III A - Management other than CEO" read with 'Sapphire Foods Employee Stock Option Plan 2017' ("ESOP 2017")	Special Resolution	54610506	49521385	93.65	3358429	6.35
7.	To approve 'Sapphire Foods Employee Stock Option Scheme 2022 – Scheme IV A - CEO" read with 'Sapphire Foods Employee Stock Option Plan 2017' ("ESOP 2017")	Special Resolution	54610506	49521385	93.65	3358429	6.35
8.	Approval of grant of employee stock option equal or more than 1% of Issued Capital to the identified employee(s)	Special Resolution	54610506	49521283	93.65	3358531	6.35

Procedure for Postal Ballot

The postal ballot was conducted in accordance with the provisions contained in Section 110 and other applicable provisions, if any, of the Companies Act, 2013, read with Rule 22 of the Companies (Management and Administration) Rules, 2014. The Shareholders were provided the facility to vote through e-voting only. The postal ballot notice were sent to shareholders as per the permitted mode wherever applicable. The Company had published notices in the newspapers in accordance with the requirements under the Companies Act, 2013 and Listing Regulations.

According to Regulation 44 of the Listing Regulations, the Company had provided the facility of remote e-voting to its members for obtaining their approvals. According to relevant MCA circulars the Postal Ballot Notice was sent only by email to all the shareholders who had registered their email addresses with the Company or depository(ies) / depository participants.

Mr. Alwyn D'Souza (Membership No. FCS 5559) of Alwyn D'Souza & Co., Practicing Company Secretaries, was appointed as Scrutiniser for conducting the postal ballot/e-Voting process in a fair and transparent manner.

Shareholders holding equity shares as on the cut-off date had cast their votes through e-voting during the voting period fixed for this purpose. The scrutiniser then submitted his report to the Chairman and the results of the remote e-voting in respect of the said resolutions were filed with the BSE Limited and National Stock Exchange of India Limited (hereinafter together referred to as "Stock Exchanges") and displayed on the company's website (www.sapphirefoods.in).

Means of Communication

According to Listing Regulations, the Financial Results (Quarterly / Annually) along with Limited Review / Audit Report of the Company are submitted to Stock Exchanges and are published in English and Marathi language newspaper. The Company's website contains separate section for "Investor Relation" which contains comprehensive information involving interest of stakeholders such as Annual Reports and Financial Statements, Presentations made to Investors and Analysts, etc.

The quarterly Shareholding Pattern and Corporate Governance Report of the Company are filed with National Stock Exchange of India Limited through NEAPS and with BSE Limited through BSE Listing Portal. The Shareholding Pattern are also displayed on the Company's website under the "Investor Relations" section.

To serve the investors better and as required under Listing regulations, the designated e-mail address for investors complaints is investor@sapphirefoods.in

The financial results of the Company are displayed on the Company's website at https://www.sapphirefoods.in/investors-relation/financials.

General Shareholder Information

Corporate Identification Number	L55204MH2009PLC197005
Registered Office Address	702, A Wing, Prism Tower, Mindspace, Link Road, Goregaon (West), Mumbai- 400062 Telephone No.: 022- 67522300
Plant Locations	The Company does not have any factories and plants
Listing on Stock Exchanges & Stock Code / Symbol	The Equity shares of the Company are listed on the following recognised stock exchanges. The Company has paid Annual Listing Fees for financial year 2023-24 to each of these stock exchanges. BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400001, Scrip Code – 543397 National Stock Exchange of India Limited, Exchange Plaza, C-1, Block – G, Bandra Kurla Complex, Bandra (E), Mumbai – 400051 Symbol – SAPPHIRE
ISIN Number	INE806T01012
Day, Date, Time of the Annual General Meeting	Friday, 11th August, 2023 at 11.30 a.m.
Financial Year	The Company follows the Financial Year starting from 1st April to 31st March.
Day and Date of Book Closure	Not Applicable
Dividend Payment	Not Applicable
Ratings	Refer Directors' Report for Credit Rating
Registrar and Transfer Agents	Link Intime India Private Limited C – 101, 247 Park, 1st Floor, LBS Marg, Vikhroli (West), Mumbai – 400 083 Telephone No.: +91 22 49186000 Fax No.: +91 22 49186060 Email ID: rnt.helpdesk@linkintime.co.in
Share Transfer System	The Registrar and Share Transfer Agents of the Company has complied with all the applicable procedural requirements with respect to transfer, transmission and transposition of securities.
Dematerialisation of Shares	As on 31st March 2023, 100% of the equity share capital of the Company were held in dematerialised form.
Outstanding global depository receipts or American depository receipts or warrants or any convertible instruments, conversion date and likely impact on equity.	NIL
Commodity Price Risk or Foreign Exchange Risk and hedging activities	Refer Notes annexed to the Financial Statements.
Address for Correspondence / Address for Compliance Officer	SAPPHIRE FOODS INDIA LIMITED Company Secretary & Compliance Officer 702, A Wing, Prism Tower, Mindspace, Link Road, Goregaon (West), Mumbai- 400062 Telephone No.: 022- 67522300 Email ID: investor@sapphirefoods.in LINK INTIME INDIA PRIVATE LIMITED C – 101, 247 Park, 1st Floor, LBS Marg, Vikhroli (West), Mumbai – 400 083 Telephone No.: +91 22 49186000 Fax No.: +91 22 49186060 Email ID: rnt.helpdesk@linkintime.co.in

Tentative Calendar of the Board Meetings for consideration of quarterly results for FY 2023-24

For the quarter ended 30th June 2023	On or before 14th August 2023
For the quarter and half year ended 30th September 2023	On or before 14th November 2023
For the quarter and nine months ended 31st December 2023	On or before 14th February 2024
For the quarter and year ended 31st March 2024	On or before 30th May 2024

Shareholding Pattern*

The shareholding pattern as on 31st March 2023, is as under:

Category	No. of Shares	No. of Holders	% of holding
A. Promoter and Promoter Group			
Promoter	2,29,83,612	2	36.17
Promoter Group	55,44,803	3	8.73
B. Public			
Resident Individuals	30,08,119	56,181	4.73
HUF	70,367	1,176	0.11
Alternate Investment Funds	12,36,526	10	1.95
Mutual Funds	1,32,80,529	14	20.90
Foreign Portfolio Investors	98,51,719	81	15.50
Clearing Members	4,006	11	0.01
NBFC	262	1	0.00
Non-Resident Individuals	3,17,418	1428	0.50
Directors	7,02,778	1	1.11
Bodies Corporates	5,46,732	191	0.86
Trusts	926	2	0.00
Insurance Companies	29,21,780	5	4.60
Foreign Companies	30,30,215	1	4.77
Others	42,749	29	0.06
Total	**6,35,42,541**	**59,136**	**100.00**

* PAN based

DISTRIBUTION OF SHAREHOLDING*

The distribution of shareholding as on 31st March 2023, is as under:

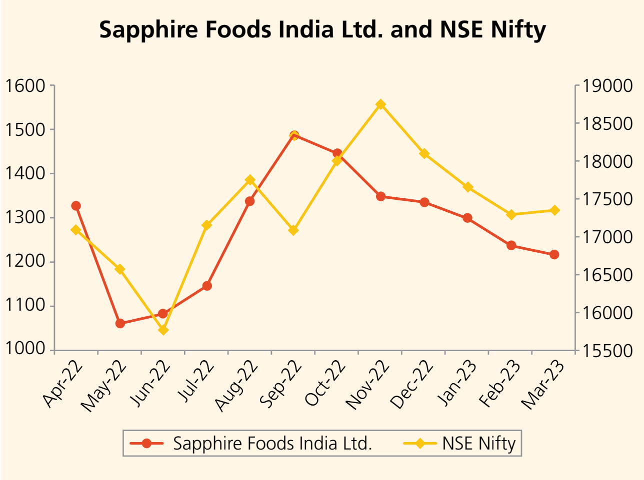
No. of shares	No. of Shareholders	% of Shareholders	No. of shares	% of Shares
1 – 500	58528	98.2393	1750066	2.7542
501 – 1000	564	0.9467	386948	0.609
1001 – 2000	215	0.3609	294965	0.4642
2001 – 3000	47	0.0789	113034	0.1779
3001 – 4000	20	0.0336	72297	0.1138
4001 – 5000	18	0.0302	81895	0.1289
5001 – 10000	45	0.0755	314490	0.4949
10001 - 99999999	140	0.235	60528846	95.2572
TOTAL	**59,577**	**100.00**	**6,35,42,541**	**100.00**

* Non-PAN based

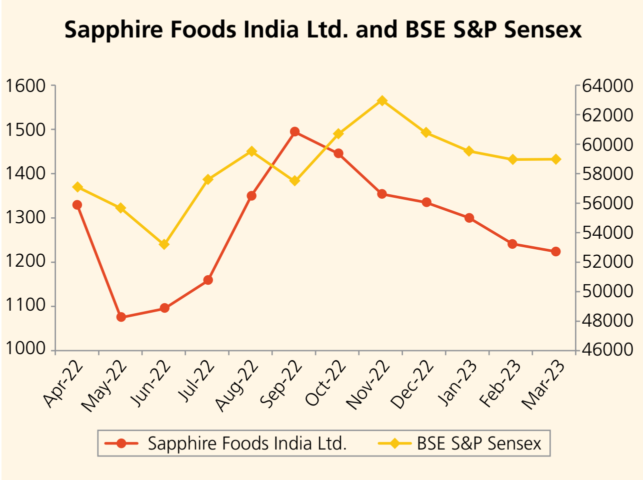
Market Price Data: High, Low during each month during Finanical Year ended 31st March 2023

MONTH	BSE			NSE		
	High (in ₹)	Low (in ₹)	Volume	High (in ₹)	Low (in ₹)	Volume (in Lakhs)
Apr - 2022	1,487.60	1,210.90	1,35,874	1,489.00	1,225.00	16.06
May - 2022	1,331.05	946.95	2,26,292	1,332.30	946.15	36.48
Jun - 2022	1,090.00	910.00	2,58,571	1,090.00	909.00	28.16
Jul - 2022	1,219.45	1,066.00	29,63,522	1,240.80	1,065.60	25.58
Aug - 2022	1,399.00	1,167.75	6,27,502	1,405.00	1,168.00	38.78
Sep - 2022	1,538.85	1,330.30	3,85,127	1,544.00	1,331.00	27.98
Oct - 2022	1,572.95	1,393.05	1,76,333	1,574.00	1,392.05	22.57
Nov - 2022	1,494.40	1,302.90	1,09,645	1,494.90	1,301.00	30.17
Dec - 2022	1,445.90	1,288.85	82,14,203	1,447.45	1,285.90	41.51
Jan – 2023	1,350.70	1,230.55	62,140	1,352.95	1,231.00	15.09
Feb - 2023	1,326.10	1,102.10	4,67,327	1,319.60	1,102.50	35.73
Mar - 2023	1,299.00	1,120.70	51,626	1,297.00	1,120.00	19.60

Performance of the Equity Shares relative to NSE Nifty Indices during the Financial Year 2022-23



Performance of the Equity Shares relative to S&P BSE SENSEX during the Financial Year 2022-23



Details of Non-Compliance, Penalties, Strictures imposed on any matter related to Capital Markets, during the last three years

The Company continues to comply with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to the Capital market. There were no cases of penalties or strictures imposed on the Company by any Stock Exchange or SEBI or any other statutory authorities for any violation related to the capital market during the last three years.

Unpaid / Unclaimed Dividends

As on 31st March 2023, no unpaid and unclaimed dividend is lying with the Company.

Fees paid to Statutory Auditors

Please refer to the Notes to accounts for the total fees paid by the Company to the Statutory Auditors for the financial year 2022-23.

Directors and Officers Insurance

In line with the requirements of the Listing Regulations, the Company has in place a Directors and Officers Insurance Policy ('D&O') for all its Directors (including Independent Directors) and Members of the Senior Management.

Disclosure of Non-Acceptance of any recommendation of any Committee by the Board in the FY 2022-23 and its reason

There was no such instance during FY 2022-23 when the Board had not accepted any recommendation of any Committee of the Board.

Compliance with Mandatory Requirements of Listing Regulations & Adoption of Non-Mandatory Requirements of the Listing Regulations

The Company is in compliance with applicable mandatory corporate governance requirements of the Listing Regulations. In addition, the Company also strives to adhere and comply with the following discretionary requirements specified under Regulation 27(1) and Part E of the Schedule II of Listing Regulations, to the extent applicable.

Chief Executive Officer and Chief Financial Officer Certification

Mr. Sanjay Purohit, Whole Time Director & Group CEO and Mr. Vijay Jain, Chief Financial Officer of the Company have certified to the Board in terms of Regulation 17(8) of Listing Regulation. The said certificate is enclosed herewith and forms part of this report.

Certificate under Regulation 34(3) of Lisiting Regulations

The Certificate pursuant to Regulation 34(3) of Listing Regulation has been obtained from, M/s. Alwyn D'Souza & Co., Practicing Company Secretaries, certifying that none of the Directors of the Company have been debarred or disqualified from being appointed and continuing as a Director of a Company by SEBI, MCA, or such other Statutory Authorities. The said certificate is annexed to this report.

Compliance Certificate for the Corporate Governance

The Company has obtained certificate affirming the Compliances of conditions of Corporate Governance from M/s. Alwyn D'Souza & Co., Practicing Company Secretaries, and the certificate forms part of this report.

Compliance with the Code of Conduct for Board of Directors & Senior Management Personnel

I confirm that all the Directors and members of the Senior Management have affirmed the compliance with Code of Conduct for the Board of Directors and Senior Management Personnel.

Sd/-
Sanjay Purohit
Whole-time Director & Group CEO

Place: Mumbai
Date: 12th May, 2023

Compliance Certificate

(As required under Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Board of Directors
Sapphire Foods India Limited
702, Prism Tower, A Wing, Mindspace,
Link Road, Goregaon (W), Mumbai 400062

We, Sanjay Purohit, Whole-time Director & Group CEO and Vijay Jain, Chief Financial Officer of Sapphire Foods India Limited ("the Company"), to the best of our knowledge and belief, certify that:

A. We have reviewed financial statements and the cash flow statement of the Company for the quarter and year ended 31st March, 2023 and that to the best of our knowledge and belief:

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

2) These statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the listed entity during the year which are fraudulent, illegal or violative of the listed entity's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the listed entity pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D. We have indicated to the Auditors and the Audit committee:

1) That there are no significant changes in internal control over financial reporting during the year;

2) That there are no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

3) That there are no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

For and on behalf of the Board
Sapphire Foods India Limited

Sanjay Purohit
Whole Time Director & Group CEO
DIN: 00117676

Vijay Jain
Chief Financial Officer

Date: 12th May 2023
Place: Mumbai

Certificate of Compliance of Conditions of Corporate Governance

To,
The Members of
Sapphire Foods India Limited,

1. We have examined the compliances of the conditions of Corporate Governance by Sapphire Foods India Limited ("the Company") for the financial year ended 31st March, 2023, as prescribed in Regulations 17 to 27, clauses (b) to (i) of sub- regulation (2) of regulation 46 and paras C, D and E of Schedule V of SEBI (Listing Obligations and Disclosures Requirements) Regulations 2015 ('Listing Regulations').

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

3. In our opinion and to the best of our information and according to the explanations given to us and representations made by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.

4. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Place : Mumbai
Date : 12th May 2023

Office Address :
Annex-103, Dimple Arcade,
Asha Nagar, Kandivali (East),
Mumbai 400101

ALWYN JAY & Co.
Company Secretaries

Sd/-
[**Alwyn D'Souza, FCS.5559**]
[Partner]
[Certificate of Practice No.5137]
[UDIN : F005559E000298291]

Certificate of Non-Disqualification of Directors

[Pursuant to Regulation 34(3) read with sub-clause (10)(i) of Clause C of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
The Members of
Sapphire Foods India Limited
702, Prism Tower, A Wing, Mindspace,
Link Road, Goregaon (West),
Mumbai - 400062

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Sapphire Foods India Limited** having **CIN L55204MH2009PLC197005** and having registered office at 702, Prism Tower, A Wing, Mindspace, Link Road, Goregaon (West), Mumbai – 400062 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Sub-clause 10(i) of Clause C of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on **31st March, 2023** have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Designation	Date of appointment
1	Sanjay Purohit	00117676	Wholetime Director & Group CEO	31/08/2016
2	Sumeet Subhash Narang	01874599	Nominee Director	22/07/2021
3	Vikram Ranjan Agarwal	03038370	Nominee Director	22/07/2021
4	Kabir Kishin Thakur	08422362	Nominee Director	05/08/2021
5	Sunil Rewachand Chandiramani	00524035	Independent Director	05/08/2021
6	Anu Ram Aggarwal	07301689	Independent Director	05/08/2021
7	Deepa Gopalan Wadhwa	07862942	Independent Director	05/08/2021
8	Vinod Nambiar	07290613	Nominee Director	10/01/2022
9	Paul Gratien Robine	07828525	Nominee Director	10/01/2022
10	Norbert Cyril Fernandes*	06716549	Alternate Director	17/05/2022

*Mr. Norbert Cyril Fernandes was appointed as an alternate Director to Mr. Paul Gratien Robine w.e.f 17th May 2022.

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place : Mumbai
Date : 12th May 2023

Office Address :
Annex-103, Dimple Arcade,
Asha Nagar, Kandivali (East),
Mumbai 400101

ALWYN JAY & Co.
Company Secretaries

Sd/-
[**Alwyn D'Souza, FCS.5559**]
[Partner]
[Certificate of Practice No.5137]
[UDIN : F005559E000298280]

Business Responsibility & Sustainability Reporting (BRSR)

SECTION A: GENERAL DISCLOSURES

1. Details of the listed entity

1	Corporate Identity Number (CIN) of the Listed Entity	L55204MH2009PLC197005
2	Name of the Listed Entity	Sapphire Foods India Limited (SFIL)
3	Year of incorporation	2009
4	Registered office address	702, Prism Tower, A Wing, Mindspace, Link Road, Goregaon (West), Mumbai, MH 400062, India
5	Corporate address	702, Prism Tower, A Wing, Mindspace, Link Road, Goregaon (West), Mumbai, MH 400062, India
6	E-mail	info@sapphirefoods.in
7	Telephone	022-67522300
8	Website	www.sapphirefoods.in
9	Financial year for which reporting is being done	1st April 2022 to 31st March 2023
10	Name of the Stock Exchange(s) where shares are listed	National Stock Exchange of India Limited and BSE Limited
11	Paid-up Capital	INR 635,425,410
12	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	Balkrishna Chaturvedi 022-67522300 sustainability.officer@sapphirefoods.in
13	Reporting boundary Are the disclosures under this report made on a standalone basis (i.e., only for the entity) or on a consolidated basis (i.e., for the entity and all the entities which form a part of its consolidated financial statements, taken together).	The disclosure under this report is made on a standalone basis.

14. Products/services

Details of business activities (accounting for 90% of the turnover):

S. no.	Description of main activity	Description of business activity	% of turnover of the entity (FY 23)
1	Quick Service Restaurant (QSR)	Sapphire Foods is one of YUM! Brands largest franchisees in India and has 620 restaurant outlets of KFC and Pizza Hut as of 31st March 2023.	100%

15. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

S. No.	Product/Service	NIC Code	% of total turnover contributed
1	KFC – Chicken, Burgers, and Beverages	Division 56 - Food and Beverage service activities	74%
2	Pizza Hut – Pizza, Pasta, and Beverages	Division 56 - Food and Beverage service activities	26%

16. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	620 restaurants, 12 warehouses	1 Corporate Office, 4 Restaurants Support Centre's	637 locations
International	-	-	-

17. Markets served by the entity:

a. Number of locations

Locations	Number
National (No. of States)	KFC - 10 states Pizza Hut - 11 states
International (No. of Countries)	-

b. What is the contribution of exports as a percentage of the total turnover of the entity?

Nil

c. A brief on types of customers

We operate in the B2C segment to serve our customers great food and great experience at great value.

18. Employees

Details at the end of Financial Year:

a. Employees and workers (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
EMPLOYEES						
1.	Permanent (D)	10,604	7,448	70	3,156	30
2.	Other than Permanent (E)	19	7	37	12	63
3.	**Total employees (D + E)**	**10,623**	**7,455**	**70**	**3,168**	**30**

b. Differently abled Employees and workers

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
DIFFERENTLY ABLED EMPLOYEES						
1.	Permanent (D)	23	19	83	4	17
2.	Other than Permanent (E)	-	-	-	-	-
3.	**Total differently abled employees (D + E)**	**23**	**19**	**83**	**4**	**17**

19. Participation / Inclusion / Representation of women

	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors	9	2	22
Key Management Personnel	2	0	0

20. Turnover rate for permanent employees and workers

	FY 2022-23			FY 2021-22			FY 2020-21		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	104%	88%	99%	88%	67%	82%	83 %	78%	82%

21. Holding, Subsidiary and Associate Companies (including joint ventures)

(a) Names of holding / subsidiary / associate companies / joint ventures

S. No.	Name of the holding / subsidiary / associate companies / joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed Entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	Gamma Pizzakraft (Overseas) Private Limited	Direct Subsidiary	100%	No
2	Gamma Pizzakraft Private Limited	Indirect Subsidiary	100%	
3	Gamma Pizzakraft (Lanka) Private Limited	Indirect Subsidiary	100%	
4	French Restaurants Private Limited	Indirect Subsidiary	100%	
5	Gamma Island Food Private Limited	Indirect Subsidiary	51%	

22. CSR Details

(i) Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes / No)

As the average net profit for the last 3 years has been negative, the requirements to spend on CSR are not applicable to the company.

(ii) Turnover (in ₹) : 19,628 million

(iii) Net worth (in ₹) : 12,539 million

23. Transparency and Disclosures Compliances

Complaints / Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes / No) (If Yes, then provide web-link for grievance redress policy)	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	No	-	-		-	-	
Investors (other than shareholders)	Yes	7	-		328	-	
Shareholders	Yes	10	-		-	-	
Employees and Workers#	Yes	9	-		4	-	
Customers**	Yes	31,344	-		2,052	-	
Value Chain Partners***	Yes	-	-		-	-	
Others (Please specify)							

*Code of conduct policy **Retail customer complaints *** Supplier code of conduct # Sexual harassment related complaints.

24. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format.

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	Food Safety	R	Food safety issues, such as foodborne illness concerns, in either company-owned or franchise-operated locations can affect the core of our restaurant's reputation. Reputational damage from food safety issues tends to have a long-term impact.	We have standard operating procedures in conjunction with regional food safety regulations and ensure all our employees are trained on food safety and sanitation for all our restaurants and warehouses. All our restaurants and warehouses are audited on a periodic basis covering our compliance with food safety, hygiene, and operational and brand standards by internal teams/ independent auditors appointed by YUM!	**Negative** Failure to meet product quality and safety can lead to severe reputational and financial risk for the organisation

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
2	Responsible supply chain	R	We source ingredients and products from a wide range of suppliers. Supply chain management is crucial for our restaurants to ensure food safety, protect their reputations, and improve revenues	We make consistent efforts to engage with our distributors and suppliers to ensure adherence to strict food safety standards set forth by YUM! including vendor onboarding and the applicable laws and regulations	**Negative** Value chain disruption can significantly impact the operations, production, in turn impacting the timely availability of products and profits generated out of it.
3	Human capital development	O	Our industry is labor intensive and are the backbone of our success. By offering competitive wages, safe working environments, and other opportunities for professional growth we aim to improve employee morale while reducing turnover rates.	With people-centric policies benchmarked with industry leading practices, we aim to equip our employees with support, so they can excel in their roles. Our employees at the store level often come from economically marginalised backgrounds without access to resources needed for higher education. We have designed a learning and development framework that follows a lifelong learning approach and is aimed towards the sharpening of core competitive advantages of operational excellence and customer-centricity.	**Positive** A bunch of diverse and happy workforce from different genders, ages, ethnicities, and special abilities enables a productive environment, drives innovative thinking, and helps in employee engagement and results in higher efficiency.
4	Employee engagement and satisfaction			Through different touchpoints we keep engaging with our employees and create memorable experience for our employees	
5	Diversity and Inclusion			As an equal opportunity employer, we have taken many initiatives and we aim to create a diverse and inclusive workplace	
6	Employee health and safety	R	High injury rates may indicate a weak governance structure and a weak workplace safety culture, as well as lead to significant reputational harm	We focus on physical and mental wellbeing of our employees through wellbeing initiatives	**Negative** The absence of a proper safety mechanism can result in financial consequences such as fines and penalties, loss of life, high consequence injury and reputational damage
7	Energy conservation	O	Fossil fuel-based energy production and consumption contribute to significant environmental impacts, including climate change and air pollution, which have the potential to indirectly, yet materially, impact the results of restaurant operations.	By constantly managing energy consumption in our operations, we can reduce operational costs through energy efficiency upgrades and limit exposure to GHG emissions regulations using renewable energy resources. Most of our restaurants are covered by Energy Management Systems (EMS) which helps us in monitoring our energy consumption and improving energy efficiency at our restaurants and facilities.	**Positive** Increasing the renewable energy mix and energy efficiency will help reduce GHG emissions and reduce operational costs and have a positive impact on the environment
8	Water and waste management	O	Many of our restaurant operations are dependent on water and restaurants located in water-stressed regions may be exposed to water usage restrictions or face high water costs. Reducing the amount of waste that accumulates from daily operations is one of the greatest environmental challenges faced our industry.	By reducing water use and by implementing water-recycling practices we aim to reduce operational costs. We ensure that the waste generated by our operations which mainly consists of food, cooking oil, and food packaging is disposed of in accordance with local laws and regulations in India.	**Positive** Judicious use of resources can yield cost benefits, reduce negative impact on environments and build reputational synergy in the sector.
9	Sustainable Packaging	O	Our industry is heavily reliant on packaging which generates a lot of waste. The regulation around packaging is evolving to reduce packaging and there is a need to improve recyclability or biodegradability of packaging	We are consistently making efforts to transition towards sustainable packaging and all our customer facing packaging is paper based and recyclable.	**Positive** Any cost put for transition to sustainable packaging will fetch positive outcomes and reduced cost in the long run.

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

S. No.	Principle Description
P1	Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.
P2	Businesses should provide goods and services in a manner that is sustainable and safe
P3	Businesses should respect and promote the well-being of all employees, including those in their value chains
P4	Businesses should respect the interests of and be responsive to all its stakeholders
P5	Businesses should respect and promote human rights
P6	Businesses should respect and make efforts to protect and restore the environment
P7	Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent
P8	Businesses should promote inclusive growth and equitable development
P9	Businesses should engage with and provide value to their consumers in a responsible manner

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and management processes									
1. a. Whether your entity's policy / policies cover each principle and its core elements of the NGRBCs. (Yes / No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
b. Has the policy been approved by the Board? (Yes / No)	Yes								
c. Web Link of the Policies, if available	Corporate governance policies								
2. Whether the entity has translated the policy into procedures. (Yes / No)	Yes								
3. Do the enlisted policies extend to your value chain partners? (Yes / No)	Yes. Please refer to our Supplier Code of Conduct. Supplier code of conduct								
4. Name of the national and international codes / certifications / labels / standards (e.g., Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee) standards (e.g., SA 8000, OHSAS, ISO, BIS) mapped to each principle.									
Principle 1	We implement policies and processes aligned with the industry standard and the applicable regulations.								
Principle 2									
Principle 3									
Principle 4									
Principle 5									
Principle 6									
Principle 7									
Principle 8									
Principle 9									

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	We strive to ensure food safety, uphold fair employment practices and employment engagement, reduce our environmental footprint through resource conservation and better waste management systems, by upholding governance standards.								
6. Performance of the entity against the specific commitments, goals, and targets along-with reasons in case the same are not met.	Yes, as part of identifying and prioritizing material topics across our 4 ESG pillars- Our Food, Our People, Our Planet and Our Governance, we have engaged with various stakeholders during the previous financial year. As per our commitment we are focused on our ongoing activities relating to food safety, human capital, improving our environmental footprint, and building up on our sound governance processes and developed strategic action plans.								
Governance, leadership, and oversight									
7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets, and achievements (listed entity has flexibility regarding the placement of this disclosure) During FY 2022-23, we continued to build up on our ESG initiatives which are aligned with regional and global sustainability goals. SFIL is focused on its sustainability journey with respect to its 4 pillars i.e. Our Food, Our People, Our Planet and Our Governance. This is the theme of company's ESG roadmap, and we are committed to driving sustainability till the last mile through association with our various stakeholders.									
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy / policies	Mr. Sanjay Purohit, Whole Time Director, and Group CEO (DIN: 00117676) under the guidance of the Board of Directors and its Committees is responsible for implementation and oversight of the Business Responsibility policies.								
9. Does the entity have a specified Committee of the Board / Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details	Our CSR and ESG committee are responsible for the decision making on sustainability related issues.								

10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board / Any other Committee									Frequency (Annually / Half yearly / Quarterly / Any other – please specify)								
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against above policies and follow up action	Our CSR and ESG Committee reviews the sustainability initiatives of the Company on an annual basis.																	
Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances	The Company has been compliant with the statutory requirements and there have been no instances of non-compliances of NGRBCs.																	

11. Has the entity carried out independent assessment / evaluation of the working of its policies by an external agency? (Yes / No). If yes, provide the name of the agency.

P1	P2	P3	P4	P5	P6	P7	P8	P9
No, However, the policies are reviewed periodically from a best practice perspective as well as from a risk perspective. Further, compliances with the policies are also reviewed internally by various departmental heads and business heads.								

12. If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:

Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
The entity does not consider the principles material to its business (Yes / No)	Not Applicable								
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes / No)									
The entity does not have the financial or / human and technical resources available for the task (Yes / No)									
It is planned to be done in the next financial year (Yes / No)									
Any other reason (please specify)									

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

Principle 1: Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

ESSENTIAL INDICATORS

1. Percentage coverage by training and awareness programmes on any of the principles during the financial year:

Segment	Total number of training and awareness programmes held	Topics / principles covered under the training and its impact	%age of persons in respective category covered by the awareness Programmes
Board of Directors	1	Code of conduct, POSH, Anti bribery, and corruption	100%
Key Managerial Personnel	1		100%
Employees other than BoD and KMPs	1		100%
Workers	Not applicable		Not applicable

2. Details of fines / penalties / punishment / award / compounding fees / settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures based on materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website:

Monetary					
S. No.	NGRBC Principle	Name of the regulatory / Enforcement agencies / judicial institutions	Amount (In INR)	Brief of the Case	Has an appeal been preferred? (Yes / No)
Penalty/ Fine	Nil				
Settlement					
Compounding fee					

Non-Monetary				
S. No.	NGRBC Principle	Name of the regulatory / Enforcement agencies / judicial institutions	Brief of the Case	Has an appeal been preferred? (Yes / No)
Imprisonment	Nil			
Punishment				

3. Of the instances disclosed in Question 2 above, details of the Appeal / Revision preferred in cases where monetary or non-monetary action has been appealed.

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
Not Applicable	Not Applicable

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web link to the policy.

Yes, the Company has an Anti-corruption and Anti bribery policy, it also forms part of the Code of Conduct. As per the policy, the Company conducts its business in a transparent manner and prohibits all forms of bribery and corruption whether involving, but not limited to, business partners, government officials or a private sector person or company and whether directly or indirectly. We ensure that our employees adhere to the policy and prevent, detect, or report any act of corruption or bribery.
https://www.sapphirefoods.in/investors-relation/corporate-governance

5. Number of Directors / KMPs / employees / workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery / corruption.

Case Details	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
Directors	Nil	
KMPs		
Employees		
Workers		

6. **Details of complaints with regard to conflict of interest:**

	FY 2022-23 Current Financial Year		FY 2021-22 Previous Financial Year	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	Nil		Nil	
Number of complaints received in relation to issues of Conflict of Interest of the KMPs				

7. **Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators / law enforcement agencies / judicial institutions, on cases of corruption and conflicts of interest.**

Not Applicable

LEADERSHIP INDICATORS

1. **Awareness programmes conducted for value chain partners on any of the principles during the financial year:**

Total number of awareness programs held	Topics / principles covered under the training	%age of value chain partners covered (by value of business done with such partners) under the awareness programs
All our Suppliers and business partners are guided by our Supplier Code of Conduct that reflects our approach towards responsible business practices. We encourage and engage with our suppliers and business partners through various means on a regular basis to enforce awareness and seek adherence to the same.		

2. **Does the entity have processes in place to avoid / manage conflict of interest involving members of the Board? (Yes / No) If yes, provide details of the same.**

Yes, the Company Code of Conduct requires the Directors, senior management, and employees to avoid situations in which their personal interests could conflict with the interests of the Company. The Directors of the Company are required to disclose to the Board actual and apparent conflicts of personal interest in the interest of the Company and disclose all contractual interest, whether directly or indirectly, with the Company.

Principle 2: Businesses should provide goods and services in a manner that is sustainable and safe.

ESSENTIAL INDICATORS

1. **Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of products and processes to total R&D and capex investments made by the entity, respectively.**

	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year	Details of improvements in environmental and social impacts
R&D	-	-	-
Capex	We continue to explore opportunities to utilise renewable sources of energy and have installed solar panels at 14 restaurants as of March 31st, 2023. We plan to install solar panels at another 55 restaurants.		

2. **Does the entity have procedures in place for sustainable sourcing? (Yes / No) b. If yes, what percentage of inputs were sourced sustainably?**

Yes, Company has developed a supplier code of conduct and ESG policy which demonstrates our commitment to go beyond our operations and ensure sustainability within our supply chain. The code of conduct ensures that suppliers conduct operations in a manner compliant with applicable environmental laws, regulations, and industry standards. We focus on partnering with suppliers and vendors that are committed to implementing policies, practices, and protocols in alignment with YUM! guidelines that promote sustainability / ESG. Through our regular supplier audits we ensure our food quality standards are maintained in-line or above our expected standards.

3. **Describe the processes in place to safely reclaim your products for reusing, recycling, and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.**

The Company has developed a waste management policy and focuses on disposing of waste in a responsible manner and in accordance with applicable regulations.

Plastic waste - We do not produce a significant amount of plastic waste as we have eliminated single use plastics and moved to paper-based packaging. Any plastic waste resulting from supplier packaging is disposed of safely in accordance with the applicable regulations.

E- waste - Electronic waste generated, If any, in our operations is disposed through authorised recyclers in accordance with the E- Waste Management Rules, 2022.

Other waste: Any other waste is identified, collected, segregated, and disposed of as per regulatory and YUM! guidelines wherever applicable or in a manner which causes least harm to the environment.

4. **Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No).**

If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

No, Extended Producer Responsibility is not applicable to the Company.

LEADERSHIP INDICATORS

Principle 3: Businesses should respect and promote the well-being of all employees, including those in their value chains.

ESSENTIAL INDICATORS

1. a. **Details of measures for the well-being of employees.**

Category	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)*	% (B/ A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/ A)	Number (F)	% (F/ A)
Permanent employees											
Male	7,448	1,329	18	7,448	100	-	-	7,448	100	-	-
Female	3,156	227	7	3,156	100	3,156	100	-		-	-
Total	10,604	1,556	15	10,604	100	3,156	100	7,448	100	-	-
Other than Permanent employees											
Male	Not Applicable (as other than permanent employees are not covered under these measures)										
Female											
Total											

(% of employees covered by)

*This excludes employees who are instead covered under ESIC (Employee State Insurance Corporation) benefits.

b. **Details of measures for the well-being of workers:**

We do not employ any workers.

2. **Details of retirement benefits.**

Benefits	FY 2022-23 Current Financial Year		FY 2021-22 Previous Financial Year	
	No. of employees covered as a % of total employees	Deducted and deposited with the authority. (Y/N/N.A.)	No. of employees covered as a % of total. Employees	Deducted and deposited with the authority (Y/N/N.A.)
PF	90	Yes	97	Yes
Gratuity	90	Yes	97	Yes
ESI	80	Yes	83	Yes
Others – please Specify	Not Applicable		Not Applicable	

3. **Accessibility of workplaces**

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Most of our work locations are accessible for differently abled employees.

4. **Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.**

We are an equal opportunity employer, and we are governed by the Code of Conduct whereby all the employees are provided equal opportunities. Our diversity and inclusion policy demonstrates our commitment to ensuring a workplace that is free from any kind of discrimination based on race, sexual orientation, caste, colour and religion or any such other grounds as prescribed and protected by the applicable laws. We ensure that our differently abled employees are treated equally and based on their merits and abilities.

https://www. sapphirefoods.in/storage/app/media/Code%20of%20Conduct.pdf

5. **Return to work and Retention rates of permanent employees and workers that took parental leave.**

Gender	Permanent employees	
	Return to work rate	Retention rate
Male	100%	100%
Female	100%	60%
Total	**100%**	**94%**

6. **Is there a mechanism available to receive and redress grievances for the following categories of employees and workers? If yes, give details of the mechanism in brief.**

Category	(If yes, then give details of the mechanism in brief)
Permanent Employees Other than Permanent Employees	Yes, employees' grievances are dealt with in compliance with the company policies. We have set up various HR committees to handle employee grievances at the store and corporate level. Employee grievances are approached and addressed in line with our code of conduct. The POSH policy enables employees to raise complaints in case they are facing a sexual harassment at the workplace. The Whistleblower policy enables employees to report concerns or instances that they believe show malpractice or impropriety including criminal activity, unethical behaviour, etc. in a responsible manner.

7. **Membership of employees and worker in association(s) or Unions recognised by the listed entity:**

Gender	FY 2022-23 Current Financial Year		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B/A)
Total Permanent Employees			
- Male		Not Applicable	
- Female			

8. **Details of training given to employees and workers:**

	Financial Year 2022-23					Financial Year 2021-22				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Male	7,455	7,455	100%	7,455	100%	7,320	7,320	100%	7,320	100%
Female	3,168	3,168	100%	3,168	100%	2,862	2,862	100%	2,862	100%
Total	**10,623**	**10,623**	**100%**	**10,623**	**100%**	**10,182**	**10,182**	**100%**	**10,182**	**100%**

9. **Details of performance and career development reviews of employees and worker:**

Category	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
Employees						
Male	7,455	7,455	100%	7,320	7,320	100%
Female	3,168	3,168	100%	2,862	2,862	100%
Total	**10,623**	**10,623**	**100%**	**10,182**	**10,182**	**100%**

10. **Health and safety management system:**

a. **Whether an occupational health and safety management system has been implemented by the entity? (Yes / No). If yes, what is the coverage of such a system?**

Yes, we are committed to ensuring a safe and healthy workplace for our employees. This is reflected in our Occupational health and safety policy. We have implemented several safety majors such as emergency preparedness action plans, fire safety measures, fire safety training, and other focused initiatives. We conduct regular risk assessment and periodic maintenance of all our equipment and safety devices to prevent operational hazards. Our "Store Incident Management Tool" offers instructions on how to handle any emergency. During the year ended 31st March 2023, we have recorded 9 minor incidents that were managed by using our store's incident management system. A few other steps taken to ensure the safety and wellbeing of female workers, particularly those working night shifts, include the provision of security.

POSH policy and regional disciplinary committee with stringent grievance redressal mechanism helps our employees to highlight critical matters and concerns, which are addressed within the stipulated timeline.

b. **What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?**

Provided under point 12 below.

c. **Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks.**

Yes

d. **Do the employees / workers of the entity have access to non-occupational medical and healthcare services?**

Yes. All employees of the company are covered under the company's health insurance policy. In all the company's business operations first aid kits are available. We also conduct wellness initiatives such as SoulAce, workshops on yoga, Zumba, and mindfulness activities that help our employees to manage their wellbeing through a focus on mind, body, and purpose.

11. **Details of safety related incidents, in the following format:**

Safety Incident / Number	Category	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	Not Available*	Not Available*
Total recordable work-related injuries	Employees	9	21
No. of fatalities	Employees	-	-
High consequence work-related injury or ill-health (excluding fatalities)	Employees	-	-

*There were no major injuries or fatalities

12. **Describe the measures taken by the entity to ensure a safe and healthy workplace.**

Ensuring the health and safety of our employees is a key priority of ours. Every year we conduct health checkups for all our employees to assess their health. Through programs such as SoulAce and Ekincare which focuses on physical and mental wellbeing of the workforce, we encourage our employees to inculcate healthy living. As a part of our health and safety training we conduct fire safety mock drills at all our restaurants.

13. Number of complaints on the following made by employees and workers

Category	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	NIL	NIL	NIL	NIL	NIL	NIL
Health & Safety	NIL	NIL	NIL	NIL	NIL	NIL

14. Assessments for the year

Gender	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	Nil
Working Conditions	Nil*

*Covered through routine internal inspections, and reviews

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

We have implemented several safety majors such as emergency preparedness action plans, fire safety measures, fire safety training, and other focused initiatives. We conduct regular risk assessment and periodic maintenance of all our equipment and safety devices to prevent operational hazards. Our "Store Incident Management Tool" offers instructions on how to handle any emergency. During the year, we have recorded 9 minor incidents that were managed by using our store's incident management system. A few other steps taken to ensure the safety and wellbeing of female workers, particularly those working night shifts, include the provision of security.

ESSENTIAL INDICATORS

1. **Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y / N) (B) Workers (Y / N).**

   Yes

2. **Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.**

   We have developed a supplier code of conduct that defines our approach towards responsible business practices including compliance with laws and regulations and all our suppliers are expected to adhere to the same. We regularly engage with our supplier to enforce awareness and ensure compliance with our supplier code of conduct.

3. **Provide the number of employees / workers having suffered high consequence work related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:**

   None of our employees have suffered from high consequence work-related injury.

Category	Total no. of affected employees / workers		No. of employees / workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
Employees	Nil	Nil	Nil	Nil
Working conditions	Nil	Nil	Nil	Nil

Principle 4: Businesses should respect the interests of and be responsive to all its stakeholders.

ESSENTIAL INDICATORS

1. Describe the processes for identifying key stakeholder groups of the entity.

In accordance with our ESG Policy, we have developed a systematic framework for engaging with our stakeholders and cultivating long-term relationships with each of them. Our methodology is based on the concepts of materiality, completeness, and responsiveness. We use both formal and informal mechanisms to engage with various stakeholders to understand their concerns and expectations.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder Group	Whether identified as Vulnerable & Marginalised Group (Yes / No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually / Half yearly / Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Shareholders, Investors and Management	No	• Annual investor meetings • Annual general meetings • Board meetings • Quarterly investor calls • Emails	Ongoing	• Business growth and profitability • Risk management • Transparency and disclosure
Government and Regulators		• Industry level consultations • Discussion with government officials	Ongoing	• Compliance with statutory laws and regulations • Contribute to national development
Employees	No	• Gallup employee engagement surveys • Focused group discussions • Townhalls • Capacity building and training sessions • Reward and recognitions	Ongoing	• Fair and equal opportunities • Merit based career development • Workplace safety • Employee benefits • Leadership connects sessions. • Training and skill development
Customers	No	• Direct communications in restaurants • Customer satisfaction Surveys and feedback • Social media	Ongoing	• Safe, reliable, and delicious food • Good dining experience and food Service • Food quality • Competitive pricing
Supply Chain Partners Suppliers, logistics providers	No	• Supplier meets. • Industry associations	Ongoing	• Fulfill contractual obligations. • Timely payment • Long term business opportunity

LEADERSHIP INDICATORS

1. **Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.**

   We engage with our various stakeholders to understand their expectations on economic, environmental, and social topics, and strategies our approach. Our CSR and ESG committee oversee the outcome of the engagement and guide our actions.

2. **Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the input received from stakeholders on these topics were incorporated into policies and activities of the entity.**

   Yes, as part of identifying and prioritizing material topics across our 4 ESG pillars- Our Food, Our People, Our Planet and Our Governance, we have engaged with various stakeholders during the previous financial year. This engagement helped us reaffirm our ongoing priorities relating to food safety, human capital, improving our environmental footprint, and building up on our sound governance processes and developed strategic action plans.

Principle 5: Businesses should respect and promote human rights.

ESSENTIAL INDICATORS

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	FY 2022-23			FY 2021-22		
	Total (A)	No. of employees / workers covered (B)	% (B/A)	Total (C)	No. of employees / workers covered (D)	% (D/C)
Employees						
Permanent	10,604	10,604	100	10,154	10,154	100
Other than permanent	19	19	100	28	28	100
Total employees	10,623	10,623	100	10,182	10,182	100

2. Details of minimum wages paid to employees and workers, in the following format

Category	FY 2022-23					FY 2021-22				
	Total (A)	Equal to minimum wage		More than minimum wage		Total (D)	Equal to minimum wage		More than minimum wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Male	7,448	4,330	58	3,118	42	7,305	3,758	51	3,547	49
Female	3,156	2,224	70	932	30	2,849	1,891	66	958	34
Permanent	10,604	6,554	62	4,050	38	10,154	5,649	56	4,505	44
Other than permanent	19	-	-	19	100	28	-	-	28	100
Total employees	10,623	6,554	62	4,069	38	10,182	5,649	55	4,533	45

3. Details of remuneration / salary / wages, in the following format:

Category	Male		Female	
	Number	Median remuneration / salary / wages of respective category	Number	Median remuneration / salary / wages of respective category
Board of Directors (BoD)	2	2,41,81,975	1	15,00,000
Key Managerial Personnel	2	1,00,91,090	-	-
Employees other than BoD and KMP	7,452	1,87,164	3,168	1,79,232

4. Do you have a focal point (Individual / Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes / No)

Yes.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

We respect human rights and have established our Human Rights Policy. The policy details our approach towards human rights and sets the expectations of its stakeholders to adhere to principles of human rights. The policy defines the processes related to raising concerns, designating the redressal authority, setting out redressal process and communication.

6. Number of Complaints on the following made by employees and workers:

Category	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	9	-		4	1	Resolved subsequently
Discrimination at workplace	-	-		-	-	
Child Labour	-	-		-	-	
Forced Labour / Involuntary Labour	-	-		-	-	
Wages	-	-		-	-	
Other human rights related issues	-	-		-	-	

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

In accordance with our related policies to deal with grievances, the identity of the complaint is kept confidential, and any form of retaliation is prevented.

8. Do human rights requirements form part of your business agreements and contracts? (Yes / No)

Yes. The Company has made compliance with human rights obligations a component of its Supplier Code of Conduct as well as its normal terms and conditions of its agreements and contracts with suppliers

9. Assessments of the year

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	Nil
Forced/involuntary labour	Nil
Sexual harassment	Nil
Discrimination at workplace	Nil
Wages	Nil
Others – please specify	Nil

10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.

Not Available

LEADERSHIP INDICATORS

1. Details of a business process being modified / introduced as a result of addressing human rights grievances / complaints.

We respect human rights and have established our Human Rights Policy. The policy details our approach towards human rights and sets the expectations of its stakeholders to adhere to principles of human rights. The policy defines the processes related to raising concerns, designating the redressal authority, setting out redressal process and communication. Our senior management, and Company employees are all subject to our Code of Conduct as adopted by the Board. Our "Supplier Code of Conduct" for value chain partners, suppliers, and service providers addresses pertinent human rights issues. All suppliers are required to adhere to the guidelines set forth in this Code.

2. Details of the scope and coverage of any Human rights due diligence conducted

We enforce respecting Human rights through compliance with our Code of Conduct which covers all our employees. We also have a Supplier Code of Conduct wherein we communicate our expectations regarding respecting human rights and encourage our suppliers to adhere to it.

3. Is the premise / office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Most of our work locations are accessible for differently abled employees.

Principle 6: Businesses should respect and make efforts to protect and restore the environment.

ESSENTIAL INDICATORS

1. **Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:**

Parameter	FY 2022-23 (Current Financial Year)	*FY 2021-22 (Previous Financial Year)
Total electricity consumption (A) (in tJ)	240	128
Total fuel consumption (B) (in tJ)*	148	124
Energy consumption through other sources (C)	-	-
Total energy consumption (A+B+C)	388	252
Energy intensity per rupee of turnover (Total energy consumption/ turnover in rupees)	0.000000020	0.000000018
Energy intensity (optional) – the relevant metric may be selected by the entity	0.63 TJ per restaurant	0.53 TJ per restaurant

* A computational error was found in fuel consumption which was reported in the FY2021-22 which has been corrected and presented in FY 2022-23 report.

Note: Indicate if any independent assessment / evaluation / assurance has been carried out by an external agency? (Y / N) If yes, name of the external agency.
No

2. **Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y / N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.**

Not Applicable

3. **Provide details of the following disclosures related to water, in the following format:**

Parameter	FY 2022-23 (Current Financial Year)	*FY 2021-22 (Previous Financial Year)
Water withdrawal by source (in kiloliters)		
(i) Surface water	-	Not available
(ii) Groundwater	32,021	Not available
(iii) Third party water (Municipal water supplies)	479,823	Not available
(iv) Seawater / desalinated water	-	-
(v) Others	-	-
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	511,844	Not available
Total volume of water consumption (in kilolitres)	511,844	Not available
Water intensity per rupee of turnover (Water consumed / turnover)	0.0000261	Not available
Water intensity (optional) – the relevant metric may be selected by the entity	826 kiloliters per restaurant	Not available

* SFIL has started maintaining water balance measurements from FY 2022-23.

Note: Indicate if any independent assessment / evaluation / assurance has been carried out by an external agency? (Y / N) If yes, name of the external agency.
No

4. **Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.**

No. However, we have taken multiple initiatives to reduce and recycle our water. Initiatives like improvement in RO membrane technology, aerated faucets, sensor-based water taps and automated level sensors, wastewater disposal systems and RO wastewater recycling for flushing have been implemented. We have an ongoing RO based pilot project going on to further reduce the wastewater rejection from our RO from 50-60% rejected water to 15%. We have also installed rainwater harvesting in one of our restaurants.

5. **Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:**

Parameter	Please specify unit	FY 2022-23 (Current Financial Year)	*FY 2021-22 (Previous Financial Year)
NOx		Not Available	
Sox			
Particulate matter (PM)			
Persistent organic pollutants (POP)			
Volatile organic compounds (VOC)			
Hazardous air pollutants (HAP)			
Others – Ozone Depleting Substances (HCFC - 22 or R-22)			

Note: Indicate if any independent assessment / evaluation / assurance has been carried out by an external agency? (Y / N) If yes, name of the external agency.
Not Applicable

6. **Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:**

Parameter	Unit	FY 2022-23 (Current Financial Year)	*FY 2021-22 (Previous Financial Year)
Total Scope 1 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available) *	Mt CO^2	9,232	7,962
Total Scope 2 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Mt CO^2	47,248	28,090
Total Scope 1 and Scope 2 emissions per rupee of turnover	Mt CO^2	0.0000029	0.0000026
Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity	Mt CO^2	91 Mt CO^2 per restaurant	76 Mt CO^2 per restaurant

* A computational error was found in Scope 1 with respect to fuel consumption in FY2021-22 which has been corrected and presented in FY 2022-23 report.

Note: Indicate if any independent assessment / evaluation / assurance has been carried out by an external agency? (Y / N) If yes, name of the external agency.
No

7. **Does the entity have any project related to reducing Greenhouse Gas emission? If yes, then provide details.**

Yes. We are focused on ensuring our new restaurants are guided by green building standards. Additionally, we are increasing our renewable installments to harness solar energy which have been installed in 14 restaurants and 55 other installations identified. We have installed VFD for exhaust and use capacitor improvement methods to save energy and reduce overall GHG emission. We use LED lighting, and all our electrical equipment are environment friendly with a moderate to high star rating. To operate in the most efficient way, thus reducing our overall emissions, we use an automated Energy Management System to control our restaurant electrical equipment.

8. **Provide details related to waste management by the entity, in the following format:**

Parameter	FY 2022-23 (Current Financial Year		FY 2021-22 (Previous Financial Year)	
	Total Waste generated (in metric tonnes)			
Plastic waste **(A)**	-		-	
E-waste **(B)**	-		-	
Bio-medical waste **(C)**	-		-	
Construction and demolition waste **(D)**	-		-	
Battery waste **(E)**	-		-	
Radioactive waste **(F)**	-		-	
Other Hazardous waste. Please specify, if any. **(G)**	Used Cooking oil – 183		Used Cooking oil – 43	
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e., by materials relevant to the sector)	**Type of waste**	**Weight in Mt**	**Type of waste**	**Weight in Mt**
	Restaurant Food	1,050	Restaurant Food	885
	Restaurant Beverage	4	Restaurant Beverage	4
	Restaurant Paper & Packaging	7	Restaurant Paper & Packaging	8
	Packaging (at customer end)	1,965	Packaging (at customer end)	1,536
Total (A+B + C + D + E + F + G + H)	**3,209**		**2,476**	

For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)

Category of waste		
(i) Recycled	Used cooking oil – 183	Used cooking oil – 43
(ii) Re-used	-	-
(iii) Other recovery operations	-	-
Total	**183**	**43**

For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)

Category of waste		
(i) Incineration	-	-
(ii) Landfilling	-	-
(iii) Other disposal operations	1,061	897
Total	**1,061**	**897**

Note: Indicate if any independent assessment / evaluation / assurance has been carried out by an external agency? (Y / N) If yes, name of the external agency.
No

9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

Our food waste reduction program is an essential component of our efforts to reduce our environmental footprint. An important initiative is our meal estimating software, which uses real-time data points. This allows us to prepare the necessary amount of food for a specific period, minimizing food waste significantly. We recycle 100% of used cooking oil through authorised vendors who are contractually bound to dispose these in accordance with regulations.

Our waste management policy demonstrates our commitment to managing our waste effectively. We ensure that we safely dispose of our E-waste through authorised partners. We are building various methods and practices to collect and monitor waste generation to reduce waste and recycle maximum waste produced wherever possible.

10. If the entity has operations / offices in / around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

Not Applicable, the Company does not have any operations / offices in / around ecologically sensitive areas.

None of the factories are in ecologically sensitive areas.

S. No.	Location of operations/offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
Not Applicable			

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
The Company has not undertaken any environmental impact assessments during the current financial year.					

12. Is the entity compliant with the applicable environmental law / regulations / guidelines in India, such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y / N). If not, provide details of all such non-compliances, in the following format:

Yes, we ensure compliance with the applicable environmental laws, regulations, guidelines in India i.e., Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment Protection Act and Rules thereunder.

S. No.	Specify the law / regulation / guidelines which was not complied with	Provide details of the non-compliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken if any
Not Applicable				

LEADERSHIP INDICATORS

1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:

Parameter	FY 2022-23 (Current Financial Year)	*FY 2021-22 (Previous Financial Year)
From renewable sources		
Total electricity consumption (A)	0.4**	-
Total fuel consumption (B)	-	-
Energy consumption through other sources (C)	-	-
Total energy consumed from renewable sources (A+B+C)	**0.4****	**-**
From non-renewable sources		
Total electricity consumption (D)	240**	128**
Total fuel consumption (E)	148**	124**
Energy consumption through other sources (F)	-	-
Total energy consumed from non-renewable sources (D+E+F)	**388****	**252****

* A computational error was found in fuel consumption which was reported in the FY2021-22 which has been corrected and presented in FY 2022-23 report.

** Tera Joule

Note: Indicate if any independent assessment / evaluation / assurance has been carried out by an external agency? (Y / N) If yes, name of the external agency.
No

2. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

Several initiatives have been undertaken, and innovative technologies have also been deployed across the company's operations to reduce resource consumption and environmental impact. The following are some of them:

S. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
1.	Green Buildings	As we expand our restaurant footprint, we are exploring the Indian Green Building Council (IGBC) procedures and suggestions in all our newly added restaurants. This is accomplished using our EMS, waste reduction methods, water conservation techniques, and using green building products for interior and exterior construction. The expansion of this effort to our current restaurants is something we are always working on.	Increased restaurant sustainability
2.	Renewable Energy	We are committed to increasing our use of renewable energy even as we work to reduce energy use across all our restaurants. As we grow, our operations teams look for ways to expand the amount of renewable energy we use by installing solar at our restaurants wherever feasible.	Reduced overall GHG emission
3	Energy Management System	In our restaurants, the automated EMS system controls power distribution and usage. It assists our team in extracting and analyzing data on a regular basis. This information allows us to identify inefficient operations and take corrective action.	Increased restaurant efficiency

3. Does the entity have a business continuity and disaster management plan? Give details in 100 words / web link.

Yes. We have a Business continuity Policy in place. The policy identifies the various business continuity impacts and events, defines our course of action to address and recover, designates responsibility, and sets out the reporting and review mechanisms. Our IT policy covers the Business continuity process relating to our IT systems.

PRINCIPLE 7 Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.

ESSENTIAL INDICATORS

1. a. **Number of affiliations with trade and industry chambers / associations.**

The Company has affiliations with 2 trade and industry chambers / associations.

b. **List the top 10 trade and industry chambers / associations (determined based on the total members of such a body) the entity is a member of / affiliated to.**

Engaging with industry associations offers a great opportunity to stay abreast, enabling us to be prepared in a volatile environment. As a leading player in the service industry, we are involved in various dialogues with the members of the below-mentioned associations.

S. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1	Retailer Association of India (RAI)	National
2	National Restaurants Association of India (NRAI)	

2. **Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.**

Not Applicable

PRINCIPLE 8 Businesses should promote inclusive growth and equitable development.

ESSENTIAL INDICATORS

1. **Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.**

Not applicable. As we are a service-based industry, SIAs do not apply to us.

2. **Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:**

Not Applicable

3. **Describe the mechanisms to receive and redress grievances of the community.**

Through our community engagement programs we are dedicated towards the social and economic development of the communities in which we operate. We regularly engage with communities to address their concerns and grievances. We contribute to the Institutions which are engaged in activities aligned to the activities forming part of its CSR policies. Further, the Company also has a Whistleblower Policy* in place for all its stakeholders to file their grievances.

*https://www.sapphirefoods.in/storage/app/media/Whistle%20Blower%20Policy.pdf

4. **Percentage of input material (inputs to total inputs by value) sourced from suppliers:**

	FY 2022-23 (Current Financial Year)	*FY 2021-22 (Previous Financial Year)
Directly sourced from MSMEs / small producers	We procure our raw materials from MSME vendors and regional vendors. Our restaurants are spread across India, and we work with local businesses and generate productive local employment by engaging with vendors from the vicinity of our locations to meet our requirements.	
Sourced directly from within the district and neighboring districts		

PRINCIPLE 9 Businesses should engage with and provide value to their consumers in a responsible manner

ESSENTIAL INDICATORS

1. **Describe the mechanisms in place to receive and respond to consumer complaints and feedback.**

We record our customers' experiences through a Guest Experience Survey which allows our customers to rate us on hospitality, cleaning, food, and others. This survey is shared as a SMS with customers after receiving our service. Additional customer feedback submitted through social media is analysed and closed in accordance with customer satisfaction. A mystery audit is also carried out to comprehend and enhance the customer experience.

2. **Turnover of products and / services as a percentage of turnover from all products/service that carry information about:**

Category	As a percentage to total turnover
Environmental and social parameters relevant to the product	All products offered contain information on nutritional value, per served value, warnings, allergens, and recycling
Safe and responsible usage	
Recycling and/or safe disposal	

3. **Number of consumer complaints in respect of the following:**

The Company received zero consumer complaints during the fiscal year.

Category	FY 2022-23 (Current Financial Year)		FY 2021-22 (Previous Financial Year)	
	Received during the year	Pending Resolution at end of year	Received during the year	Pending resolution at end of year
Data privacy	Nil		Nil	
Advertising				
Cyber-security				
Delivery of essential services				
Restrictive Trade Practices				
Unfair Trade Practices				
Other*	34,144	Nil	2,052	Nil

*Retail customer complaints

4. **Details of instances of product recalls on account of safety issues:**

	Number	Reasons for recall
Voluntary recalls	11	We conduct a quarterly product voluntary recall process at our warehouses.
Forced recalls		

5. **Does the entity have a framework / policy on cyber security and risks related to data privacy? (Yes / No) If available, provide a web-link of the policy.**

Yes, our IT policy and privacy policy serve as a framework data confidentiality is also enforced through our Code of Conduct.
https://www.sapphirefoods.in/privacy-policy

6. **Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.**

Not Applicable. The Company has not come across any issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

LEADERSHIP INDICATORS

1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).

The information about the product and services offered by us is available on the Brand website and are owned and managed by YUM!

Pizza Hut Corporate Website	www.pizzahut.co.in
KFC Corporate Website	www.kfc.co.in

2. Steps taken to inform and educate consumers about safe and responsible usage of products and / or services.

We ensure complying with all regulations concerning marketing communications, including advertising, promotion, and sponsorship. Our consumers are informed about any allergens present in their meals through our nutrition booklet enabling them to make informed decisions. These booklets are shared on request by the consumers in all our KFC restaurants.

3. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes / No)

We gather our customers' experiences through a Guest Experience Survey which allows our customers to rate us on hospitality, cleaning, food, and others. This survey is shared as a SMS with customers after receiving our service. Additional customer feedback submitted through social media is analysed and closed in accordance with customer satisfaction. A mystery audit is also carried out to comprehend and enhance the customer experience.

4. Provide the following information relating to data breaches:

a. Number of instances of data breaches along-with impact

b. Percentage of data breaches involving personally identifiable information of customers

During FY 22-23 there were no such instances faced at SFIL.

Annual Report on CSR Activities

1. Brief outline on CSR Policy of the Company:

Sapphire Foods India Limited ("Company") stands committed to the social and economic development of the communities in which it operates. The Company's commitment towards this includes contributing to Institutions which are engaged in activities aligned to the activities forming part of its CSR policies.

In this regard, the Company has promulgated CSR Policy and had laid down the guidelines and mechanism for undertaking socially useful programs for welfare & sustainable development of the community at large.

CSR Policy – Objectives & Initiatives

The objective of the CSR Policy ("Policy") is to lay down the guiding principles in undertaking various programs and projects by or on behalf of the company relating to Corporate Social Responsibility ("CSR") within the meaning of section 135 of the Companies Act, 2013 read with Schedule VII of the Act and the Corporate Social Responsibility amended Rules 2021 vide the Ministry of Corporate Affairs (MCA) notification dated 22nd January 2021.

In line with Schedule VII of the Act and the CSR Rules, the Company shall undertake CSR activities included in its Annual CSR Plan, as recommended by the CSR & ESG Committee at the beginning of each year. The Committee is authorised to approve any modification to the existing Annual CSR Plan or to propose any new program during the financial year under review.

Focus Areas

The Company endeavours to focus its CSR activities in the areas of:

1. Hunger Management / Eradication
2. Education & Livelihood
3. Health
4. Environment
5. Others – From time to time, the Company may identify newer key areas to the above list, in so far as such activities are as defined in Schedule VII of the Companies Act, 2013, as amended, from time to time.

2. Composition of CSR & ESG Committee:

During the financial year 2022-23, the Board of Directors had amended and enhanced the existing scope Corporate Social Responsibility ("CSR") Committee to accommodate the scope of BRSR / ESG framework and renamed the Committee as "CSR & ESG Committee" of the Board of Directors. The Committee will additionally oversee the development, implementation and monitoring of activities relating to ESG within the prescribed framework, inter-alia.

The Composition of CSR & ESG Committee of the Board of Directors of Sapphire Foods India Limited as on 31st March 2023, was as under:

Sr. No.	Name of the Director	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Ms. Deepa Wadhwa	Chairperson	1	1
2.	Mr. Sanjay Purohit	Member	1	1
3.	Mr. Sumeet Narang	Member	1	1
4.	Mr. Vinod Nambiar	Member	1	1

3. Provide the web-link where Composition of CSR & ESG committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the company:

The Company has constituted and framed CSR & ESG Committee and CSR Policy, and approved CSR Projects in compliance with the provisions of section 135 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time and the same has been placed on the website of the Company, the weblink for:

A. the Composition of CSR & ESG Committee is https://www.sapphirefoods.in/management-team-information/composition-of-committees.

B. CSR Policy and CSR Projects approved by the Board of Directors is https://www.sapphirefoods.in/investors-relation/corporate-governance.

C. CSR Projects approved by the Board: Not Applicable

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable:

Not Applicable

5. **Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:**

   Not Applicable

6. **Average net profit of the Company for last 3 financial years:**

   Nil

7. (a) **Two percent of average net profit of the company as per section 135(5):** NIL

   (b) **Surplus arising out of the CSR projects or programmes or activities of the previous financial years:** NIL

   (c) **Amount required to be set off for the financial year:** NIL

   (d) **Total CSR obligation for the financial year (7a+7b-7c):** NIL

8. (a) **CSR amount spent or unspent for the financial year:** Not applicable

   (b) **Details of CSR amount spent against ongoing projects for the financial year:** Not applicable

   (c) **Details of CSR amount spent against other than ongoing projects for the financial year:** Not applicable

   (d) **Amount spent in Administrative Overheads:** Not Applicable

   (e) **Amount spent on Impact Assessment, if applicable:** Not Applicable

   (f) **Total amount spent for the Financial Year (8b+8c+8d+8e):** Not Applicable

   (g) **Excess amount for set off, if any:** Not Applicable

9. (a) **Details of Unspent CSR amount for the preceding three financial years:** Not Applicable

   (b) **Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):** Not Applicable

10. **In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details):**

    Not Applicable

11. **Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5):**

    Not Applicable.

Date: 12th May 2023
Place: Mumbai

Sanjay Purohit
Whole Time Director & Group CEO
DIN: 00117676

Ms. Deepa Wadhwa
Independent Director & Chairperson of CSR & ESG Committee
DIN: 07862942

Disclosure Under Section 197(12) of the Companies Act 2013:

PART (A) – DISCLOSURE AS REQUIRED UNDER RULE 5(1) OF THE COMPANIES (MANGEMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014:

1. **The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year ending 31st March 2023:**

Sr. No.	Name of the Director	Remuneration of Director for financial year 2022-23 (in ₹)	Ratio of remuneration of each director to the median remuneration of employees for FY 2022-23
Executive Director:			
1.	Mr. Sanjay Purohit	4,63,63,949	255.88
Non-Executive Nominee Director:			
2.	Mr. Sumeet Narang	-	-
3.	Mr. Vikram Agarwal	-	-
4.	Mr. Kabir Thakur	-	-
5.	Mr. Vinod Nambiar	-	-
6.	Mr. Paul Robine	-	-
Independent Director:			
7.	Mr. Sunil Chandiramani*	20,00,000	11.04
8.	Ms. Anu Aggarwal^	-	-
9.	Ms. Deepa Wadhwa*	15,00,000	8.28

* The remuneration payable to Mr. Sunil Chandiramani and Ms. Deepa Wadhwa for financial year 2022-23 will be paid during 2023-24

^ Ms. Anu Aggarwal has opted not to receive any remuneration from the Company.

2. **Percentage increase in remuneration of Director, CFO, CS or Manager if any for the financial year ending 31st March 2023:**

Sr. No.	Name of the Directors and Key Managerial Personnels'	Percentage Increase in Remuneration (%)
Executive Director:		
1.	Mr. Sanjay Purohit*	-
Non-Executive Nominee Director:		
2.	Mr. Sumeet Narang	-
3.	Mr. Vikram Agarwal	-
4.	Mr. Kabir Thakur	-
5.	Mr. Vinod Nambiar	-
6.	Mr. Paul Robine	-
Independent Director:		
7.	Mr. Sunil Chandiramani	-
8.	Ms. Anu Aggarwal	-
9.	Ms. Deepa Wadhwa	-
Chief Financial Officer (CFO):		
10.	Mr. Vijay Jain	12%
Company Secretary (CS):		
11.	Mr. Sachin Dudam	17%

* There was no increase in remuneration for Mr. Sanjay Purohit, Whole-time Director and Group CEO during the financial year 2022-23. The variance in remuneration of Mr. Sanjay Purohit, Whole-time Director & Group CEO for FY23 as compared to FY22 is due to variance in quantum of variable incentive (linked to company's/individual performance) paid to Mr. Sanjay Purohit.

3. Median Remuneration of Employees for FY 2022-23: **181,196/- p.a.**
4. The percentage increase in the median remuneration of employees in the financial year ending 31st March, 2023: **7.1%**
5. The number of permanent employees on the rolls of the company as on 31st March, 2023: **10,604**
6. Average percentiles increase already made in the salaries of employees other than managerial personnel in the last financial year and its comparison with percentile increase in the Managerial Remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the Managerial Remuneration: **10.6 %**
7. It is hereby affirmed that the remuneration paid is as per the Remuneration Policy of the Company.

FORM No. MR-3

Secretarial Audit Report

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2023

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

To,
The Members,
Sapphire Foods India Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Sapphire Foods India Limited** (CIN: L55204MH2009PLC197005) (hereinafter called "the Company").

The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts and statutory compliances to express our opinion thereon.

Based on our verification of the Company's statutory registers, books, papers, minute books, forms and returns filed and other records maintained by the Company and the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31st March, 2023** complied with the statutory provisions listed hereunder and also that the Company has followed proper Board-processes and has required compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on **31st March, 2023** according to the provisions of:

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

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

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

(iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder for compliance to the extent of Foreign Direct Investment and Overseas Direct Investment and External Commercial Borrowings, **as applicable;**

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'), **as amended from time to time:-**

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

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

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

(d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;

(e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client – **Not Applicable to the Company;**

(f) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 - **Not applicable to the Company;**

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 - **Not applicable to the Company;**

(h) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 - **Not applicable to the Company;**

(i) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.

(vi) Other specific business/industry related laws applicable to the Company:

The Company has complied with specific applicable laws, rules, regulations and guidelines viz.,

a) Food Safety and Standards Act, 2006 and Rules thereunder

b) Prevention of Food Adulteration Act, 1954 and Rules thereunder;

c) The Legal Metrology Act, 2009 and Rules thereunder;

d) The Legal Metrology (Packaged Commodities) Rules, 2011

and other applicable general laws, rules, regulations and guidelines.

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

(i) Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India; and

(ii) SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015

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

We further report that

As on the end of the reporting period, the Board of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

The minutes of the Board Meetings and Committee Meetings have not identified any dissent by members of the Board/ Committee of the Board, hence we have no reason to believe that the decisions by the Board were not approved by all the directors present. The Minutes of the Board Meetings and Committee Meetings were duly approved at the meeting by the Chairman of the Meeting.

We further report that there are adequate systems and processes in the Company commensurate with its size and operations, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. As informed, the Company has responded appropriately to communication received from various statutory / regulatory authorities including initiating actions for corrective measures, wherever found necessary.

We further report that during the audit period the following events/actions have taken place, having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines and standards:

1. The Company has obtained approval of the Shareholders of the Company by way of Postal Ballot through Remote E-voting only on 8th April, 2022 for:

   (a) approval and ratification of certain articles and alteration of the Articles of Association of the Company;

   (b) ratification of the Sapphire Foods Employee Stock Option Scheme 2019 – Scheme III – Management other than CEO" ("Scheme III") and Sapphire Foods Employee Stock Option Scheme 2019 – Scheme IV – CEO ("Scheme IV") read with Sapphire Foods Employee Stock Option Plan 2017 ("ESOP Plan");

   (c) approval for the amendment in the Sapphire Foods Employee Stock Option Plan 2017;

   (d) approval of "Sapphire Foods Employee Stock Option Scheme 2022 – Scheme III A – Management other than CEO" read with "Sapphire Foods Employee Stock Option Plan 2017" ("ESOP 2017");

   (e) approval of "Sapphire Foods Employee Stock Option Scheme 2022 – Scheme IV A – CEO" read with "Sapphire Foods Employee Stock Option Plan 2017" ("ESOP 2017");

   (f) approval of grant of Employee Stock Option equal or more than 1% of issued capital to the identified employee(s);

2. The Company has obtained approval of the Shareholders of the Company at the Annual General Meeting held on 2nd September, 2022 for:

   (a) ratification of Sapphire Food Employees Stock Option Scheme 2019 – Scheme III – Management other than CEO" ("Scheme III") read with Sapphire Foods Employees Stock Option Plan 2017 ("ESOP Plan") for Grant of Options to the Eligible Employees of Subsidiary Companies;

   (b) approval of Grants under Sapphire Foods Employee Stock Option Scheme 2022 – Scheme III A – Management Other Than CEO' – ("Scheme III A") read with "Sapphire Foods Employee Stock Option Plan 2017" ("ESOP Plan") to the Eligible Employees / Directors of the subsidiary company(ies) of Sapphire Foods India Limited.

3. The Board of Directors of Gamma Pizzakraft (Overseas) Private Limited ("GPOPL"), wholly-owned subsidiary of the Company had considered and approved subscription of upto 81,914 Equity Shares of Gamma Island Food Private Limited ("GIFPL"), subsidiary of GPOPL and step-down subsidiary of the Company, for a total consideration of upto MVR 18,840,220. Pursuant to this proposed acquisition, the equity share holding of GPOPL in GIFPL will be increased from the existing 51% up to 75%.

Place : Mumbai	**ALWYN JAY & Co.**
Date : 12th May 2023	Company Secretaries
	Sd/-
	Alwyn D'Souza,
Office Address :	[**FCS.5559]**
Annex-103, Dimple Arcade,	[Partner]
Asha Nagar, Kandivali (East),	[Certificate of Practice No.5137]
Mumbai 400101	[UDIN : F005559E000298214]

Note: This report is to be read with our letter of even date which is annexed as

Annexure A and forms an integral part of this report.

Annexure A

To
The Members,
Sapphire Foods India Limited

Our Secretarial Audit Report of even date is to be read along with this letter.

1. The compliance of provisions of all laws, rules, regulations, standards applicable to **Sapphire Foods India Limited** (hereinafter called 'the Company') is the responsibility of the management of the Company. Our examination was limited to the verification of records and procedures on test check basis for the purpose of issue of the Secretarial Audit Report.

2. Maintenance of secretarial and other records of applicable laws is the responsibility of the management of the Company. Our responsibility is to issue Secretarial Audit Report, based on the audit of the relevant records maintained and furnished to us by the Company, along with explanations where so required.

3. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial and other legal records, legal compliance mechanism and corporate conduct. Further part of the verification was done on the basis of electronic data provided to us by the Company and on test check basis to ensure that correct facts as reflected in secretarial and other records produced to us. We believe that the processes and practices we followed, provides a reasonable basis for our opinion for the purpose of issue of the Secretarial Audit Report.

4. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

5. Wherever required, we have obtained the management representation about list of applicable laws, compliance of laws, rules and regulations and major events during the audit period.

6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place : Mumbai	**ALWYN JAY & Co.**
Date : 12th May 2023	Company Secretaries
	Sd/-
	Alwyn D'Souza,
Office Address :	[**FCS.5559]**
Annex-103, Dimple Arcade,	[Partner]
Asha Nagar, Kandivali (East),	[Certificate of Practice No.5137]
Mumbai 400101	[UDIN : F005559E000298214]

Independent Auditor's Report

To
The Members of
Sapphire Foods India Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Sapphire Foods India Limited ("the Company"), which comprise the Balance sheet as at March 31 2023, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us the aforesaid standalone financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, its profit including other comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Financial Statements' section of our report. We are independent of the Company 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 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 we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the financial year ended March 31, 2023. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone financial statements

Key audit matters	How our audit addressed the key audit matter
Impairment assessment of Goodwill (as described in Note 33(a) of the standalone financial statements)	
As at March 31, 2023, the Company has carrying amount of Goodwill of 1,058.61 million pertaining to a single cash generating unit (CGU) i.e KFC brand In accordance with the requirements of Ind AS 36 Impairment of Assets, the company performs an annual impairment assessment of Goodwill and the corresponding cash generating units to determine whether the recoverable value is below the carrying amount as at March 31, 2023. For this purpose, the recoverable value of the cash generating unit is based on the value in use model, which has been derived from the discounted cash flow model. The model requires the Company to make significant assumptions such as discount rate, near and long-term revenue growth rate and projected margins which involves inherent uncertainty since they are based on future business prospects and economic outlook. Changes in certain methodologies and assumptions can lead to significant changes in the assessment of the recoverable value. Due to the level of judgments involved and its significance to the Company's financial position, this is considered to be a key audit matter.	Our audit procedures included the following: • Obtained an understanding of the process followed by the management to determine the recoverable amounts of cash generating units determined by the Company. • Evaluated the design and implementation and tested the operating effectiveness of key internal financial controls related to the Company's process relating to review of the annual impairment analysis. • Assessed Company's valuation methodology applied in determining recoverable value including the reasonableness of identification of cash generating units and around the key drivers (cash flow forecasts, discount rates, expected growth rates, forecasted margins and terminal growth rates) based on our knowledge of the Company and Industry. Compared the historical accuracy by comparing past forecasts to actual results achieved. • Assessed the recoverable value headroom by performing sensitivity testing of key assumptions used by the Company. • Tested the arithmetical accuracy of the computation of recoverable amounts of cash generating unit. • Assessed the disclosures made in the standalone financial statements

Key audit matters	How our audit addressed the key audit matter
Impairment assessment of Investments and Inter Corporate Deposit in Subsidiaries (as described in Note 33(b) of the standalone financial statements)	
The Company has a gross investment amounting to 1,817.12 million and inter-corporate deposit (ICD) amounting to 360.00 million as at 31 March 2023 in its wholly owned subsidiary Gamma Pizzakraft Overseas Private Limited. Gamma Pizzakraft Overseas Private Limited has further investments in four subsidiaries namely Gamma Pizzakraft Private Limited, Gamma Pizzakraft (Lanka) Private Limited, French Restaurants Private Limited and Gamma Island Food Private Limited, hereby referred to "Gamma Group". Gamma Group majorly derives its cashflows from Gamma Pizzakraft (Lanka) Private Limited which is operating in Sri Lanka Considering the ongoing macroeconomic challenges faced by Sri Lanka on account of high inflationary pressures, depletion of forex reserves, significant depreciation of Sri Lankan currency to INR, shortage of fuel, and the Sri Lankan government seeking financial assistance from International Monetary Fund (IMF), the situation provides an indicator for impairment in the investment. Management has used external specialists for determination of discount rates to be applied to the future cash flows as forecasted by the Company to support the computation of recoverable amounts of its investments based on value-in-use method after taking into consideration potential impact of ongoing crisis. This is a key audit matter as the testing of investment impairment is complex and involves significant judgement.	Our audit procedures in respect of impairment evaluation of Investment and ICD in Gamma Pizzakraft Overseas Private Limited included the following: • Evaluated the design and implementation and tested the operating effectiveness of key internal financial controls related to the Company's process relating to impairment review. • Evaluated the assumptions applied by the Company in relation to the future projections of the business in Sri Lanka including understanding of management's assessment of business impact based on current market and economic conditions arising from the ongoing macroeconomic challenges faced by Sri Lanka. • Assessed Company's valuation methodology applied in determining recoverable value including the reasonableness of the key drivers (cash flow forecasts, discount rates, expected growth rates, forecasted margins and terminal growth rates) based on our knowledge of the Company and Industry. Compared the historical accuracy by comparing past forecasts to actual results achieved. • Involved internal valuation expert to assist in evaluating the valuation methodology and assumptions around the key drivers of the cash flow forecasts including discount rates, expected growth rates and terminal growth rates used. • We also assessed the recoverable value headroom by performing sensitivity testing of key assumptions used. • Assessed the disclosures made in the standalone financial statements
Recognition of deferred tax assets (DTA) (as described in Note 15 of the standalone financial statements)	
The Company had un-recognised DTA balance as at the end of previous year majorly arising on carry forward tax losses and unabsorbed depreciation. Basis the Company's accounting policy, deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carried forward unabsorbed depreciation and business losses can be utilised The Company's ability to recognise previously un-recognised deferred tax assets is assessed by the management at the end of each reporting period, taking into account the current and historical performance, forecasts of future taxable profits, future reversals of existing taxable temporary differences and ongoing tax planning strategies. Considering the profits made by the Company in the current year, the Company has assessed its position as at the Balance Sheet date and recognised deferred tax asset amounting to 1,235.18 million in the current year. The recognition and measurement of deferred tax balances is a key audit matter considering the significance of the amount, judgement involved in assessing the recoverability of such tax credits, estimation of the financial projections for utilisation of business losses and unabsorbed depreciation and judgements involved in the interpretation of tax regulations and tax positions adopted by the Company	Our audit procedures included the following: • Evaluated the Company's accounting policies with respect to recognition of deferred taxes in accordance with Ind AS 12 "Income Taxes". • Evaluated the design and implementation and tested the operating effectiveness of key internal financial controls related to the assessment of recoverability of DTA balances • Obtained and analysed the future projections of taxable profits estimated by management. Assessed the key assumptions used and the reasonableness of the future cash flow projections, assessment year wise utilisation of carry forward losses and unabsorbed depreciation, the consistency of projections used for impairment assessment where applicable. Compared the historical accuracy by comparing past forecasts to actual results achieved. • Assessed the sensitivity analysis applied by the Company and evaluated if any change in the assumptions will lead to any material change the utilisation of carry forward tax losses and unabsorbed depreciation before their expiry. • Assessed the disclosures made in the standalone financial statements

We have determined that there are no other key audit matters to communicate in our report.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are 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 these standalone financial statements.

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 standalone financial statements, 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.
- 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 Company 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 management.
- Conclude on the appropriateness of management's 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 Company's 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 statements 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the financial year ended March 31, 2023 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on our audit we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act;

   (f) With respect to the adequacy of the internal financial controls with reference to these standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

   (g) In our opinion, the managerial remuneration for the year ended March 31, 2023 has been paid by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

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

      i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 29 to the standalone financial statements;

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

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

      iv. a) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the note 45 to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

      b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on such audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v. No dividend has been declared or paid during the year by the Company.

vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only w.e.f. April 1, 2023, reporting under this clause is not applicable.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per **Vikram Mehta**
Partner
Membership Number: 105938
UDIN: 23105938BGXGGH6611

Place of Signature: Mumbai
Date: May 12, 2023

"Annexure 1" referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date

In terms of the information and explanations sought by us and given by the company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(B) The Company has maintained proper records showing full particulars of intangibles assets.

(b) Property, Plant and Equipment have been physically verified by the management during the year and no material discrepancies were identified on such verification.

(c) There is no immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), held by the Company.

In case of 4 lease agreements of immovable properties as indicated below as at March 31,2023 and as disclosed in note 43 to the financial statements, the lease agreements are not duly executed in favour of the Company and hence we are unable to comment on the same.

Description of Property	Gross carrying value	Held in name of	Whether promoter, director or their relative or employee	Period held – indicate range, where appropriate	Reason for not being held in the name of Company*
Right of Use Assets	21.05	NA	NA	3 months to 2 years	The original term has expired and these contracts are in the process of getting renewed

(i) (d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2023

(e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The management has conducted physical verification of inventory. In our opinion, the frequency of verification by the management is reasonable and the coverage and procedure for such verification is appropriate. Discrepancies on such physical verification were less than 10% in aggregate for each class of inventory and have been properly dealt with in the books of account.

(b) The Company has been sanctioned working capital limits in excess of ₹ five crores in aggregate from banks during the year on the basis of security of current assets of the Company. The annual audited financial statements filed by the Company with such banks are in agreement with the books of accounts of the Company.

(iii) (a) During the year the Company has provided loans to a company as follows:

Particulars	Loans (₹ in million)
Aggregate amount granted / provided during the year	
- Subsidiaries	240
Balance outstanding as at balance sheet date in respect of above cases	
- Subsidiaries	360

(b) During the year the investments made and the terms and conditions of the grant of all loans to a company are not prejudicial to the Company's interest.

(c) The Company has granted loans during the year to a company where the schedule of repayment of principal and payment of interest has been stipulated and the repayment or receipts are regular.

(d) There are no amounts of loans and advances in the nature of loans granted to companies, firms, limited liability partnerships or any other parties which are overdue for more than ninety days.

(e) There were no loans or advance in the nature of loan granted to companies which was fallen due during the year, that have been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.

(f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.

(iv) There are no loans, investments, guarantees, and security in respect of which provisions of sections 185 and 186 of the Companies Act, 2013 are applicable and accordingly, the requirement to report on clause 3(iv) of the Order is not applicable to the Company.

(v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.

(vi) The Company is not in the business of sale of any goods or provision of such services as prescribed. Accordingly, the requirement to report on clause 3(vi) of the Order is not applicable to the Company.

(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, value added tax, cess and other statutory dues applicable to it. According to the information and explanations given to us and based on audit procedures performed by us, undisputed dues in respect of goods and services tax, provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other statutory dues which were outstanding, at the year end, for a period of more than six months from the date they became payable, are as follows:

Statement of Arrears of Statutory Dues Outstanding for More than Six Months-

Name of the Statute	Nature of the dues	Amount (₹ in million)	Period to which the amount relates	Due Date	Date of Payment
Employees Provident Fund Act	Provident Fund	0.14	FY 18-19	15th of April 2018	Unpaid
		0.17	FY 18-19	15th of May 2018	Unpaid
		0.44	FY 18-19	15th of June 2018	Unpaid
		0.21	FY 18-19	15th of July 2018	Unpaid
		0.21	FY 18-19	15th of Aug 2018	Unpaid
		0.17	FY 18-19	15th of Sept 2018	Unpaid
		0.21	FY 18-19	15th of Oct 2018	Unpaid
		0.14	FY 18-19	15th of Nov 2018	Unpaid
		0.15	FY 18-19	15th of Dec 2018	Unpaid
		0.11	FY 18-19	15th of Jan 2019	Unpaid
		0.10	FY 18-19	15th of Feb 2019	Unpaid
		0.11	FY 18-19	15th of Mar 2019	Unpaid
		0.11	FY 19-20	15th of Apr 2019	Unpaid
		0.15	FY 19-20	15th of May 2019	Unpaid
		0.16	FY 19-20	15th of June 2019	Unpaid
		0.15	FY 19-20	15th of July 2019	Unpaid
		0.16	FY 19-20	15th of Aug 2019	Unpaid
		0.12	FY 19-20	15th of Sept 2019	Unpaid
		0.12	FY 19-20	15th of Oct 2019	Unpaid
		0.12	FY 19-20	15th of Nov 2019	Unpaid
		0.11	FY 19-20	15th of Dec 2019	Unpaid
		0.15	FY 19-20	15th of Jan 2020	Unpaid
		0.12	FY 19-20	15th of Feb 2020	Unpaid
		0.11	FY 19-20	15th of Mar 2020	Unpaid
		0.05	FY 20-21	15th of Apr 2020	Unpaid
		0.00	FY 20-21	15th of May 2020	Unpaid
		0.00	FY 20-21	15th of June 2020	Unpaid
		0.00	FY 20-21	15th of July 2020	Unpaid
		0.01	FY 20-21	15th of Feb 2021	Unpaid

Name of the Statute	Nature of the dues	Amount (₹ in million)	Period to which the amount relates	Due Date	Date of Payment
Employees Provident Fund Act	Provident Fund	0.14	FY 18-19	Apr 18 to Sep 18	Unpaid
		0.52	FY 18-19	Oct 18 to Mar 19	Unpaid
		0.02	FY 18-19	10th of Apr 2018	Unpaid
		0.11	FY 18-19	10th of May 2018	Unpaid
		0.03	FY 18-19	10th of June 2018	Unpaid
		0.02	FY 18-19	10th of July 2018	Unpaid
		0.02	FY 18-19	10th of Aug 2018	Unpaid
		0.12	FY 18-19	10th of Sept 2018	Unpaid
		0.04	FY 18-19	10th of Oct 2018	Unpaid
		0.02	FY 18-19	10th of Nov 2018	Unpaid
		0.04	FY 18-19	10th of Dec 2018	Unpaid
		0.06	FY 18-19	10th of Jan 2019	Unpaid
		0.03	FY 18-19	10th of Feb 2019	Unpaid
		0.05	FY 18-19	10th of March 2019	Unpaid
		0.03	FY 20-21	Oct 20 to Mar 21	Unpaid
		0.02	FY 21-22	31st of March 22	Unpaid
		0.09	FY 22-23	30th of Sep 22	Unpaid
Maharashtra Labour Welfare fund Act	Labour Welfare Act	0.01	FY 19-20	15th day after end of half year Oct 2019 till March 2020	Unpaid

(vii) (b) The dues of goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess, and other statutory dues have not been deposited on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ in million)	Period	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	43.14	2015-16 to 2018-19	CIT (Appeals)
The Employees' State Insurance Act, 1948	ESI Act	16.39	2015 to 2019	ESIC Officer
Gujarat Vat Act	Sales Tax	3.19	2015-16 to 2017-18	Deputy Commissioner
Employees' Provident Funds and Miscellaneous Provisions Act, 1952	EPF Act	1.29	2000-2013	Provident Fund officer
Punjab VAT	Sales Tax	0.30	2015-16	Excise & Taxation Officer
Tamil Nadu GST Act, 2017	Sales Tax	7.22	2018-19	Assistant Commissioner
Professional Tax Act	Professional Tax Act	0.14	FY-20-21 to FY-22-23	Professional Tax Officer
Labour Welfare Fund	Labour Welfare	0.41	2018 to 2023	Labour Officer

(viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

(ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) Term loans were applied for the purpose for which the loans were obtained.

(d) The Company did not raise any funds during the year hence, the requirement to report on clause (ix)(d) of the Order is not applicable to the Company.

(e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.

(f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries. Hence, the requirement to report on clause (ix)(f) of the Order is not applicable to the Company.

(x) (a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.

(x) (b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) No fraud by the Company or no material fraud on the Company has been noticed or reported during the year.

(b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by cost auditor/ secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

(xii) (a) The Company is not a nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(a), (b) and (c) of the Order is not applicable to the Company.

(xiii) Transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) (a) The Company has an internal audit system commensurate with the size and nature of its business.

(xiv) (b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.

(xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.

(xvi) (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.

(xvi) (b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause (xvi)(b) of the Order is not applicable to the Company.

(xvi) (c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.

(xvi) (d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi)(d) of the Order is not applicable to the Company.

(xvii) The Company has not incurred cash losses in the current financial year and in the immediately preceding financial year respectively.

(xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.

(xix) On the basis of the financial ratios disclosed in note 46 to the financial statements, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company.

We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) The provisions of Section 135 to the Companies Act, 2013 in relation to Corporate Social- Responsibility spend is not applicable to the Company as disclosed in Note 47 of the financial statements. Accordingly, the requirement to report on clause 3(xx)(a) of the Order is not applicable to the Company.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per **Vikram Mehta**
Partner
Membership Number: 105938
UDIN: 23105938BGXGGH6611

Place of Signature: Mumbai
Date: May 12, 2023

Annexure to the independent auditor's report of even date on the Standalone Financial Statements of Sapphire Foods India Limted

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

We have audited the internal financial controls with reference to standalone financial statements of Sapphire Foods India Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to these standalone financial statements.

Meaning of Internal Financial Controls With Reference to these Standalone Financial Statements

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

Inherent Limitations of Internal Financial Controls With Reference to Standalone Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI .

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per **Vikram Mehta**
Partner
Membership Number: 105938
UDIN: 23105938BGXGGH6611

Place of Signature: Mumbai
Date: May 12, 2023

Standalone Balance Sheet

as at March 31, 2023

(₹ in million)

Particulars	Note	As at March 31, 2023	As at March 31, 2022
ASSETS			
Non-current assets			
Property, Plant and Equipment	3	6,711.46	4,741.99
Capital work-in-progress	3	488.27	265.18
Right of use assets	42	7,488.00	5,784.45
Goodwill	4	1,058.61	1,058.61
Other Intangible assets	4	452.88	307.22
Intangible assets under development	4	11.47	4.76
Financial assets			
i) Investment in subsidiary	5	1,817.12	1,685.85
ii) Other financial assets	5	1,015.25	1,213.31
Deferred Tax Assets (Net)	15	1,253.18	-
Income tax assets (Net)		53.17	48.93
Other non-current assets	6	449.85	313.78
Total non-current assets		**20,799.26**	**15,424.08**
Current assets			
Inventories	7	732.19	489.37
Financial assets			
i) Investments	5	659.35	1,525.22
ii) Trade receivables	8	151.84	118.35
ii) Cash and cash equivalents	9	161.41	342.34
iv) Bank balances other than cash and cash equivalents	10	1,739.77	1,954.20
v) Other financial assets	5	801.94	861.21
Other current assets	11	99.65	86.16
Total current assets		**4,346.15**	**5,376.85**
Total Assets		**25,145.41**	**20,800.93**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	12	635.43	635.43
Other equity	13	12,205.88	9,780.88
Total equity		**12,841.31**	**10,416.31**
Liabilities			
Non-current liabilities			
Financial liabilities			
i) Borrowings	14	185.79	377.73
ii) Lease Liabilities	16	7,254.94	6,005.89
Provisions	20	80.54	76.34
Total non-current liabilities		**7,521.27**	**6,459.96**
Current liabilities			
Financial liabilities			
i) Borrowings	14	191.94	166.51
ii) Lease Liabilities	16	1,391.31	707.78
iii) Trade payables	17		
(a) total outstanding dues of micro enterprises and small enterprises		20.05	35.06
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		1,792.46	1,623.30
iv) Other financial liabilities	18	1,180.45	1,172.21
Other current liabilities	19	150.14	165.53
Provisions	20	56.48	54.27
Total current liabilities		**4,782.83**	**3,924.66**
Total Equity and Liabilities		**25,145.41**	**20,800.93**

See accompanying notes to the Standalone financial statements 1 to 51

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI Registration No: 324982E/ E300003

per Vikram Mehta
Partner
Membership No: 105938

Place: Mumbai
Date: May 12, 2023

For and on behalf of the Board of Directors of
Sapphire Foods India Limited

Sunil Chandiramani
Director
DIN: 00524035

Sanjay Purohit
Whole time Director and CEO
DIN: 00117676

Sachin Dudam
Company Secretary
Membership No: A31812

Vijay Jain
Chief Financial Officer

Place: Mumbai
Date: May 12, 2023

Standalone Statement of Profit and Loss

for the year ended March 31, 2023

(₹ in million)

Particulars	Note	Year ended March 31, 2023	Year ended March 31, 2022
Income			
Revenue from operations	21	19,627.76	13,981.54
Other income	22	289.41	340.93
Total income		**19,917.17**	**14,322.47**
Expenses			
Cost of materials consumed	23	6,181.13	4,189.06
Employee benefits expense	24	2,422.97	2,116.83
Finance costs	25	794.68	667.33
Depreciation and amortisation expense	26	2,367.04	1,801.48
Other expenses	27	7,143.41	5,299.70
Total expenses		**18,909.23**	**14,074.40**
Profit before tax		**1,007.94**	**248.07**
Tax expense/ (credit)			
Current tax	15	-	-
Deferred tax	15	(1,252.66)	-
Total Tax expense/ (credit)		**(1,252.66)**	**-**
Profit for the year after tax		**2,260.60**	**248.07**
Other comprehensive loss			
Items that will not be reclassified to profit or loss in subsequent periods			
Remeasurements losses of net defined benefit plan		(2.08)	(16.25)
Tax effect on remeasurements losses of net defined benefit plan	15	0.52	-
Other comprehensive loss for the year, net of tax		**(1.56)**	**(16.25)**
Total comprehensive income for the year, net of tax		**2,259.04**	**231.82**
Earnings per equity share of ₹ 10 each:			
Basic earnings per share (₹)	28	35.58	4.16
Diluted earnings per share (₹)		35.16	4.12

See accompanying notes to the Standalone financial statements 1 to 51

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI Registration No: 324982E/ E300003

per Vikram Mehta
Partner
Membership No: 105938

Place: Mumbai
Date: May 12, 2023

For and on behalf of the Board of Directors of
Sapphire Foods India Limited

Sunil Chandiramani
Director
DIN: 00524035

Sanjay Purohit
Whole time Director and CEO
DIN: 00117676

Sachin Dudam
Company Secretary
Membership No: A31812

Vijay Jain
Chief Financial Officer

Place: Mumbai
Date: May 12, 2023

Standalone Statement of Cash Flows

for the year ended March 31, 2023

(₹ in million)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Cash flow from operating activities		
Profit before tax	1,007.94	248.07
Adjustments for:		
Depreciation and amortisation expense	2,367.04	1,801.48
Finance cost	794.68	667.33
Interest income	(214.89)	(105.20)
Rental waiver	(3.71)	(131.67)
Expenses on employee stock option scheme	148.15	383.43
Provision for slow moving inventories	2.36	7.02
Provision for doubtful deposits	-	4.05
Gain on fair value/sale of mutual funds	(43.89)	(74.23)
Loss /(Profit) on sale/ discard of property, plant and equipment	15.90	(4.42)
Gain on termination of lease contract	(15.12)	(25.11)
Operating profit before working capital changes	**4,058.46**	**2,770.75**
Changes in Working Capital		
Increase in Trade Payables	154.15	529.12
Decrease in Other liabilities	(18.47)	(5.85)
(Decrease)/ Increase in Financial liabilities	(287.19)	584.61
Increase in Provisions	4.33	3.71
Increase in Inventories	(245.18)	(164.95)
Increase in Trade and Other Receivables	(33.49)	(62.56)
Decrease/ (Increase) in Financial assets	471.63	(1,190.32)
Decrease/ (Increase) in Other Assets	38.82	(47.92)
Cash flow from operations	**4,143.06**	**2,416.59**
Income tax paid (net of refund)	(4.24)	(19.59)
Net Cash flow from Operating Activities (A)	**4,138.82**	**2,397.00**
Cash flow from investing activities		
Purchase of property, plant and equipment and other intangible assets	(3,444.32)	(2,466.26)
Proceeds from Sale of property, plant and equipment	12.28	7.65
Investment in subsidiary	(110.00)	(75.50)
Inter corporate deposit placed with Subsidiary	(240.00)	(120.00)
Inter corporate deposit realised from Subsidiary	-	19.00
Purchase of current Investments	(12,106.44)	(6,566.79)
Proceeds from sale of current Investments	13,016.20	5,383.21
Interest received	129.03	8.10
Fixed deposits with banks realised/ (placed) (net)	207.31	(1,975.56)
Net cash used in investing activities (B)	**(2,535.94)**	**(5,786.15)**
Cash flow from financing activities		
Proceeds from issuance of equity share capital (including securities premium and net off of share issue expenses)	-	4,690.05
Proceeds from long-term borrowings	-	266.64
Repayment of borrowings	(170.64)	(339.79)
Payment of principal portion of lease liabilities	(822.28)	(531.30)
Interest paid on lease liabilities	(736.17)	(581.85)
Finance cost paid	(54.72)	(84.11)
Net cash (used in)/ generated from financing activities (C)	**(1,783.81)**	**3,419.64**
Net (decrease)/ increase in cash and cash equivalents (A+B+C)	**(180.93)**	**30.49**

Standalone Statement of Cash Flows

for the year ended March 31, 2023

(₹ in million)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Cash and cash equivalents at the beginning of the year	342.34	311.85
Cash and cash equivalents at the end of the year	**161.41**	**342.34**
Cash and cash equivalents comprise (refer note 9)		
Balances with banks in current accounts	109.85	298.63
Cash on hand	51.56	43.71
Total cash and cash equivalents at the end of the year	**161.41**	**342.34**

Note :

i. Refer Note 42 for non-cash transactions relating to financing activities.

ii. The above cash flow for the year ended March 31, 2022, excludes the proceeds received in the share escrow account amounting to ₹20,732.52 million on account of Offer for Sale made by the selling shareholders. Book running lead manager disbursed ₹20,191.54 (Net of issue expenses) to its selling shareholders and the remaining funds (net of issue expenses) amounting to ₹321.24 million (March 31, 2022 ₹540.98 million) which are yet to be paid to the selling shareholders are held in Share escrow account.

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI Registration No: 324982E/ E300003

per Vikram Mehta
Partner
Membership No: 105938

Place: Mumbai
Date: May 12, 2023

For and on behalf of the Board of Directors of
Sapphire Foods India Limited

Sunil Chandiramani
Director
DIN: 00524035

Sanjay Purohit
Whole time Director and CEO
DIN: 00117676

Sachin Dudam
Company Secretary
Membership No: A31812

Vijay Jain
Chief Financial Officer

Place: Mumbai
Date: May 12, 2023

Standalone Statement of Changes in Equity

for the year ended March 31, 2023

A. Equity share capital

Particulars	Note	As at March 31, 2023		As at March 31, 2022	
		No. of shares	Amount (₹ in million)	No. of shares	Amount (₹ in million)
Balance at the beginning of the year		63,542,541	635.43	52,790,409	527.90
Add: Shares issued during the year	12	-	-	10,752,132	107.53
Balance as at the end of the year		**63,542,541**	**635.43**	**63,542,541**	**635.43**

B. Other equity

For the year ended March 31, 2023

(₹ in million)

Particulars	Reserves and surplus			Share based payment reserve	Total
	Capital reserve	Securities premium	Retained earnings		
Balance as at April 01, 2022	**356.10**	**14,305.02**	**(4,936.32)**	**56.09**	**9,780.89**
Recognition of share based payment	-	-	-	165.95	165.95
Profit for the year after tax	-	-	2,260.60	-	2,260.60
Other comprehensive loss for the year (net of tax)	-	-	(1.56)	-	(1.56)
Balance as at March 31, 2023	**356.10**	**14,305.02**	**(2,677.28)**	**222.04**	**12,205.88**

For the year ended March 31, 2022

(₹ in million)

Particulars	Reserves and surplus			Share based payment reserve	Total
	Capital reserve	Securities premium	Retained earnings		
Balance as at April 01, 2021	**356.10**	**9,246.68**	**(5,168.14)**	**186.62**	**4,621.26**
Issue of Share Capital	-	4,648.29	-	-	4,648.29
Exercise of stock options	-	550.68		(475.81)	74.87
Share issue related expenses	-	(140.63)		-	(140.63)
Recognition of share based payment	-		-	345.28	345.28
Profit for the year after tax	-	-	248.07	-	248.07
Other comprehensive loss for the year (net of tax)	-	-	(16.25)	-	(16.25)
Balance as at March 31, 2022	**356.10**	**14,305.02**	**(4,936.32)**	**56.09**	**9,780.89**

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI Registration No: 324982E/ E300003

per Vikram Mehta
Partner
Membership No: 105938

Place: Mumbai
Date: May 12, 2023

For and on behalf of the Board of Directors of
Sapphire Foods India Limited

Sunil Chandiramani
Director
DIN: 00524035

Sanjay Purohit
Whole time Director and CEO
DIN: 00117676

Sachin Dudam
Company Secretary
Membership No: A31812

Vijay Jain
Chief Financial Officer

Place: Mumbai
Date: May 12, 2023

Notes to the standalone financial statements

for the year ended March 31, 2023

1. Corporate information

Sapphire Foods India Limited (formerly known as Sapphire Foods India Private Limited) ('the Company') is a company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India.

The Company is principally engaged in the franchisee business of KFC, Pizza Hut and Taco Bell branded restaurants.

The Company has converted from a Private Limited Company to a Public Limited Company, pursuant to a special resolution passed in the extraordinary general meeting of the Shareholders of our Company held on 15 June 2021 and consequently the name of the Company has changed to Sapphire Foods India Limited pursuant to a fresh certificate of incorporation issued by the Registrar of Companies, Mumbai on 8 July 2021.

The equity shares of the Company got listed on the NSE Limited and BSE Limited on 18 November 2021.

The registered office of the Company is located at 702, Prism Tower, A Wing, Mindspace, Link Road, Goregaon (West), Mumbai – 400062.

The financial statements were approved for issue in accordance with a resolution of the board of directors on 12 May 2023.

2. Significant accounting policies

2.1 Basis of preparation

The Financial statements of the Company as at and for the year ended March 31, 2023 have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the "Ind AS") as notified by the Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016, as amended.

The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The financial statements are presented in Indian Rupee (INR) and all values are rounded to the nearest millions (INR 000,000), except when otherwise indicated.

The financial statements provide comparative information in respect of the previous period. In addition, the Company presents an additional balance sheet at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in standalone financial statements.

2.2 Basis of measurement

The standalone financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Certain financial assets and financial liabilities measured at fair value (refer accounting policy regarding financial instruments),
- Contingent consideration, and
- Defined Benefit Plans- Plan assets measured at fair value

2.3 Summary of significant accounting policies

a. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Company elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.
- Potential tax effects of temporary differences and carry forwards of an acquiree that exist at the acquisition date or arise as a result of the acquisition are accounted in accordance with Ind AS 12.
- Liabilities or equity instruments related to share based payment arrangements of the acquiree or share – based

Notes to the standalone financial statements
for the year ended March 31, 2023

payments arrangements of the Company entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date.

- Assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.
- Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

Business combinations under common control are accounted in accordance with Appendix C of IND AS 103 as per the pooling of interest method and the Ind AS Transition Facilitation Group Clarification Bulletin 9 (ITFG 9). ITFG 9 clarifies that, the carrying values of assets and liabilities as appearing in the standalone financial statements of the entities being combined shall be recognised by the combined entity.

As per Appendix C, Business Combinations of Entities under Common Control of Ind AS 103, Business Combinations, in case of common control business combinations, the assets and liabilities of the combining entities are reflected at their carrying amounts.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 Financial Instruments, is measured at fair value with changes in fair value recognised in profit or loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Company re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect

Notes to the standalone financial statements
for the year ended March 31, 2023

new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

b. Current v/s non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

c. Foreign currencies

Functional and presentation currency

Management has determined the currency of the primary economic environment in which the entity resides in and operates as the functional currency. The functional currency of the Company is Indian Rupees (INR). The financial statements have been presented in INR, as it best represents the operating business performance and underlying transactions.

Transactions and balances

Transactions in foreign currencies are measured in the functional currency of the Company and are recorded on initial recognition in the functional currency at exchange rates prevailing at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of the transaction. The related revenue and expense are recognised using the same exchange rate.

Differences arising on settlement or translation of monetary items are recognised in the statement of profit and loss.

d. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

- Financial assets include cash and cash equivalents, trade receivables, unbilled revenues, security deposits, employee advances, investments in equity and debt securities etc;
- Financial liabilities include long-term and short-term loans and borrowings, lease liabilities, derivative financial liabilities, bank overdrafts and trade payables

Financial assets:

Initial recognition and measurement

Initially, a financial instrument is recognised at its fair value. Transaction costs directly attributable to the acquisition or issue of financial instruments are recognised in determining the carrying amount, if it is not classified as at fair value through profit or loss. Transactions costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. However, trade receivables that do not contain a significant financing component are measured at transaction price. Subsequently, financial instruments are measured according to the category in which they are classified.

The Company's business model for managing financial assets refers to how it manages its financial assets in order

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to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

i) **Financial assets at amortised cost:**

A financial asset is classified as "financial asset at amortised cost" (amortised cost) under IND AS 109 Financial Instruments if it meets both the following criteria:

(1) The asset is held within a business model whose objective is to hold the financial asset in order to collect contractual cash flows, and

(2) The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified date (the 'SPPI' contractual cash flow characteristics test).

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

ii) **Financial assets at fair value through other comprehensive income (FVTOCI):**

All equity investment in scope of IND AS 109 Financial Instruments are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which IND AS 103 Business Combinations applies are classified as fair value through profit or loss. For all other equity instruments, the Company may make irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-to-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument through fair value through other comprehensive income (FVTOCL), then all fair value changes in the instruments excluding dividends, are recognised in OCI and is never recycled to statement of profit and loss, even on sale of the instrument.

Dividends are recognised as other income in the statement of profit and loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI.

(iii) **Financial assets at fair value through profit or loss (FVTPL)**

Financial assets at fair value through profit or loss include financial assets held for trading, e.g., derivative instruments, financial assets designated upon initial recognition at fair value through profit or loss, e.g., debt or equity instruments, or financial assets mandatorily required to be measured at fair value, i.e., where they fail the SPPI test. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that do not pass the SPPI test are required to be classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

De-recognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired Or

Notes to the standalone financial statements

for the year ended March 31, 2023

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Financial liabilities and equity instruments:

a) **Classification as debt or equity**

Debt and equity instruments issued by a company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

b) **Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

c) **Financial liabilities**

Financial liabilities are classified as either financial liability 'at FVTPL' or 'other financial liabilities.

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

i) **Financial liabilities measured at amortised cost**

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

ii) **Financial liabilities at fair value through profit or loss (FVTPL)**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. Gains or losses on liabilities held for trading are recognised in statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognised in OCI. These gains/ losses are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss.

De-recognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by

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another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset with the net amount reported in the balance sheet only if there is a current enforceable legal right to offset the recognised amounts and there is an intent to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables, deposits and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

e. Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is measured at the transaction price (net of variable consideration) received or receivable, taking into account contractually defined terms of payment, various discounts and schemes offered by the Company and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

However, sales tax/ value added tax (VAT)/ Goods and Service (GST) is not received by the company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

No element of financing is deemed present as majority of sales are on cash basis and credit sales are made with normal credit period consistent with market practice.

The following specific recognition criteria must also be met before revenue is recognised:

Income from retail sales

Revenue from sale of goods is recognised at the time of satisfaction of performance obligation i.e. when control of the goods is transferred to the customer, generally on delivery of the goods, all significant contractual obligations have been satisfied and the collection of the resulting receivable is reasonably expected. Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of customer returns, trade allowance, rebates, goods and services tax and amount collected on behalf of third parties.

Gift vouchers sales are recognised when the vouchers are redeemed and goods are sold to the customer.

Sale of goods

The Company recognises revenue from sale of food through Company's owned stores and are recognised when the items are delivered to or carried out by customers.

Income from trading sales

Revenue from sale of goods is recognised at the time of satisfaction of performance obligation i.e.

when the goods are delivered to customers, all significant contractual obligations have been satisfied and the collection of the resulting receivable is reasonably expected. Revenue is measured at the transaction price (net of variable consideration) received or receivable. Amounts disclosed as revenue are net of customer returns, trade allowance, rebates, goods and services tax and amount collected on behalf of third parties. Gift vouchers sales are recognised when the vouchers are redeemed and goods are sold to the customer.

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Income from sale of service

Revenue from sale of services is recognised in accordance with the terms of the relevant agreements and is net of goods and service tax (GST), where applicable as accepted and agreed with the customers.

The Company recognise revenue from alliance income (marketing support services) at the time of satisfaction of performance obligation i.e. when the service is performed.

Incentive

The Company is eligible for certain benefits basis the target stores opening as agreed to in the development agreement with franchisor. These benefits are recognised basis the satisfaction of performance obligation i.e. pro-rata basis the number of stores opened. The income has been netted off against the royalty expenses considering the substance of transaction.

Scrap sale

Sale of scrap is recognised at the time of satisfaction of performance obligation i.e. upon transfer of control of products to the customers which coincides with their delivery to customer.

Interest income

Interest income on financial assets at amortised cost is recognised using the effective interest method. Effective interest is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in other income in the statement of profit and loss.

Dividend income

Dividend income is recognised when the Company's right to receive the payment is established by the reporting date.

Contract balances-

Trade receivables

A receivable is recognised if an amount of consideration is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in point (d) above.

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

f. Taxes

Tax expense comprises of current and deferred tax.

Current income 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. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in India where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

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- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

g. Property, plant and equipment

Recognition and measurement

All items of property, plant and equipment are initially measured at cost and subsequently it is measured at cost less accumulated depreciation and impairment losses, if any. Cost comprises of purchase price and all costs incurred to bring the assets to their current location and condition for its intended use. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Any subsequent cost incurred is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in statement of profit and loss as incurred.

Capital work in progress comprises cost of property, plant and equipment (including related expenses), that are not yet ready for their intended use at the reporting date and it is carried at cost less accumulated impairment losses.

Gains or losses arising from derecognition of property, plant and equipment are measured as the difference between the net disposal proceeds and carrying amount of the assets and are recognised in the statement of profit and loss when the asset is derecognised.

On transition to IND AS, the Company has elected to continue with the carrying value of all its property, plant and equipment measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Depreciation on Property, plant and equipment

Depreciation is calculated on the straight line basis over the estimated useful lives of the assets. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. The company has used the following life to provide depreciation on its property, plant and equipment.

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 the corresponding rates prescribed in Schedule II to the Companies Act, 2013:

Class of asset	Useful lives estimated by the management (years)
Plant and machinery	15 years
Office equipment	5 years
Computers	3 years
Furniture and fixtures	8 years
Vehicles	10 years
Leasehold improvements	Over the Lease term

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

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h. Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

On transition to IND AS, the Company has elected to continue with the carrying value of all its Intangible Assets measured as per the previous GAAP and use that carrying value as the deemed cost of the Intangible Assets.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Amortisation of intangible assets

Amortisation is calculated on the straight line basis over the estimated useful lives of the assets. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. The company has used the following life to provide amortisation on its intangible assets.

Class of asset	Useful lives estimated by the management (years)
License fees	Over the period of license (upto 10 years)
Computer Software	3 years
Franchisee fees	10 years

There are no intangible assets with indefinite useful lives other than goodwill.

i. Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company's lease asset classes primarily consist of leases for buildings, Plant and Equipment and Computers. The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of the future lease payments. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments

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that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Company has elected not to separate lease and non-lease components in a lease contract where lease payments are inclusive of non-lease component.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note k Impairment of non-financial assets.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as an operating expense in the statement of profit and loss.

Transition to Ind AS 116

The following is the summary of practical expedients elected on initial application:

a. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.

b. Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.

c. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

d. Not to separate lease and non-lease components in a lease contract where lease payments are inclusive of non-lease component.

Amendments to Ind AS 116: Covid-19-Related Rent Concessions

The MCA issued amendments to Ind AS 116, "Leases", provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. The amendments allowed the expedient to be applied to COVID-19-related rent concessions to payments originally due on or before March 31, 2022 and also require disclosure of the amount recognised in profit or loss to reflect changes in lease payments that arise from COVID-19-related rent concessions. The Company has adopted this with effect from April 01, 2021, and the impact has been recognised in Other Income (Note 22) and corresponding impact has been recognised in Lease liabilities. This amendment does not have any effect in earlier periods.

j. Inventories

Basis of valuation

Inventories other than scrap materials are valued at lower of cost and net realizable value. The comparison of cost and net realizable value is made on an item-by-item basis.

Method of valuation

Cost of raw materials and traded goods are determined by using weighted average method and comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

k. Impairment of Non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the

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higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

l. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset, if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

m. Retirement and other employee benefits

Defined benefit plan

In accordance with applicable laws in India, the Company provides for gratuity, a defined benefit retirement plan ("the Gratuity Plan") for every employee who has completed 5 years or more of service on departure at 15 days salary (last drawn salary) for each completed year of service. The Gratuity Plan provides for a lump sum payment to eligible employees at retirement, death, incapacitation or termination of employment based on last drawn salary and tenure of employment with the Company. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation on the reporting date using projected unit credit method.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company

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recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Defined contribution plan

The Company makes contributions to the Provident Fund scheme, a defined contribution benefit scheme. These contributions are deposited with Government administered fund and recognised as an expense in the period in which the related service is performed. There is no further obligation on the Company on this defined contribution plan.

Compensated absences

Accumulated leave is expected to be utilised within the next 12 months and are treated as short-term employee benefit. The Company treats the entire leave as current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date. It is measured 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.

n. Share-based payments

Employees of the Company also receive remuneration in the form of share-based payments whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised in employee benefit expenses, together with a corresponding increase in retained earnings in equity, over the period in which the service conditions and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/ or performance conditions. No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When an award is modified, at minimum the cost of the original award is recognised as if it had not been modified (i.e., at the original grant date fair value, spread over the original vesting period, and subject to the original vesting conditions). This applies unless the award does not vest because of failure to satisfy a vesting condition (other than a market condition) that was specified at grant date.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where a modification is made after the original vesting period has expired, and is subject to no further vesting conditions, any incremental fair value is recognised immediately.

If the modification decreases the fair value of the equity instruments granted (e.g., by increasing the exercise price or reducing the exercise period), the decrease in value is effectively ignored and the entity continues to recognise a cost for services as if the awards had not been modified. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

Notes to the standalone financial statements

for the year ended March 31, 2023

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Cash-settled transactions

A liability is recognised for the fair value of cash-settled transactions. The fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognised in employee welfare expenses (see Note 24). The fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The fair value is determined using a binomial model, further details of which are given in Note 40. The approach used to account for vesting conditions when measuring equity-settled transactions also applies to cash-settled transactions.

o. Investment in subsidiaries

Investment in Subsidiary entities is carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiary entity the difference between net disposal proceeds and the carrying amounts are recognised in the Statement of Profit and Loss.

p. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

q. Contingencies

A contingent liability is:

A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are recognised when virtually certain on the balance sheet of the Company, except for contingent liabilities assumed in a business combination that are present obligations arising from past events and which the fair values can be reliably determined.

Contingent liabilities recognised in a business combination

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions above or the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the requirements for revenue recognition.

r. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit/(loss) attributable to ordinary equity holders of the Company using the weighted-average number of equity shares considered for deriving basic earnings per share and weighted average number of dilutive equivalent shares outstanding during the period, except where the results would be anti-dilutive. Dilutive potential shares are deemed converted at the beginning of the period, unless issued at later date.

Ordinary shares that will be issued upon the conversion of mandatorily convertible instruments are included in the calculation of basic earnings per share from the date the contract is entered into.

s. Fair value measurement

The fair value of the financial instruments is included at the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Management of the Company have assessed that the fair values of cash and cash equivalents, restricted cash, trade receivables (not subject to provisional pricing), trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Notes to the standalone financial statements

for the year ended March 31, 2023

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

There have been no transfers between fair value levels during the reporting period.

t. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker being Managing Director of the company. The Managing Director assesses the financial performance and position of the company as a whole and makes strategic decisions.

u. Cash Flow

Ind AS 7 requires an entity to exclude non-cash transaction relating to investing and financing activities from the statement of cash flow. However, such transactions should be disclosed elsewhere in the financial statements. The investing and financing activities in cash flow statement do not have a direct impact on current cash flows although they do affect the capital and asset structure of an entity. The company has disclosed these transactions, to the extent material in relevant notes.

Cash and cash equivalents consist of cash on hand and balances with banks which are unrestricted for withdrawal and usage.

v. Exceptional Items

Exceptional items are those items that management considers, by virtue of their size or incidence (including but not limited to impairment charges and acquisition and restructuring related costs), should be disclosed separately to ensure that the financial information allows an understanding of the underlying performance of the business in the year, so as to facilitate comparison with prior periods. Such items are material by nature or amount to the year's result and require separate disclosure in accordance with Ind AS.

w. Recent accounting pronouncements

The Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. The MCA has notified Companies (Indian Accounting Standards) Amendment Rules, 2023 dated 31 March 2023 to amend the following Ind AS which are effective from 01 April 2023.

1) Ind AS 1 'Presentation of Financial Statements'- The amendments required Companies to disclose their material accounting policies rather than their significant accounting policies.

2) Ind AS 12 'Income Taxes'- This amendment has narrowed down the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences.

3) Ind AS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'- This amendment has introduced a definition of accounting estimates and included amendments to help distinguish changes in accounting policies from changes in accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 April 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. The Company is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

Notes to the standalone financial statements

for the year ended March 31, 2023

3 Property, Plant and Equipment and Capital work-in-progress

i) Property, Plant and Equipment

(₹ in million)

Particulars	Plant and machinery	Furniture and fixtures	Vehicles	Office equipments	Computers	Leasehold improvements	Total
Gross Carrying Amount							
As at April 01, 2021	**2,324.72**	**217.95**	**43.29**	**145.62**	**390.17**	**2,657.53**	**5,779.28**
Additions	1,021.36	75.58	21.43	51.87	184.73	1,011.93	2,366.90
Disposals	(206.21)	(24.47)	(2.39)	(4.94)	(1.80)	(10.87)	(250.68)
As at March 31, 2022	**3,139.87**	**269.06**	**62.33**	**192.55**	**573.10**	**3,658.59**	**7,895.50**
Additions	1,338.47	94.71	27.63	62.13	224.75	1,305.18	3,052.87
Disposals	(103.69)	(14.41)	(17.44)	(9.58)	(36.06)	(69.62)	(250.80)
As at March 31, 2023	**4,374.65**	**349.36**	**72.52**	**245.10**	**761.79**	**4,894.15**	**10,697.57**
Accumulated depreciation and impairment							
As at April 01, 2021	**859.98**	**100.96**	**24.16**	**95.56**	**236.95**	**1,269.50**	**2,587.11**
Depreciation for the year	235.47	36.29	4.39	23.41	100.43	413.80	813.79
Disposals	(203.78)	(24.06)	(2.01)	(4.94)	(1.80)	(10.80)	(247.39)
As at March 31, 2022	**891.67**	**113.19**	**26.54**	**114.03**	**335.58**	**1,672.50**	**3,153.51**
Depreciation for the year	348.15	40.83	6.67	30.04	137.10	492.41	1,055.20
Disposals	(82.83)	(12.37)	(14.09)	(9.52)	(34.23)	(69.56)	(222.60)
As at March 31, 2023	**1,156.99**	**141.65**	**19.12**	**134.55**	**438.45**	**2,095.35**	**3,986.11**
Net Carrying Amount							
As at March 31, 2023	**3,217.66**	**207.71**	**53.40**	**110.55**	**323.34**	**2,798.80**	**6,711.46**
As at March 31, 2022	2,248.20	155.87	35.79	78.52	237.52	1,986.09	4,741.99

ii) Capital work-in-progress*

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Opening Balance	265.18	160.21
Additions	3,275.96	2,471.87
Capitalised	(3,052.87)	(2,366.90)
Closing Balance	**488.27**	**265.18**

*Capital work-in-progress represents expenditure for stores under construction.

Note:

a) Ageing for capital work-in-progress

(₹ in million)

Particulars	As at	Amount of Capital work-in-progress for the year of*				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	March 31, 2023	455.51	28.95	2.06	1.75	488.27
Projects in progress	March 31, 2022	260.30	2.17	0.84	1.87	265.18

*Amount comprises of Capital Inventory

b) Capital work-in-progress mainly comprises of assets being constructed or held for utilisation at new stores. These will get appropriated towards new stores to be opened in future. There are no projects as on each reporting period where activity had been suspended. All the upcoming projects of the Company are within the timelines as estimated during the original plan and the actual cost of projects are within the total cost as estimated by the management of the Company as on March 31, 2023.

Notes to the standalone financial statements

for the year ended March 31, 2023

4 Intangible assets and Intangible assets under development

i) Intangible assets

(₹ in million)

Particulars	Computer Softwares	License fees	Franchisee fees	Total	Goodwill
Gross Carrying Amount					
As at April 01, 2021	**123.34**	**36.95**	**357.37**	**517.66**	**1,835.22**
Additions	32.07	131.38	18.74	182.19	-
Disposals	(0.04)	-	-	(0.04)	-
As at March 31, 2022	**155.37**	**168.33**	**376.11**	**699.81**	**1,835.22**
Additions	54.66	67.08	146.99	268.73	-
Disposals	(0.02)	-	(0.52)	(0.54)	-
As at March 31, 2023	**210.01**	**235.41**	**522.58**	**968.00**	**1,835.22**
Accumulated amortisation and impairment					
As at April 01, 2021	**117.48**	**20.54**	**167.62**	**305.64**	**776.61**
Charge for the year	11.04	36.56	39.39	86.99	-
Disposals	(0.04)	-	-	(0.04)	-
As at March 31, 2022	**128.48**	**57.10**	**207.01**	**392.59**	**776.61**
Charge for the year	22.50	58.44	42.13	123.07	-
Disposals	(0.02)	-	(0.52)	(0.54)	-
As at March 31, 2023	**150.96**	**115.54**	**248.62**	**515.12**	**776.61**
Net Carrying Amount					
As at March 31, 2023	**59.05**	**119.87**	**273.96**	**452.88**	**1,058.61**
As at March 31, 2022	26.89	111.23	169.10	307.22	1,058.61

ii) Intangible assets under development

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Opening Balance	4.76	91.40
Additions	275.44	95.55
Capitalised	(268.73)	(182.19)
Closing Balance	**11.47**	**4.76**

Note:

a) Ageing for Intangible assets under development

(₹ in million)

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress (As At March 31, 2023)	11.47	-	-	-	11.47
Projects in progress (As At March 31, 2022)	4.76	-	-	-	4.76

b) There are no projects as on each reporting period where activity had been suspended. All the upcoming projects of the Company are within the timelines as estimated during the original plan and the actual cost of projects are within the total cost as estimated by the management of the Company as on 31st March, 2023.

Notes to the standalone financial statements

for the year ended March 31, 2023

5 Financial assets

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
i) Investments		
a) Investments in subsidiary measured at Cost - Unquoted equity shares		
Gamma Pizzakraft (Overseas) Private Limited - 1,97,01,233 (March 31, 2022: 1,88,61,538) Equity shares of ₹10 each fully paid-up in (refer note 45)	1,791.45	1,681.45
b) Quoted mutual fund		
Investment in Mutual Fund measured at fair value through profit or loss (FVTPL) (Refer note a)	360.67	1,525.22
c) Quoted Securities - Investments in securities measured at amortised cost		
Secured, Redeemable and Non Convertible Bonds in Nature of Debentures		
6.59% Indian Railway Finance Corporation Limited redeemable on 14 April 2023	99.98	-
5.90% Mahindra & Mahindra Financial Services Ltd redeemable on 31 July 2023	198.70	-
d) Others		
Deemed Investment in subsidiaries (share based payment) (refer note 36)	25.67	4.40
Total investments	**2,476.47**	**3,211.07**
Current	659.35	1,525.22
Non-current	1,817.12	1,685.85

Note: a) Investment in quoted mutual fund

Name of Mutual Fund Scheme	As at March 31, 2023		As at March 31, 2022	
	Number of unit	₹ in million	Number of unit	₹ in million
Aditya Birla Sun Life Floating Rate Fund-Regular Plan-Growth	-	-	1,290,325.14	358.60
Axis Banking & PSU Debt Fund - Direct Plan - Growth Option	-	-	82,356.90	180.12
DSP Liquidity Fund - Direct Plan - Growth	-	-	18,733.03	57.00
IDFC Cash Fund -Direct Plan-Growth	-	-	22,451.00	57.72
Invesco India Corporate Bond Fund - Direct Plan - Growth	-	-	56,517.91	154.57
Kotak Corporate Bond Fund- Direct Plan- Growth Option	-	-	49,564.66	155.28
Kotak Corporate Bond Fund-Regular Plan-Growth Option	-	-	33,277.19	100.96
L&T Liquid Fund - Direct Plan -Growth	-	-	18,311.94	53.38
Nippon India Floating Rate Fund- Direct Plan Growth Plan - Growth Option	-	-	8,140,175.42	307.25
Axis Overnight Fund- Direct Plan - Growth Option	168,722.73	200.03	89,281.44	100.34
Bharat Bond FOF - ETF	13,145,112.21	160.64	-	-
Total		**360.67**		**1,525.22**

*Investments in mutual funds have been fair valued at closing net asset value (NAV).

ii) Other financial assets (unsecured)

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Non-current		
Term deposits with maturity of more than 12 months	-	378.20
Inter Corporate Deposit placed with related party (Refer note a below and note 36 and 45)		
- Subsidiary	240.00	120.00
Margin money/deposits with banks (placed as security with government body and banks) (Refer note b below)	163.35	156.24

Notes to the standalone financial statements

for the year ended March 31, 2023

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Security Deposits		
Considered good	611.90	558.87
Credit impaired	23.30	26.89
Less: Allowance for expected credit losses	(23.30)	(26.89)
Total non-current financial assets	**1,015.25**	**1,213.31**
Current		
Term deposits with maturity of less than 12 months	20.00	-
Inter Corporate Deposit placed with related party (Refer note a below and note 36 and 45)		
- Subsidiary	120.00	-
Security Deposits		
Considered good	223.02	158.05
Balance with banks (for IPO escrow account) (Refer note d below)	321.24	540.98
Interest accrued on fixed deposits and loan		
- Related party (Refer note a below and note 36)	19.17	2.70
- Others	60.39	43.98
Other receivables (Considered good)		
- Related party (Refer note c below and note 36)	0.04	2.83
- Unbilled (Refer note f below)	34.52	99.96
- Others	3.56	12.71
Total current financial assets	**801.94**	**861.21**

Note:

a) Inter Corporate Deposit in subsidiary carries an interest rate of 12% p.a. and is given for a period of 2 to 3 years for business purposes and does not include interest receivable of ₹19.17 million which is included above as ''interest accrued on fixed deposits and loan'' (Mar 2022 : ₹2.70 million).

b) Amount includes ₹75.26 million as at March 31, 2023 (March 31, 2022 : 75.27 million) is restricted balance in current account and hence, restricted from current use of the Company.

c) These are receivable towards sale of materials, call centre charges and reimbursement of expenses which are in the normal course of business. These will be realised as per payment terms agreed which is 20-25 days from the date of Invoice.

d) This money is held in escrow account towards IPO related expenses and will be settled as and when invoices are raised by vendors.

e) Movements in allowance for credit losses of security deposits is as below:

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Balance as at the beginning of the year	26.89	22.83
Charge during the year	-	4.06
Utilised during the year	(3.59)	-
Balance at the end of the year	**23.30**	**26.89**

For explanation on the credit risk management process, refer Note 39 (b)

f) This amount is accrued towards incentive basis number of stores opened as per agreement with the franchisor and is to be billed basis terms agreed in the development agreement with franchisor.

Notes to the standalone financial statements

for the year ended March 31, 2023

6 Other non-current assets (unsecured)

(Rs. in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Capital advances		
Considered good	400.09	211.71
Considered doubtful	24.93	28.66
Less: Allowance for doubtful balances (refer note a below)	(24.93)	(28.66)
	400.09	**211.71**
Balances with government authorities		
Considered good	49.76	102.07
Considered doubtful	23.22	23.97
Less: Allowance for doubtful balances (refer note b below)	(23.22)	(23.97)
	49.76	**102.07**
Total other non-current assets	**449.85**	**313.78**

a) Movements in allowance for doubtful balances of Capital advances is as below:

(Rs. in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Balance as at the beginning of the year	28.66	28.66
Utilised during the year	(3.73)	-
Balance at the end of the year	**24.93**	**28.66**

b) Movements in allowance for doubtful balance of Balances with government authorities is as below:

(Rs. in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Balance as at the beginning of the year	23.97	26.90
Utilised during the year	(0.75)	(2.93)
Balance at the end of the year	**23.22**	**23.97**

7 Inventories

(Rs. in million)

Particulars	As at March 31, 2023	As at March 31, 2022
(At lower of cost or net realisable value)		
Raw materials	590.15	374.29
Packing materials	83.53	68.28
Goods in transit of raw materials	0.45	4.20
Less: Provision for slow moving inventories	(2.36)	(7.02)
	671.77	**439.75**
Small wares, cleaning, uniform and operating supplies	60.42	49.62
Total inventories	**732.19**	**489.37**

8 Trade receivables

(Rs. in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Unsecured, considered good	151.84	118.35
Unsecured, credit impaired	0.10	0.10
	151.94	**118.45**
Less: Allowance for expected credit losses	(0.10)	(0.10)
Total trade receivables	**151.84**	**118.35**

Notes to the standalone financial statements
for the year ended March 31, 2023

Movements in allowance for credit losses of receivables is as below:

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Balance as at the beginning of the year	(0.10)	(0.10)
Charge/(release) during the year	-	-
Balance at the end of the year	**(0.10)**	**(0.10)**

Ageing as on March 31, 2023

(₹ in million)

Particulars	Outstanding for following periods from due date of payment					
	Unbilled	Not due	Less than 6 months	6 months to 1 year	1-2 years	Total
Undisputed Trade receivables – considered good	-	129.54	22.30	-	-	151.84
Undisputed Trade receivables – credit impaired	-	-	-	-	0.10	0.10
Disputed Trade receivables – considered good	-	-	-	-	-	-
Disputed Trade receivables – credit impaired	-	-	-	-	-	-
Total	**-**	**129.54**	**22.30**	**-**	**0.10**	**151.94**

No amount is due which fall under the category of 2 to 3 year and more than 3 year

Ageing as on March 31, 2022

(₹ in million)

Particulars	Outstanding for following periods from due date of payment					
	Unbilled	Not due	Less than 6 months	6 months to 1 year	1-2 years	Total
Undisputed Trade receivables – considered good	-	106.70	11.65	-	-	118.35
Undisputed Trade Receivables – credit impaired	-	-	0.10	-	-	0.10
Disputed Trade receivables – considered good	-	-	-	-	-	-
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
Total	**-**	**106.70**	**11.75**	**-**	**-**	**118.45**

No amount is due which fall under the category of 2 to 3 year and more than 3 year

a) Trade Receivables are non interest bearing and are generally on terms of 7 - 30 days. No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person, nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

b) For explanation on the credit risk management process, refer Note 39 (b)

9 Cash and cash equivalents

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Balances with banks - In current accounts	109.85	298.63
Cash on hand	51.56	43.71
Total cash and cash equivalents	**161.41**	**342.34**

10 Bank balances other than cash and cash equivalents

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Term deposits with original maturity more than 3 months but less than 12 months	1,739.77	1,954.20
Total bank balances other than cash and cash equivalents	**1,739.77**	**1,954.20**

Notes to the standalone financial statements
for the year ended March 31, 2023

11 Other current assets (unsecured)

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Prepaid expenses	47.72	51.94
Advances to suppliers:		
Considered good	46.98	30.63
Considered doubtful	0.77	0.77
Less: Allowance for doubtful balances	(0.77)	(0.77)
	46.98	**30.63**
Employee advances	4.95	3.59
Total other current assets	**99.65**	**86.16**

12 Share capital

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
a. Authorised shares:		
43,16,82,000 (March 31, 2022: 43,16,82,000) Equity shares of ₹10 each	4,316.82	4,316.82
	4,316.82	**4,316.82**
b. Issued, subscribed and fully paid-up shares:		
6,35,42,541 (March 31, 2022: 6,35,42,541) Equity shares of ₹10 each fully paid up	635.43	635.43
	635.43	**635.43**

c. Reconciliation of number of shares outstanding at the beginning and end of the year (in numbers):

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Equity shares		
Outstanding at the beginning of the year	63,542,541	52,790,409
Issued during the year (Note h)	-	10,752,132
Outstanding at the end of the year	**63,542,541**	**63,542,541**

d. Rights, preferences and restrictions attached to equity shares

The Company has one class of equity share having par value of ₹10 each. Each holder of equity share is eligible to one vote per share. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the company, the holders of the equity shares will be entitled to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

e. Shareholders holding more than 5% shares in the company

Particulars	As at March 31, 2023		As at March 31, 2022	
	% holding	No. of Shares	% holding	No. of Shares
Equity shares				
Sapphire Foods Mauritius Limited	31.90%	20,269,227	38.04%	24,170,043
Mirae Asset Emerging Bluechip Fund	8.48%	5,385,955	0.00%	-
Arinjaya (Mauritius) Limited	8.01%	5,090,503	8.01%	5,090,503
Nippon Life India Trustee Ltd-A/C Nippon India Small Cap Fund	5.56%	3,532,147	0.00%	-
WWD Ruby Limited	4.77%	3,030,215	9.77%	6,207,342

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

Notes to the standalone financial statements
for the year ended March 31, 2023

f. Promoters share holding

Particulars	As at March 31, 2023		As at March 31, 2022		% change during the year
	% holding	No. of Shares	% holding	No. of Shares	
Equity shares					
Sapphire Foods Mauritius Limited	31.90%	20,269,227	38.04%	24,170,043	-6.14%
QSR Management Trust through trustee Sagista Realty Advisors Private Limited	4.27%	2,714,385	4.50%	2,859,385	-0.23%
Arinjaya (Mauritius) Limited	8.01%	5,090,503	8.01%	5,090,503	0.00%
Samara Capital Partners Fund II Limited	0.71%	449,999	0.71%	449,999	0.00%
Ironman Investments Limited	0.01%	4,301	-	-	0.01%
	44.90%	**28,528,415**	**51.26%**	**32,569,930**	

g. Shares reserved for issue under options

Information relating to Sapphire Foods Employee Stock Option Plan as amended from time to time, including details of options granted, exercised and lapsed during the current year and options outstanding at the end of reporting year, is set out in note 40.

h. No shares issued during the year ended March 31, 2023.

Shares issued during the previous year ended March 31, 2022 includes:

i) Exercise of stock options 13,78,661 shares

ii) Preferential allotment of 93,73,471 shares

i) Shares allotted as fully paid-up without payment being received in cash during the period of 5 years immediately preceding the date of Balance Sheet:

Nil

13 Other equity

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Securities premium		
Balance at the beginning of the year	14,305.02	9,246.68
Add: Premium on issue of equity shares	-	4,648.29
Add: Shares issued on account of employee stock options	-	550.68
Less: Share issue related expenses	-	(140.63)
Balance as at the end of the year	**14,305.02**	**14,305.02**
Capital reserve		
Balance at the beginning of the year	356.10	356.10
Balance as at the end of the year	**356.10**	**356.10**
Share based payment reserve		
Balance at the beginning of the year	56.09	186.62
Employee stock option expense (refer Note 24)	144.68	340.88
Deemed Investment in subsidiaries (share based payment) (refer Note 36)	21.27	4.40
Exercise of employee stock options (refer Note 40)	-	(475.81)
Balance as at the end of the year	**222.04**	**56.09**
Retained earnings		
Balance at the beginning of the year	(4,936.32)	(5,168.14)
Profit for the year after tax	2,260.60	248.07
Re-measurement losses on defined benefit plans [net of tax]	(1.56)	(16.25)
Balance as at the end of the year	**(2,677.28)**	**(4,936.32)**
Total other equity	**12,205.88**	**9,780.88**

Notes to the standalone financial statements
for the year ended March 31, 2023

Note: Nature and purpose of reserves

a) Retained earnings- Retained earnings are the profits/losses that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders. Retained earnings includes re-measurement loss/(gain) on defined benefit plans, net of taxes that will not be reclassified to Statement of Profit and Loss. Retained earnings is a free reserve available to the Company.

b) Share based payment reserve- The Company offers ESOP, under which options to subscribe for the Company's share have been granted to certain employees and senior management. The share based payment reserve is used to recognise the value of equity settled share based payments provided as part of the ESOP scheme. (refer Note 40 for ESOP scheme issued by the company)

c) Capital reserve- Reserve is primarily created on amalgamation as per statutory requirement. This reserve is utilised in accordance with the specific provisions of the Companies Act, 2013.

d) Securities premium- The amount received in excess of face value of the equity shares is recognised in securities premium. This reserve is utilised in accordance with the specific provisions of the Companies Act, 2013.

14 Borrowings (measured at amortised cost)

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Non-current borrowings (secured)		
Term Loan from Banks	377.73	544.24
Less: current maturities (shown as current borrowings)	(191.94)	(166.51)
Total non-current borrowings	**185.79**	**377.73**

(a) Term Loan from HDFC Bank - RTL 1

(₹ in million)

Interest Rate	Repayment term	Security	As at March 31, 2023	As at March 31, 2022
The interest rate on loan is 6.5% p.a to 8.30% p.a.	Repayable in 35 quarterly instalments from the date of first disbursement.	Pari passu charge on all movable tangibles and intangibles assets, current assets and receivables and all bank accounts.	135.13	282.48

Term Loan from HDFC Bank - RTL 2

(₹ in million)

Interest Rate	Repayment term	Security	As at March 31, 2023	As at March 31, 2022
The interest rate on loan is 6.5% p.a to 8.30% p.a.	Repayable in 17 quarterly instalments from the date of first disbursement with moratorium of 15 months	Pari passu charge on all movable tangibles and intangibles assets, current assets and receivables and all bank accounts.	148.81	168.27

Term Loan from HDFC Bank - RTL 4

(₹ in million)

Interest Rate	Repayment term	Security	As at March 31, 2023	As at March 31, 2022
The interest rate on loan is 6.5% p.a to 9.00% p.a.	Repayable in 48 monthly instalments from the date of first disbursement with moratorium of 24 months	Second charge on all movable tangibles and intangibles assets, current assets and receivables and all bank accounts.	93.79	93.49

Current borrowings (secured)		
Current maturities of non-current borrowings	191.94	166.51
Total current borrowings	**191.94**	**166.51**

Notes to the standalone financial statements
for the year ended March 31, 2023

15 Income tax

The major components of income tax expense for the respective year ended:

(₹ in million)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Current income tax	-	-
Deferred tax		
Relating to originating and reversal of temporary differences	(1,253.18)	-
Income tax expense/(income) reported in the statement of total comprehensive income/ (loss)	**(1,253.18)**	**-**
- Income tax expense/(income) reported in the statement of profit/ (loss)	(1,252.66)	-
- Income tax expense/(income) reported in the statement of other comprehensive income/ (loss)	0.52	-

A reconciliation between the statutory income tax rate applicable to the Company and the effective income tax rate of the Company is as follows:

(₹ in million)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Profit before taxes	1,007.94	248.07
Statutory income tax rate*	25.17%	31.20%
Expected income tax expense (A)	**253.70**	**77.40**
As per Financial Statement		
Current Tax	-	-
Deferred Tax (including deferred tax on other comprehensive income)	(1,253.18)	
Total (B)	**(1,253.18)**	**-**
Difference (C) = (A) - (B)	**1,506.88**	**77.40**
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense :-		
Deferred tax assets recognised	1,253.18	-
Utilisation of tax losses against taxable profits	253.98	78.21
Expenses not deductible for tax purpose	(0.28)	(0.81)
Total income tax expense / (income) (D)	**1,506.88**	**77.40**
Deferred Tax recognised during the year (C-D)	**-**	**-**

*For Financial Year 2022-2023, the company has opted for new tax regime u/s 115BAA of Income Tax Act, 1961

Deferred tax

Deferred tax relates to the following:

(₹ in million)

Particulars	Balance Sheet		Profit and Loss	
	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2023	Year ended March 31, 2022
Deferred tax liabilities				
Goodwill	236.14	292.71	(56.57)	-
Current Investments	5.54	14.23	(8.69)	12.73
	241.68	**306.94**	**(65.26)**	**12.73**
Deferred tax assets				
Property, plant and equipment/Intangible assets	297.83	377.87	(80.04)	3.34
Employee benefits payable	38.56	47.15	(8.59)	3.20
Long term/ Short term provisions (including OCI impact)	24.66	28.41	(3.75)	6.63

Notes to the standalone financial statements
for the year ended March 31, 2023

(₹ in million)

Particulars	Balance Sheet		Profit and Loss	
	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2023	Year ended March 31, 2022
Provision for slow moving inventories	0.59	2.19	(1.60)	0.92
Lease Liabilities (net of ROU assets)	478.15	500.66	(22.51)	50.10
Provisions for doubtful advances	17.48	21.66	(4.18)	1.26
Disallowance under section 40(a)(i) of Income Tax Act,1961	32.14	59.24	(27.10)	26.10
Brought forward Business loss and Unabsorbed depreciation	605.45	1,187.00	(581.55)	-
Unabsorbed business losses (income recognised in statement of profit or loss for the year to the extent of expenses recorded)	-	-	-	(78.83)
Deferred tax income not recognised earlier due to absence of probability of profits	-	-	1,917.24	-
	1,494.86	**2,224.18**	**1,187.92**	**12.73**
Deferred tax expense/ (income)#	**-**	**-**	**(1,253.18)**	**-**
Net deferred tax assets**	**1,253.18**	**1,917.24**	**-**	**-**
Net deferred tax assets recognised	**1,253.18**	**-**	**-**	**-**

As at March 31, 2023, the company has reassessed the recoverability of unrecognised deferred tax assets on unabsorbed depreciation and other deductible temporary differences. Considering the Company has generated profits in previous year and continued generating the profits for the current year and forecasts taxable profits in future, the Company is confident of utilisation of unabsorbed depreciation and other temporary differences accordingly, has recognised deferred tax asset amounting to ₹1,253.18 million as at March 31, 2023.

**Deferred tax assets are recognised to the extent of deferred tax liabilities and hence, net deferred tax assets in the Balance Sheet is Nil for year ended March 22.

The Company has carried forward tax losses of ₹Nil million (March 31, 2022 ₹565.37 million), unabsorbed depreciation of ₹2,562.59 million (March 31, 2022 ₹3,123.97 million) and Short Term Capital Loss of ₹Nil million (March 31, 2022 ₹22.92 million)

16 Lease Liabilities

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Carried at amortised cost (unsecured)		
Lease Liabilities (Refer Note 42)	8,646.25	6,713.67
Total lease liabilities	**8,646.25**	**6,713.67**
Current	1,391.31	707.78
Non-current	7,254.94	6,005.89

17 Trade payables

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Total outstanding dues of micro enterprises and small enterprises (MSME) (Note 34)	20.05	35.06
Total outstanding dues of creditors other than micro enterprises and small enterprises :		
- Related parties (Note 36)	-	0.97
- Others	1,792.46	1,622.33
Total trade payables	**1,812.51**	**1,658.36**

Notes to the standalone financial statements
for the year ended March 31, 2023

Ageing as on March 31, 2023

(₹ in million)

Particulars	Outstanding for following periods from due date of payment						
	Unbilled	Not due	Less than 1 year#	1 to 2 years#	2 to 3 years#	More than 3 years#	Total
MSME	-	1.93	5.83	2.40	7.13	2.76	20.05
Others	1,143.53	92.95	502.21	19.95	3.62	30.20	1,792.46
Disputed dues - MSME	-	-	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-	-	-
Total	**1,143.53**	**94.88**	**508.04**	**22.35**	**10.75**	**32.96**	**1,812.51**

Ageing as on March 31, 2022

(₹ in million)

Particulars	Outstanding for following periods from due date of payment						
	Unbilled	Not due	Less than 1 year#	1 to 2 years#	2 to 3 years#	More than 3 years#	Total
MSME	-	15.86	9.24	7.13	1.10	1.73	35.06
Others	1,132.78	173.15	263.16	0.06	7.81	38.75	1,615.71
Disputed dues - MSME	-	-	-	-	-	-	-
Disputed dues - Others	-	-	-	5.55	2.04	-	7.59
Total	**1,132.78**	**189.01**	**272.40**	**12.74**	**10.95**	**40.48**	**1,658.36**

where no due date of payment is available, ageing has been disclosed from the date of transaction.

Terms and conditions of the above Trade payables:

- Trade payables are non-interest bearing and are normally settled on 30-60 days terms.

18 Other current financial liabilities

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Employees benefits payable	158.88	222.62
Capital creditors	697.35	401.92
Other payables:		
- Related party (Note 36)	-	0.38
- Others (refer note below)	324.22	547.29
Total other current financial liabilities	**1,180.45**	**1,172.21**

Other payable include balance of ₹321.24 million (March 31, 2022 ₹540.98 million) towards amount set aside for IPO expenses, refundable to shareholders and same will be settled in due course.

19 Other current liabilities

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Advance from customers (contract liabilities under Ind AS 115)	0.80	3.58
Statutory dues	149.34	161.95
Total other current liabilities	**150.14**	**165.53**

Notes to the standalone financial statements
for the year ended March 31, 2023

(₹ in million)

Particulars	Non-Current		Current	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Gratuity (Note 35)	80.54	76.34	5.07	4.31
Leave encashment	-	-	12.36	10.42
Others (refer note below)	-	-	39.05	39.54
Total provisions	**80.54**	**76.34**	**56.48**	**54.27**

Movement for provision others

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Balance at the beginning of the year	39.54	40.87
Provision during the year	-	1.50
Reversal during the year	(0.49)	(2.83)
Balance as at the end of the year	**39.05**	**39.54**

Note:

Others includes provision for certain litigation relating to service tax on rentals and other cases which is currently pending judgement in the Supreme Court/other authorities. The company had applied for Service tax amnesty scheme for above litigation which was rejected pursuant to which company had filed a writ petition in the High Court of Mumbai. The Company has received a favourable order in the March 31, 2022, from the Bombay High court directing the service tax authority to quash the orders for rejecting the Sabka Vishwas - (Legacy Dispute Resolution) Scheme, 2019 (SVLDRS) filed by the company.

21 Revenue from operations (refer Note 41)

(₹ in million)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Revenue from contract with customers		
Restaurant sales	19,542.66	13,920.29
Other operating income		
- Sale to Airport dealers/ franchisees	62.43	38.94
- Alliance Income	5.14	4.78
- Scrap sales and others	17.53	17.53
Total	**19,627.76**	**13,981.54**

22 Other income

(₹ in million)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Interest on fixed deposits and loan	161.91	53.16
Interest income from security deposit at amortised cost	52.98	52.05
Fair value gain on financial instruments at fair value through profit or loss	43.89	74.23
Rent waiver (Refer note below and 42)	3.71	131.67
Sundry balances written back		-
Profit on sale/ discard of property, plant and equipment	-	4.42
Gain on termination of lease contract (Note 42)	15.12	25.11
Miscellaneous income*	11.80	0.29
Total	**289.41**	**340.93**

*Represents interest on income tax refund.

Notes to the standalone financial statements

for the year ended March 31, 2023

Note: During the year ended March 31, 2022 and till June 30, 2022, consequential to COVID 19 pandemic the Company has negotiated several rent concessions. In view of amendments by the Companies (Indian Accounting Standards) Amendment Rules, 2020, the Company has elected, as a practical expedient, not to assess these rent concessions as lease modifications and has recognised impact of such rent concession in Statement of Profit and Loss. The election is made for all such rent concessions as these satisfy the conditions mentioned in Para 46A and Para 46B of Ind AS 116 (as amended).

23 Cost of materials consumed (raw material and packing material)

(₹ in million)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Inventory as at the beginning of the year	439.75	293.53
Add: Purchases	6,413.15	4,335.28
Less: Inventory at the end of the year	671.77	439.75
Total	**6,181.13**	**4,189.06**

24 Employee benefits expense

(₹ in million)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Salaries, wages and bonus	2,038.06	1,558.16
Contribution to provident fund and other funds (refer Note a below and Note 35)	159.21	119.83
Gratuity (refer Note 35)	17.34	13.70
Employee stock option scheme (refer Note 40 and note b below)	148.15	383.43
Staff welfare expenses	60.21	41.71
Total	**2,422.97**	**2,116.83**

(a) Net of refund claim under Provident Fund scheme namely Pradhan Mantri Protsahan Rojgar Yojana ('PMPRY') of ₹ Nil (March 31, 2022: ₹1.18 million)

(b) Expenses on employee stock option scheme includes ₹3.47 million (March 31, 2022 ₹42.55 million) towards long term incentive plan for the specified employees as per the scheme.

25 Finance costs

(₹ in million)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Interest on loans from banks	46.80	72.94
Interest - others	4.13	8.11
Interest on lease liabilities (Note 42)	736.17	581.85
Other borrowing cost	7.58	4.43
Total	**794.68**	**667.33**

26 Depreciation and amortisation expense

(₹ in million)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Depreciation on property, plant and equipment (Note 3)	1,055.20	813.79
Amortisation on intangible assets (Note 4)	123.07	86.99
Depreciation on right of use asset (Note 42)	1,188.77	900.70
Total	**2,367.04**	**1,801.48**

Notes to the standalone financial statements

for the year ended March 31, 2023

27 Other expenses

(₹ in million)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Rent (Note 42)	609.32	500.28
Electricity and utilities charges	1,283.74	834.29
Royalty (Refer note (i) below)	1,210.27	740.37
Marketing and advertisement expenses	780.43	538.88
Commission on aggregators and meal coupons	1,408.32	1,205.46
Common area maintenance expenses	293.39	248.80
Distribution and warehousing charges	300.69	246.19
Repairs and maintenance:		
- Plant and machinery	114.53	89.60
- Others	298.06	204.48
Professional fees	203.82	198.75
Small wares, cleaning, operating and other supplies	182.73	145.49
Home delivery charges	49.95	49.93
Travelling and conveyance	108.77	80.90
Payment to auditors (Refer note (ii) below)		
- Audit fees	7.67	7.08
- Limited Review fees	1.77	0.59
Other Service	0.08	0.25
Reimbursement of expenses	0.12	0.07
Provision for doubtful deposits	-	4.05
Loss on sale/ discard of property, plant and equipment	15.90	-
Miscellaneous expenses	273.85	204.24
Total	**7,143.41**	**5,299.70**

Note :

i. The Company is eligible for incentive basis the agreement with the franchisor and the same has been netted off against the royalty expenses.

ii. The above expenses excludes fees in respect of Initial Public Offer (IPO) ₹ Nil (March 31, 2022 ₹16.56 million) including reimbursement of expenses and taxes, which is borne by promoters.

28 Earnings Per Share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of Equity shares outstanding during the year. Diluted EPS amounts are calculated by dividing the profit attributable to equity holders (after adjusting for cost of options) by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

The following reflects the profit for the year after tax and share data used in the basic and diluted EPS computations:

₹ in million except per share data

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Profit attributable to the equity holders of the Company (₹ in million) (A)	2,260.60	248.07
Profit attributable to equity holders adjusted for the effect of dilution		
Weighted average number of Equity shares outstanding during the year (B)	63,542,541	59,698,646
Effect of dilution:		
Share options under ESOP (C)	755,285	445,825
Weighted average number of diluted Equity Shares (D) = (B) + (C)		
Basic Earning Per Share (Face value of Rs. 10 per share) (A)/(B)	35.58	4.16
Diluted Earning Per Share (Face value of Rs. 10 per share) (A)/(D)	35.16	4.12

Notes to the standalone financial statements
for the year ended March 31, 2023

29 Contingent liabilities

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
i) Claims against the Company (excluding Interest) not acknowledged as debts in respect of		
- Indirect Tax	13.13	22.56
- Income Tax	53.92	69.57
- Statutory dues	17.66	5.35
- Other matters	85.02	24.43
Total	**169.73**	**121.91**

Note - There are several other cases which has been determined as remote by the Company and hence not been disclosed above.

ii) The Company has entered into business transfer agreement with A. N. Traders Pvt Limited (ANTPL) in August 2016. The obligation of the parties was completed and the transaction of transferring the franchisee has been closed. One of the promoter of ANTPL has filed FIR against the company and various other parties. The Company has filed a quashing petition in the High Court of Delhi seeking an order to quash the FIR as the same had been filed on false and frivolous grounds. The petition is pending for hearing in the High Court of Delhi. The Company does not foresee any financial obligation against the FIR.

iii) The Hon'ble Collector of Stamps, Mumbai, passed an order dated January 3, 2019, ("Order") against the Company for payment of stamp duty amounting to INR 194.60 million with respect to scheme of merger/amalgamation between the Company and SHRPL, Hansazone, Pizzeria, KFCH. Aggrieved by this, the Company filed an appeal before the Chief Controlling Revenue Authority, Pune, Maharashtra, challenging the Order on the grounds inter alia, that the amount of stamp duty has been calculated incorrectly and the current valuation of the stamp duty amounts to INR 2.74 million. The Company has got a stay order dated May 5, 2022, from the Hon'ble Collector of stamps on the aforesaid order till the date of next appeal. As on date the Company does not foresee any liability towards the same.

iv) The Company has filed a writ petition before the High Court of Gujarat at Ahmedabad challenging the anti-profiteering investigation being conducted by the Directorate General of Anti-Profiteering ("Respondent"), on the grounds that the anti-profiteering investigation is ex-facie illegal and suffers from various infirmities including malice in law on the part of the Respondents including the National Anti-Profiteering Authority. The Respondents had initiated an anti-profiteering investigation under Section 171 of the Central Goods and Services Tax Act, 2017, basis a complaint against a singular Pizza Hut restaurant located in Ahmedabad, Gujarat. This investigation was initiated basis a reconsidered reference made by the Standing Committee on Anti-Profiteering in respect to a complaint filed with respect to supply of a product named 'veggie supreme' by restaurant. Thereafter, the Company had responded and provided information to various summons and notices as demanded by the Respondent during the investigation. However, being aggrieved by the way the investigation was being conducted, the Company challenged the proceedings by the way of writ petition on the grounds that it was being conducted without any methodology or guidelines and was therefore manifestly arbitrary. By an order dated June 30, 2020, the High Court of Gujarat had directed the Respondent to not inquire about any other product of the Company other than the complained product. The Company has filed its written submission dated March 30, 2021, before the High Court of Gujarat at Ahmedabad praying before the Court to allow the Writ Petition. The matter is currently pending for final order and judgement on the matter is awaited.

Future cash outflows, if any, in respect of above are determinable only on receipt of judgement/decisions pending at various forums/ authorities or final outcome of matter.

The Company's pending litigations comprise of proceedings pending with tax authorities and government body. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have materially adverse impact on its financial statements.

Notes to the standalone financial statements
for the year ended March 31, 2023

30 Commitments

(a) Estimated amount of contracts to be executed on capital account and not provided for (net of advances)

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Estimated amount of contracts to be executed on capital account and not provided for	969.04	696.13

(b) The Company has entered into a Development Agreement with Yum Restaurants (India) Private Limited ('Yum') to build a minimum Net New Stores of KFC as specified in the agreement over the 5 years period starting 1st January 2022 until 31st Dec 2026 ("Incentive Period") consisting of Base, Tier 1 and Tier 2 Targets, with certain incentives to be accrued on opening of such stores. In the event of company not meeting the build targets during the incentive period, Yum will have the right to consider revocation of development (exclusivity) rights of the Company. The Company has also issued an irrevocable and unconditional bank guarantee of initial fee for the target number of outlets of KFC amounting to ₹409.87 million for the year 2023. In case of not meeting the annual target, Yum shall be entitled to encash the bank guarantee provided.

Pursuant to above agreement, for Pizza Hut the Company has paid an upfront deposit of 500,000 USD, refundable on meeting the annual build targets. In case the annual targets are not met Yum shall be entitled to forfeit such deposit.

31 Segment Reporting

Description of segments and principal activities and information about products and services

As the Company's business activity primarily falls within a single business and geographical segment i.e. Food and Beverages, thus there are no additional disclosures to be provided under Ind AS 108 – "Operating Segment'. The management considers that the various goods and services provided by the Company constitutes single business segment, since the risk and rewards from these services are not different from one another.

Geographical information

All revenue and non-current assets of the Company is situated in India, hence, disclosure pertaining to geographical areas has not been presented.

Information about major customers

Company is not dependent on any single customer for its revenue and none of the customers contribute to more than 10% of revenue individually.

32 Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

(a) Impairment of Non Financial Assets:

Impairment exists when the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a Discounted Cash Flow (DCF) model. The cash flows are derived from the budget for the next four to five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are as under:

- Gross Margins
- Discount Rates

Notes to the standalone financial statements
for the year ended March 31, 2023

- Material Price inflation
- Growth rate
- Rent expense
- Salaries and wages
- Royalty and marketing fees

The management believes that no reasonably possible change in any of the key assumptions used in value in use calculation would cause the carrying value of the CGU to materially exceed its value in use.

Gross Margins - Gross margins are based on average values achieved in the preceding years and is expected to remain constant during the budget period. These have not increased over the budget period for anticipated efficiency improvements as the increase, if any, is expected to be marginal.

Discount rates - Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Company and is derived from its weighted average cost of capital (WACC). The cost of equity is derived from the expected return on investment by the Company's investors.

Materials price inflation - Past actual material price movements are used as an indicator of future price movements.

Growth rate estimates - Rates are based on management's estimate through internal and published industry research.

Rent expense, Salaries and wages, Royalty and Marketing expenses - Past actual rate movements are used as an indicator of future rate movements.

Any subsequent changes in the above factors could impact the recoverable value .

(b) Investment impairment

Determining whether the investments in subsidiaries are impaired requires an estimate in the value in use of investments. In considering the value in use, the directors have anticipated various assumptions which includes sales growth rate, gross margin, EBITDA margins, price inflation, long-term growth rate and the risk-adjusted discount rate and other factors of the underlying businesses / operations of the investee companies as more fully described in note 33. The discount rates are derived from the Company's weighted average cost of capital, taking into account the cost of capital, to which specific market-related premium adjustments are made.

Any subsequent changes to the cash flows due to changes in the above mentioned factors could impact the carrying value of investments.

(c) Taxes

The Company has exposure to income taxes in Indian jurisdiction. Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. (Refer Note 15).

As at March 31, 2023, the company has reassessed the recoverability of unrecognised deferred tax assets on unabsorbed depreciation and other deductible temporary differences. Considering the Company has generated profits in previous year and continued generating the profits for the current year and forecasts taxable profits in future, the Company is confident of utilisation of unabsorbed depreciation and other temporary differences accordingly, has recognised deferred tax asset amounting to ₹1,253.18 million as at March 31, 2023.

(d) Employee Benefit Plans

The cost of defined benefit gratuity plan as well as the present value of the gratuity obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount

Notes to the standalone financial statements
for the year ended March 31, 2023

rates, expected rates of return of assets, future salary increase and mortality rates. Due to the complexity of the valuation, the underlying assumptions, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Further details about gratuity obligation has been mentioned in Note 35.

(e) Useful lives of property, plant and equipment and intangible assets.

The cost of property, plant and equipment is depreciated on a straight-line basis over the property, plant and equipment's estimated economic useful lives. Management estimates the useful lives of these property, plant and equipment to be within 1.5 to 15 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised. The carrying amount of the Company's property, plant and equipment at the end of the reporting period is disclosed in Note 3 to financial statements.

The cost of intangible assets is depreciated on a straight-line basis over the useful lives of the assets. The Management estimates the useful lives of these assets to be within 1 to 10 years, which Management believes are realistic and reflect fair approximation of the period over which assets are likely to be used. There are no intangible assets with indefinite useful life, other than goodwill.

(f) Contingencies

In the normal course of business, contingent liabilities may arise from litigations and other claims against the company. Potential liabilities that are possible but not probable of crystallizing or are very difficult to quantify reliably are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not recognised. Refer Note 29 for further details.

(g) Leases

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination.

The Company included the renewal period as part of the lease term for leases of stores with shorter period (i.e., up to 10 years). The Company typically exercises its option to renew for these leases because there will be a potential negative effect on the revenue. The renewal periods for leases of stores with longer periods (i.e. More than 10 years) are not included as part of the lease term as these are not reasonably certain to be exercised.

(h) Share based payments

The company initially measures the cost of equity settled transaction with employees using Black Scholes model to determine the fair value of the liability incurred. Estimating fair value for share-based payment transaction requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. The estimates also requires determination of the most appropriate inputs to the valuation model including expected life of the share option, volatility and dividend yield and making assumptions about them. The assumption and models used for estimating the fair value for share based-payment transaction are disclosed in note no. 40.

(i) Incentive

The Company is eligible for certain incentive income basis the development agreement with franchisor. The Company has considered past experience and future outlook in determining whether the Company shall be able to achieve the opening of target number of outlets. Accordingly incentive is recognised on pro-rata basis the number of stores opened and netted off against royalty expense.

Notes to the standalone financial statements
for the year ended March 31, 2023

33 Impairment

(a) Impairment Testing of Goodwill

Carrying amount of Goodwill as on March 31, 2023 is ₹1,058.61 million pertain to single CGU i:e KFC brand (March 31, 2022; ₹1,058.61 million)

Goodwill acquired through business combinations is not amortised but is evaluated for impairment annually or whenever events or changes in circumstances indicate the carrying value may not be recoverable.

The Company performs an annual impairment assessment of Goodwill and the corresponding cash generating units to determine whether the recoverable value is below the carrying amount as at March 31, 2023. The Company performed its impairment test for the year ended March 31, 2023 on March 31, 2023.

For this purpose, the recoverable value of the cash generating unit is based on the value in use model, which has been derived from the discounted cash flow model. The model requires the Company to make significant assumptions such as discount rate, near and long-term revenue growth rate and projected margins which involves inherent uncertainty since they are based on future business prospects and economic outlook. The Company has used discounted Cash Flow Projections which has been approved by Board of Directors covering upto the year 2028. The post-tax discount rate is applied to cash flow projections. The Company has estimated a perpetuity growth rate to arrive at perpetual value post 2028. As a result of this analysis there is no impairment charge as at March 31, 2023. The key assumptions have been disclosed in Note 32(a).

Sensitivity to change in assumptions

Key assumptions	As at March 31, 2023	As at March 31, 2022
Discount rate	14%	14%
Sales growth rate	21%-26%	11%-29%
Terminal growth rate	5.0%	5.0%

Discount rate assumption

A change in discount rate by 100 basis points will result in change in the recoverable value by :-

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Increase in 100 basis points and its impact on the recoverable value	(5,000.56)	(1,187.99)
Decrease in 100 basis points and its impact on the recoverable value	6,330.16	1,456.54

Terminal growth rate assumption

A change in sales rate by 100 basis points will result in change in the recoverable value by :-

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Increase in 100 basis points and its impact on the recoverable value	4,645.74	1,176.13
Decrease in 100 basis points and its impact on the recoverable value	(3,716.59)	(962.29)

Note:

a) 100 basis point change in sales growth rate doesnot have any material impact on recoverable value.

b) During the previous year, the Company considered impact of pandemic on the projections and projection period was of 4 years. In the current year, the projections are basis normal business scenario and are considered for a period of 5 years.

(b) Impairment Testing of Investment

The Company has gross investment amounting to ₹1,817.12 million and inter-corporate deposit (ICD) amounting to ₹360.00 million and accrued interest of ₹19.17 million as at 31 March 2023 in its wholly owned subsidiary Gamma Pizzakraft Overseas Private Limited (GPOPL) who has further invested in its subsidiary Gamma Pizzakraft (Lanka) Private Limited (GPLPL), Gamma Pizzakraft Private Limited (GPPL), French Restaurants Limited (FRL) and Gamma Island Food Private Limited (GIF).

Considering the ongoing macroeconomic challenges faced by Sri Lanka on account of depletion of forex reserves, significant depreciation of Sri Lankan currency to INR, shortage of fuel, inflationary pressures and the Sri Lankan government seeking financial assistance from International Monetary Fund (IMF), the situation provides an indicator for impairment in the investment.

Management has used external specialists for determination of discount rate to be applied to future cash flow as forcasted by the company to support the recoverable amounts of its Investment based on value-in-use computation after taking into consideration potential impact of the crisis. The management has considered all internal and external sources of information including economic forecasts and estimates from market sources as at the reporting date in determining the recoverable value for such investments held in GPOPL.

The key assumptions have been disclosed in Note 32(b)

Investment in Gamma Pizzakraft (Overseas) Private Limited

Particulars	As at March 31, 2023	As at March 31, 2022
Opening balance	1,685.85	1,605.95
Add: Investment during the year	110.00	75.50
Less: Provision for diminution	-	-
Add: Deemed investment of ESOP issued to subsidiary	21.27	4.40
Closing balance	**1,817.12**	**1,685.85**

Sensitivity to change in assumptions

Key assumptions	As at March 31, 2023	As at March 31, 2022
Discount rate	23.00%	18.00%
Sales growth rate	14%-17%	15%-24%
Terminal growth rate	5.0%	5.0%

Discount rate assumption

A change in discount rate by 100 basis points will result in change in the recoverable value by :-

Key assumptions	As at March 31, 2023	As at March 31, 2022
Increase in 100 basis points and impact on the recoverable value	(200.78)	(260.63)
Decrease in 100 basis points and impact on the recoverable value	226.55	305.30

Terminal growth rate assumption

A change in sales growth rate by 100 basis points will result in change in the recoverable value by :-

Key assumptions	As at March 31, 2023	As at March 31, 2022
Increase in 100 basis points and impact on the recoverable value	141.65	208.23
Decrease in 100 basis points and impact on the recoverable value	(126.34)	(178.36)

Note - 100 basis point change in sales growth rate doesnot have any material impact on recoverable value.

On the basis of the evaluation and current indicators of future economic conditions, the Company has concluded that no adjustments are required as of reporting date at this point in time. Management will continue to monitor the situation. Further, management does not expect any uncertainties that may impact business in Sri Lanka in the near future.

Notes to the standalone financial statements
for the year ended March 31, 2023

34 Details of dues to micro and small enterprises as defined under the MSMED Act, 2006:

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
a) Principal amount not due and remaining unpaid	11.03	28.55
b) Principal amount due and remaining unpaid	0.74	1.96
c) Interest due on (a) above and the unpaid interest	0.02	0.03
d) Interest due and payable for the period of delay other than (c) above	13.45	12.25

The above information and that given in Note 17 - Trade Payables regarding Micro and Small Enterprises has been determined based on the information available with the Company.

35 Disclosure as per IND-AS 19, "Employee Benefits"

I. Defined contribution plan:

The Company has defined contribution plan. Contributions are made to provident fund for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the company is limited to the amount contributed and it has no further contractual or constructive obligation. The expenses recognised during the period towards defined contribution plan is ₹159.21 million (31 March 2022: ₹119.83 million) [refer Note 24].

II. Defined benefit plan: Gratuity

The Company operates a gratuity plan wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each year of service and to employee who has completed 5 years or more of service. The same is payable on termination of service or retirement whichever is earlier. The Gratuity paid is governed by The Payment of Gratuity Act, 1972. The Company contributes to the fund based on actuarial report details of which is available in the table of investment pattern of plan asset, based on which the company is not exposed to market risk. The following table summarises the component of net defined benefit expenses recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for respective period.

A. Balance Sheet

(₹ in million)

Particulars	Defined benefit plans	
	As at March 31, 2023	As at March 31, 2022
Present value of plan liabilities	86.48	81.46
Fair value of plan assets	0.87	0.81
Net plan liability	**85.61**	**80.65**

B. Movements in plan assets and plan liabilities

(₹ in million)

Particulars	Year ended March 31, 2023			Year ended March 31, 2022		
	Plan Asset	Plan Liability	Total	Plan Asset	Plan Liability	Total
As at the beginning of the year	0.81	81.46	80.65	0.76	64.11	63.35
Current service cost	-	12.78	12.78	-	10.26	10.26
Interest cost	-	4.61	4.61	-	3.48	3.48
Return on plan assets less expected interest on plan assets	0.05	-	(0.05)	0.04	-	(0.04)
Actuarial (gain)/loss on plan assets	0.01	-	(0.01)	0.01	-	(0.01)
Actuarial (gain)/loss arising from changes in demographic assumptions	-	0.78	0.78	-	-	-
Actuarial (gain)/loss arising from changes in financial assumptions	-	(14.69)	(14.69)	-	(2.62)	(2.62)
Actuarial (gain)/loss arising from experience adjustments	-	16.00	16.00	-	18.89	18.89
Benefit payments	-	(14.46)	(14.46)	-	(12.66)	(12.66)
As at the end of the year	**0.87**	**86.48**	**85.61**	**0.81**	**81.46**	**80.65**

C. Statement of Profit and Loss

(₹ in million)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Employee benefit expenses:		
Current service cost	12.78	10.26
Finance cost (net of income on plan assets)	4.56	3.44
Net impact on the Profit before tax for the year (refer note 24)	**17.34**	**13.70**
Remeasurement of the net defined benefit liability:		
Actual return on plan assets less expected interest on plan assets	(0.01)	(0.01)
Actuarial (gain)/loss arising from changes in demographic assumptions	0.78	-
Actuarial (gain)/loss arising from changes in financial assumptions	(14.69)	(2.62)
Actuarial loss arising from experience adjustments	16.00	18.88
Net impact on the Other Comprehensive Income before tax for the year	**2.08**	**16.25**

D. Assumptions

With the objective of presenting the plan assets and plan liabilities of the defined benefits plans at their fair value on the balance sheet, assumptions under Ind-AS 19 are set by reference to market conditions at the valuation date. The significant actuarial assumptions were as follows:

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Financial Assumptions		
Discount rate	7.15%	5.85%
Salary Escalation Rate	For Corporate : 8% For Stores : 5%	For Corporate : 8% For Stores : 5%

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Demographic Assumptions		
Mortality Rate	IALM (2012-14) Ultimate	IALM (2012-14) Ultimate
Withdrawal rate	For Corporate: PS<5 year - 18%, thereafter - 10% For Store: PS<5 year - 80%, thereafter 2%	For Corporate: If service < 5 yrs, 18% If service > 5 yrs, 12% For Store : If service < 5 yrs, 80% for 2 years, 50% thereafter, If service > 5 yrs, 2%
Retirement Age	60 years	60 years
Average expected future working life (years)/ Average duration of defined benefit obligation (years)	4.17	3.93

Notes to the standalone financial statements
for the year ended March 31, 2023

E. Sensitivity

The sensitivity of the overall plan liabilities to changes in the weighted key assumptions are:

(₹ in million)

Particulars	Year ended March 31, 2023			Year ended March 31, 2022		
	Change in assumption	Increase in Rate / Increase (Decrease) in DBO	Decrease in Rate / (Decrease) Increase in DBO	Change in assumption	Increase in Rate / Increase (Decrease) in DBO	Decrease in Rate / (Decrease) Increase in DBO
Discount rate	+/-1%	(8.11)	11.81	+/-1%	(8.41)	12.21
Salary Escalation Rate	+/-1%	11.84	(8.36)	+/-1%	12.69	(8.95)

The sensitivity analyses above have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant. When calculating the sensitivity to the assumption, the same method used to calculate the liability recognised in the balance sheet has been applied. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared with the previous year.

F. The defined benefit obligations shall mature after year end as follows:

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
1st following year	5.94	5.12
2nd following year	6.23	5.41
3rd following year	7.57	5.42
4th following year	5.98	6.51
5th following year	5.92	4.99
6th to10th year	29.49	23.66
Expected Company Contributions for the Next Year	5.12	5.94

G. Risk exposure:

Through its defined benefits plan, the company is exposed to a number of risks, the most significant of which are detailed below:

Investment risk

The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to market yields at the end of the reporting period on government bond yields; if the return on plan asset is below this rate, it will create a plan deficit.

Interest rate risk

A decrease in the bond increase rate will increase the plan liability ; however, this will be partially offset by an increase in the return on the plan's debt investments.

Demographic risk

This is the risk of variability of results due to unsystematic nature of decrements that includes mortality, withdrawal, disability and retirement. The effects of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, medical cost inflation, discount rate and vesting criteria.

Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability. The expected rate of return on plan assets is determined after considering several applicable factors such as the composition of the plan assets, investment strategy, market scenario, etc.

Notes to the standalone financial statements
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36 Related Party Disclosures

Names of related parties and related party relationship

Related parties where control exists

Subsidiaries	Gamma Pizzakraft (Overseas) Private Limited
	Gamma Pizzakraft Private Limited
	Gamma Pizzakraft Lanka Private Limited
	French Restaurants Private Limited
	Gamma Island Food Private Limited
Entities under common control:	KFCH Restaurants Private Limited
Company having significant influence:	Arinjaya (Mauritius) Limited (w.e.f August 05, 2021)
	Sapphire Foods Mauritius Limited
	QSR Management Trust through trustee Sagista Realty Advisors Private Limited
	WWD Ruby Limited (Upto November 18, 2021)
	Amethyst Private Limited (Upto November 18, 2021)
	Edelweiss Crossover Opportunities Fund (Upto November 18, 2021)
	AAJV Investment Trust (Upto November 18, 2021)
	Samara Capital Partners Fund II Limited (w.e.f. April 27, 2021)
	Ironman Investments Limited (w.e.f. August 26, 2022)
Key Managerial Personnel/ Directors	Mr. Sumeet Narang, Non-Executive Nominee Director
	Mr. Vikram Agarwal, Non-Executive Nominee Director
	Mr. Manish Mehta, Non-Executive Nominee Director (Upto January 10, 2022)
	Mr. Sanjay Purohit, Whole time director & Group CEO
	Mr. Girish Bhat, Non-Executive Nominee Director (Upto January 10, 2022)
	Mr. Amar Raj Singh, Director (Upto August 05, 2021)
	Mr. Debobroto Das, Director (Upto August 05, 2021)
	Mr. Tarun Khanna, Nominee Director (Upto August 05, 2021)
	Mr. Niladri Mukhopadhyay, Nominee Director (Upto April 01, 2021)
	Mr. Julien Roland Kinic, Nominee Director (Upto August 05, 2021)
	Mr. Pranav Parikh, Nominee Director (Upto August 05, 2021)
	Mr. Sunil Chandiramani, Director (w.e.f. August 05, 2021)
	Mr. Vinod Nambiar, Non-Executive Nominee Director (w.e.f January 10, 2022)
	Mr. Paul Robine,* Non-Executive Nominee Director (w.e.f January 10, 2022)
	Mr. Norbert Fernandes,* Alternate Director (w.e.f May 17, 2021)
	Mr. Kabir Thakur, Non-Executive Nominee Director (w.e.f. August 05, 2021)
	Ms. Anu Aggarwal, Independent Director (w.e.f. August 05, 2021)
	Ms. Deepa Wadhwa, Independent Director (w.e.f. August 05, 2021)
	Mr. Vijay Jain, Chief Financial Officer
	Mr. Sachin Dudam, Company Secretary
	*Mr. Norbert Fernandes is appointed as Alternate Director to Mr. Paul Robine
Enterprises under significant influence of persons described above:	Samara India Advisors Private Limited

Notes to the standalone financial statements
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(₹ in million)

Particulars	Subsidiaries	Entities under Common Control	Key Managerial Personnel/ Independent Directors and their relatives	Company having Significant Influence	Enterprises under Significant Influence
Balance as at:					
Trade Payables					
Samara India Advisors Private Limited					-
					(0.97)
Other Receivable					
KFCH Restaurants Private Limited		0.04			
		(2.83)			
Other Payables					
Gamma Pizzakraft Private Limited	-				
	(0.38)				
Inter-Corporate Deposits as at (including accrued interest)					
Gamma Pizzakraft (Overseas) Private Limited	379.17				
	(122.70)				
Transactions for the year ended:					
Sale of material					
KFCH Restaurants Private Limited		20.02			
		(14.59)			
Purchase of assets					
KFCH Restaurants Private Limited		-			
		(1.11)			
Call Centre Charges (inclusive of taxes)					
KFCH Restaurants Private Limited		2.77			
		(5.08)			
Reimbursement of expenses					
KFCH Restaurants Private Limited		0.02			
		(0.03)			
Gamma Pizzakraft Private Limited	-				
	(0.13)				
Samara India Advisors Private Limited					0.94
					(0.90)
Key Managerial Personnel			0.61		
			-		
Recovery of IPO expenses (refer note (i) below)					
WWD Ruby Limited				-	
				(65.60)	
Sapphire Foods Mauritius Limited				-	
				(75.38)	
Amethyst Private Limited - Mauritius				-	
				(53.62)	
QSR Management Trust				-	
				(11.50)	
AAJV Investment Trust				-	
				(1.09)	
Edelweiss Crossover Opportunities Fund				-	
				(21.87)	
Edelweiss Crossover Opportunities Fund- Series II				-	
				(8.75)	

Notes to the standalone financial statements
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(₹ in million)

Particulars	Subsidiaries	Entities under Common Control	Key Managerial Personnel/ Independent Directors and their relatives	Company having Significant Influence	Enterprises under Significant Influence
Interest Income on Inter-Corporate Deposits					
Gamma Pizzakraft (Overseas) Private Limited	31.08				
	(4.82)				
Inter-Corporate Deposits given					
Gamma Pizzakraft (Overseas) Private Limited	240.00				
	(120.00)				
Inter-Corporate Deposits repaid					
Gamma Pizzakraft (Overseas) Private Limited	-				
	(19.00)				
Issuance of Equity Shares (including securities premium)					
Edelweiss Crossover Opportunities Fund				-	
				(100.00)	
Sapphire Foods Mauritius Limited				-	
				(2,070.67)	
Arinjaya (Mauritius) Limited				-	
				(2,571.37)	
Sanjay Purohit			-		
			(295.72)		
Vijay Jain			-		
			(60.06)		
Amar Raj Singh			-		
			(30.03)		
Purchase of Equity Shares of					
Gamma Pizzakraft (Overseas) Private Limited	110.00				
	(75.50)				
Deemed Investment in subsidiaries (ESOP issued to subsidiary employees)					
Gamma Pizzakraft Lanka Private Limited	15.30				
	(4.19)				
Gamma Pizzakraft Private Limited	5.97				
	(0.21)				
Settlement of liabilities on behalf of the entity					
KFCH Restaurants Private Limited		-			
		(0.37)			
Remuneration to Independent Directors			4.13		
			(2.33)		
Remuneration to Key Managerial Personnel*#					
Short Term Employee Benefits			66.55		
			(469.59)		
Share based payments			85.90		
			(274.36)		

* Excludes provision for compensated absence and gratuity for Key Managerial Personnel as separate actuarial valuation is not available.

During the year ended March 31, 2022, Employee Stock Option Plan exercised for 8,68,969 shares is included as perquisites in the above remuneration.

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(Previous year's figures have been shown within the brackets).

Note:

i) As on March 31, 2023, the Company has a balance in Escrow account of ₹321.24 million (March 31, 2022 : ₹540.98 million) refundable to selling shareholders representing amount set aside for the purpose of IPO share issue expenses.

ii) Pursuant to the scheme of arrangement under section 230 and 232 of the Companies Act 2013 between the Company and KFCH Restaurants Private Limited (KFCH) sanctioned by NCLT by virtue of order dated 25.01.2018, 13 stores of KFCH ('Demerged Undertaking') got demerged and merged with the Company on a going concern basis from the appointed date of the scheme i.e. 1 April 2016. While the demerger was being operationalised, customers of the Demerged Undertaking of KFCH continued to remit the payments to the KFCH on behalf of the Company and vice versa. During the year, collections amount of ₹ Nil (March 31, 2022: 0.23 million) were received by SFIL on behalf of KFCH from its customers, the same has been remitted back to the Company during the year. Management is of the view that these transaction do not fall within the purview of IND AS 24 and hence excluded from related party disclosures noted above.

37 Fair Values and Fair Value hierarchy

The fair value of all current financial assets and liabilities including cash and cash equivalent, bank balances other than cash and cash equivalents, trade receivable, other financial assets, trade payables, lease liabilities, other financials liabilities and borrowings approximate their carrying amounts largely due to the short term maturities of these instruments.

The Company has investments in mutual funds which is subsequently measured at fair value through profit or loss (FVTPL) as per the closing net assets value (NAV) statement provided by the mutual fund house. The corresponding unrealised gain or loss on fair valuation is recorded in profit and loss account under other income. Accordingly, such mutual funds fall under fair value hierarchy level 1.

Further, during the year, the company has invested surplus funds in bonds and debentures. The contractual cash flow from this investment meets the criteria for solely payment of principle and interest on principal amount and accordingly is recognised at amortised cost.

Fair value measurement hierarchy

(₹ in million)

Particulars	As at March 31, 2023					As at March 31, 2022				
	Carrying amount/ Amortised cost	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total Fair Value	Carrying amount/ Amortised cost	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total Fair Value
Financial Assets										
At Amortised Cost										
Investment in Subsidiary (Note 5)	1,817.12		-	-	1,817.12	1,685.85	-	-	-	1,685.85
Investment in Securities (Note 5)	298.68	-	-	-	298.68	-	-	-	-	-
Trade receivables (Note 8)	151.84	-	-	-	151.84	118.35	-	-	-	118.35
Cash and cash equivalents (Note 9)	161.41	-	-	-	161.41	342.34	-	-	-	342.34
Bank balances other than cash and cash equivalents (Note 10)	1,739.77	-	-	-	1,739.77	1,954.20	-	-	-	1,954.20
Other financial assets (Note 5)	1,817.19	-	-	-	1,817.19	2,074.52	-	-	-	2,074.52
At Fair value through profit or loss										
Investments (Note 5)	-	360.67	-	-	360.67	-	1,525.22	-	-	1,525.22

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(₹ in million)

Particulars	As at March 31, 2023					As at March 31, 2022				
	Carrying amount/ Amortised cost	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total Fair Value	Carrying amount/ Amortised cost	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total Fair Value
Financial Liabilities										
At Amortised Cost										
Borrowings (Note 14)	377.73	-	-	-	377.73	544.24	-	-	-	544.24
Lease liabilities (Note 16)	8,646.25	-	-	-	8,646.25	6,713.67	-	-	-	6,713.67
Trade payables (Note 17)	1,812.51	-	-	-	1,812.51	1,658.36	-	-	-	1,658.36
Other current financial liabilities (Note 18)	1,180.45	-	-	-	1,180.45	1,172.21	-	-	-	1,172.21

The Company considers that the carrying amounts of these financial instruments recognised at amortised cost in the financial statements approximates its fair value.

38 Capital risk management

For the purpose of the company's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity shareholders. The Company's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The company's capital requirement is mainly to fund its capacity expansion. The principal source of funding of the company has been and is expected to continue to be, cash generated from its operations backed by bank borrowings, if need be. The funding requirements are met through equity infusions, internal accruals and borrowings, if need be. As a part of its capital management policy the company ensures compliance with all covenants and other capital requirements related to its contractual obligations.

The capital structure is governed by policies approved by the Board of Directors and is monitored by various matrices, funding requirements are reviewed periodically.

39 Financial risk management objectives and policies

The Company's principal financial liabilities comprise of borrowings, lease liabilities, trade and other payables. The Company's principal financial assets include trade and other receivables, investments and cash and cash equivalents including bank balances other than cash and cash equivalents that derive directly from its operations.

The Company's financial risk management is an integral part of how to plan and execute its business investments strategies. The Company is exposed to market risk, credit risk and liquidity risk.

The senior professionals working to manage the financial risks and the appropriate financial risk governance framework for the Company are accountable to the Board of Directors. This process provides assurance to Company's senior management that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risk are identified, measured and managed in accordance with Company policies and Company risk objective.

Further, the company has a Risk Management Committee for overseeing the risk management framework & developing & monitoring the Company's risk management policies.

The risk management policies aim to mitigate the following risks arising from the financial instruments.

a Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprises of risks relating to interest rate risk and price risk. The impact of price risk is not material. The sensitivity analysis in the following sections relate to the position as at respective balance sheet date. The analysis exclude the impact of movements in market variables on: the carrying values of gratuity, pension obligation and other post-retirement obligations; provisions; and the non-financial assets and liabilities. The sensitivity of the relevant Profit and Loss item is the

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effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities held as of March 31, 2023.

i Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company exposure to the risk of changes in market interest rates relates primarily to the outstanding financial liability.

The Company has also considered the effect of changes, if any, in both counterparty credit risk and own credit risk while assessing the debt obligations.

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Borrowings bearing variable rate of interest	377.73	544.24

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on affected portion of loans and borrowings taken at floating rates. With all other variables held constant, the company's profit before tax is affected through the impact of floating rate borrowings as follows:

A change of 50 bps in interest rates would have following impact on profit before tax:

(₹ in million)

Change	As at March 31, 2023	As at March 31, 2022
50 bps increase would decrease the profit before tax by	(1.89)	(2.72)
50 bps decrease would increase the profit before tax by	1.89	2.72

ii Foreign Currency risk

The Company has not entered into any derivative transaction during the year. The unhedged foreign currency exposure as at the year end is Nil.

b Credit risk

Credit risk is the risk that counterparty will default on its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and other financial instruments.

i Trade receivable

The trade receivable of the Company generally spread over limited numbers of parties. The Company evaluates the credit worthiness of the parties on an ongoing basis. Further, outstanding customer receivables are regularly monitored and followed up. Therefore, the Company does not expect any material risk on account of non-performance from these parties.

ii Financial instruments and cash deposits

Credit risk from balances with banks is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

c Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. The Company's objective is to at all times maintain optimum levels of liquidity to meet its cash and liquidity requirements. The Company monitors its liquidity position and deploys a cash management system. It maintains adequate source of financing through the use of bank deposits and cash credit facilities. Processes and policies related to such risks are overseen by senior management. Management monitors the Company's liquidity position through rolling forecasts on the basis of expected cash flows. The Company assessed the concentration of risk with respect to its debt and concluded it to be low.

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The table below analyses the Company's financial liabilities into relevant maturity groupings based on their contractual maturities.

(₹ in million)

Particulars	Year	< 1 Year	1 - 5 Years	More than 5 year	Total
Financial Liabilities					
Trade payable	March 31, 2023	1,812.51	-	-	1,812.51
	March 31, 2022	1,658.36	-	-	1,658.36
Borrowings*	March 31, 2023	216.62	208.83	-	425.45
	March 31, 2022	198.38	414.33	-	612.72
Lease liabilities (Undiscounted)	March 31, 2023	1,569.87	5,187.79	7,462.65	14,220.31
	March 31, 2022	1,380.30	7,483.42	2,354.02	11,217.74
Other Financial Liabilities					
Payable on Capital goods purchased	March 31, 2023	697.35	-	-	697.35
	March 31, 2022	401.92	-	-	401.92
Payable to employees	March 31, 2023	158.88	-	-	158.88
	March 31, 2022	222.62	-	-	222.62
Other payables	March 31, 2023	324.22	-	-	324.22
	March 31, 2022	547.67	-	-	547.67

*Including Interest

d Excessive risk concentration

Concentrations arise when a number of counter parties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. Based on company's evaluation there is no excessive risk concentration.

40 Share-based payments

Employee Stock Option Scheme (ESOS), 2017

The Company had received approval of the Board and Shareholders for issuance of 20,31,249 Equity Shares of ₹10 each for offering to eligible employees of the Company under Sapphire Foods Employee Stock Option Plan 2017 (the plan). There are 2 schemes of the plan implemented by the Company- Sapphire Foods Employee Stock Option Loyalty Scheme 2017- "Scheme I" (loyalty scheme) and Sapphire Foods Employee Stock Option Performance Scheme 2017- "Scheme II" (performance scheme).

The purpose of these schemes is to reward loyalty for past services with the Company, retention of critical employees, achieving company performance and aligning the shareholders interest.

During the year ended 31 March 2021, the Company has modified its existing schemes and implemented variation on 21 August 2020 by increasing the total number of options available for loyalty and performance options. It revised its target performance estimates and made it more favourable for its employees. These schemes were further modified on 30 December 2020 where Ruby options were introduced resulting in an increase in no of option granted and revised the terms of performance making it more favourable for its employees. The revised scheme hereinafter referred to as "Scheme III" for employees other than CEO and "Scheme IV" for CEO respectively. Scheme III was further modified on 18 May 2021 for acceleration of vesting at the Board discretion.

The number of shares that will vest is conditional upon certain performance and market conditions that will be determined by the Board of Directors. The performance will be measured over vesting period of the options grated which range from 1-4 years and which will be exercised over a period of 1 year from date of vesting.

The ESOP pool was further increased by addition of 807,784 equity shares vide shareholders approval in the meeting held on 23rd July, 2021.

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During July 1, 2021 to September 15, 2021, the Company vested 13,78,661 options under the Sapphire Foods Employee Stock Option Scheme 2019 and accordingly recorded ESOP charge of ₹233.99 million and such options were exercised by the employees.

Employee Stock Option Scheme (ESOS), 2019

Under Sapphire Foods Employee Stock Option Scheme 2019 – "Scheme III" – Management other than CEO, 785,431 options were granted to eligible employees on September 15, 2021 and an additional 4,747 options were granted on September 29, 2021. The purpose of this scheme is to reward loyalty for past services with the Company, retention of key employees, achieving company performance and aligning the shareholders interest.

The ESOP pool was further increased by addition of 1,494,856 equity shares vide shareholders approval in the meeting held on 8th April, 2022.

Employee Stock Option Scheme (ESOS), 2022

During the year, the Company introduced new ESOP scheme hereinafter referred to as Sapphire Foods Employee Stock Option Scheme 2022- "Scheme IIIA" and Sapphire Foods Employee Stock Option Performance Scheme 2022- "Scheme IVA". "Scheme IIIA" for management other than CEO and "Scheme IVA" for CEO.

Under ESOP Sapphire Foods Employee Stock Option Scheme 2022 – "Scheme IIIA" – Management other than CEO, 805,486 options were granted to eligible employees during the year and under ESOP Sapphire Foods Employee Stock Option Scheme 2022 – "Scheme IVA" – CEO, 1,079,000 options were granted on June 22, 2022. The scheme has been formulated with the same objective as ESOS 2019.

There are no cash settlement alternatives for the employees. The Company does not have a past practice of cash settlement for these awards.

The Company has granted the following options:

Particulars	ESOS 2017 (Loyalty)				ESOS 2019 (Loyalty)	
	Scheme IV	Scheme IV	Scheme III	Scheme III	Scheme IV	Scheme IV
No. of options	225,694	112,848	173,031	37,615	230,767	559,411
Method of accounting	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value
Vesting period (in years)	2.5 years	2.2 years	2.2 years	2.2 years	1.5 years	3.02 years
Grant Date	4-Jun-18	21-Aug-20	4-Jun-18	21-Aug-20	15-Sep-21	15-Sep-21
Exercise Date	5 years from the date of vesting or happening of a major liquidity event, whichever is later	Starting from end of vesting period and ending on 31 March 2024	5 years from the date of vesting or happening of a major liquidity event, whichever is later	Starting from end of vesting period and ending on 31 March 2024	6 month from the end of vesting date	6 month from the end of vesting date
Exercise Price (₹)	10	10	10	10	544.4	544.4
Method of settlement	Equity- settled	Equity- settled	Equity- settled	Equity- settled	Equity- settled	Equity- settled
Fair value per option (₹)	344.65	376.70	344.75	376.70	147.90	209.30

Particulars	ESOS 2022 (Loyalty)				
	Scheme IIIA				Scheme IVA
No. of options	183,367	67,500	13,200	21,095	359,667
Method of accounting	Fair value	Fair value	Fair value	Fair value	Fair value
Vesting period (in years)	3.8 years	1 to 3.5 years	3.41 years	3.14 years	3.8 years
Grant Date	22-Jun-22	8-Oct-22	3-Nov-22	9-Feb-23	22-Jun-22
Exercise Date	Within 6 months from the date of vesting	Within 6 months from the date of vesting	Within 6 months from the date of vesting	Within 6 months from the date of vesting	Within 6 months from the date of vesting
Exercise Price (Rs.)	1180	1180	1180	1180	1180
Method of settlement	Equity- settled	Equity- settled	Equity- settled	Equity- settled	Equity- settled
Fair value per option (Rs.)	327.6	706.42	690.65	487.45	327.60

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Particulars	ESOS 2017 & 2019 (Performance)						
	Scheme IV			Scheme III			
	Gold Options	Platinum	Ruby Options	Gold Options (A)	Gold Options (B)	Platinum	Ruby Options
No. of options	338,542	225,694	138,889	210,649	210,648	52,663	105,325
Method of accounting	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value
Vesting period (in years)	2.2 years	2.6 years	3.5 years	2.2 years	2.5 years	3.5 years	3.2 years
Grant Date	4-Jun-18	21-Aug-20	30-Dec-20	4-Jun-18	21-Aug-20	21-Aug-20	30-Dec-20
Exercise Date	31-03-2024	31-03-2024	31-03-2025	31-03-2024	31-03-2024 & 31-03-2025	31-03-2024 & 31-03-2025	31-03-2025
Exercise Price (₹)	10	10	10	178	178	178	178
Method of settlement	Equity- settled	Equity- settled	Equity- settled	Equity- settled	Equity- settled	Equity- settled	Equity- settled
Fair value per option (₹)	376.80	377.00	377.50	238.10	237.90	251.80	248.60

Particulars	ESOS 2022 (Performance)				
	Scheme IIIA				Scheme IVA
No. of options	366,733	85,000	26,400	42,191	719,333
Method of accounting	Fair value	Fair value	Fair value	Fair value	Fair value
Vesting period (in years)	3.8 to 4.4 years	3.5 to 4.15 years	3.4 to 4.08 years	3.1 to 3.81 years	4.44 years
Grant Date	22-Jun-22	8-Oct-22	3-Nov-22	9-Feb-23	22-Jun-22
Exercise Date	Within 6 months from the date of vesting	Within 6 months from the date of vesting	Within 6 months from the date of vesting	Within 6 months from the date of vesting	Within 6 months from the date of vesting
Exercise Price (₹)	1180	1180	1180	1180	1180
Method of settlement	Equity- settled	Equity- settled	Equity- settled	Equity- settled	Equity- settled
Fair value per option (₹)	327.60	706.42	690.65	487.45	327.60

No. of Options	Loyalty		Performance	
	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2023	Year ended March 31, 2022
Outstanding at the beginning of the year	687,666	368,680	232,933	1,242,914
Granted during the year	644,829	790,178	1,239,657	-
Exercised during the year	-	(368,680)	-	(1,009,981)
Lapsed/ Expired during the year	(166,910)	(102,512)	(38,667)	-
Outstanding at the end of the year	1,165,585	687,666	1,433,923	232,933
Exercisable at the end of the year	-	-	-	-
Vested at the end of the year	174,714	-	232,933	-

The fair values are measured based on the Black Scholes Model. The fair value of the options & inputs used in the measurement of grant date fair values are as follows:

(₹ in million)

Date of grant	09 February 2023	03 November 2022	08 October 2022	22 June 2022	15 September 2021
Risk free interest rate	7.27%	7.14%	7.41%	6.90%	4.06%
Expected life (in years)	3.39	3.66	3.73	4.02	1.8
Expected volatility	39%	39%	39%	39%	50%
Dividend yield	0%	0%	0%	0%	0%
Price of the underlying share in the market at the time of option grant (₹)	1,241.6	1469.16	1475	977.1	537

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(₹ in million)

Date of grant	15 September 2021	30 December 2020	21 August 2020	3 September 2018	4 June 2018
Risk free interest rate	4.96%	4.00%	4.69%	8.10%	7.90%
Expected life (in years)	3.3	2.2-3.5	2.6	7.4	5.4
Expected volatility	50%	55%	50%	45%	40%
Dividend yield	0%	0%	0%	0%	0%
Price of the underlying share in the market at the time of option grant (₹)	537	386	291	351	351

Weighted average remaining contractual life of the share option outstanding at the end of year is as below :

(₹ in million)

Particulars	31-Mar-23	31-Mar-22	31-Mar-21	31-Mar-20	31-Mar-19
Remaining contractual life Loyalty (years)	2.51	1.75	0.88	1.54	2.31
Remaining contractual life Performance (years)	3.34	0.36	1.75	1.45	2.90

Effect of the employee option plan on the Statement of Profit or Loss and on its financial position

(₹ in million)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Total employee compensation cost pertaining to stock option plan (Refer Note 24)	144.68	340.88
Liability for employee stock option plan outstanding as at the year/period end	222.04	56.09

41 Revenue from Contracts with Customers

1. Disaggregated revenue information:

Set out below is the disaggregation of the Company's revenue from contracts with customers:

(₹ in million)

Type of goods or service	Year ended March 31, 2023	Year ended March 31, 2022
Restaurant sales	19,542.66	13,920.29
Other operating income	85.10	61.25
Total revenue from contract with customers	19,627.76	13,981.54
India	**19,627.76**	**13,981.54**
Outside India	-	-
Total revenue from contract with customers	19,627.76	13,981.54
Timing of revenue recognition		
Goods transferred at a point in time	19,622.62	13,976.76
Services transferred over time (included in other operating income)	5.14	4.78
Total revenue from contract with customers	**19,627.76**	**13,981.54**

2. Contract balances:

(₹ in million)

	March 31, 2023	March 31, 2022
Trade receivables	151.84	118.35
Contract liabilities	0.80	3.58

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42 Leases

Leases where the Company is a Lessee

(a) The Company incurred ₹66.30 million for the year ended March 31, 2023 (March 2022: ₹36.22 million) towards expenses relating to short-term leases and leases of low-value assets. The total cash outflow for leases is ₹1,624.75 million for the year ended March 31, 2023 (March 2022: ₹1,149.37 million, including cash outflow of short-term leases and leases of low-value assets. Interest on lease liabilities is ₹736.17 millions for the year ended March 31, 2023. (March 2022: ₹581.85 million).

(b) The Company's leases mainly comprise of stores and buildings. The Company leases buildings for the purpose of business operations.

Leases are shown as follows in the Company's balance sheet and profit & loss account

Right-of-Use Assets

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Cost	11,174.69	8,282.37
Accumulated depreciation	(3,686.69)	(2,497.92)
Net carrying amount	**7,488.00**	**5,784.45**

The movement of Right-of-Use Assets is as follows:

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
As at beginning of the year	5,784.45	4,247.22
Additions	2,939.40	2,538.50
Disposals	(47.08)	(100.57)
Depreciation	(1,188.77)	(900.70)
As at the end of the year	**7,488.00**	**5,784.45**

Set out below are the carrying amounts of lease liabilities (included under financial liabilities) and the movements during the year:

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
As at beginning of the year	6,713.67	5,082.29
Additions	2,818.19	2,406.64
Accretion of Interest	736.17	581.85
Termination	(59.62)	(112.29)
Rent waiver due to COVID	(3.71)	(131.67)
Payments	(1,558.45)	(1,113.15)
As at the end of the year	**8,646.25**	**6,713.67**
Lease liabilities		
Current	1,391.31	707.78
Non-current	7,254.94	6,005.89
Total lease liabilities	**8,646.25**	**6,713.67**

Some of the leases contain extension and termination options. Such options are taken into account in the determination of the lease term only if extension or non-termination can be assumed with reasonable certainty.

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for the year ended March 31, 2023

(₹ in million)

Amounts recognised in the Statement of Profit and Loss	Year ended March 31, 2023	Year ended March 31, 2022
Other income		
Gain on termination of lease contract	15.12	25.11
Rent waiver due to COVID	3.71	131.67
Other expenses		
Short-term lease rent expense	61.66	31.38
Low value asset lease rent expense	4.64	4.84
Variable lease rent expense	360.30	226.78
GST on rent	182.72	237.28
Depreciation and impairment losses		
Depreciation of right of use lease asset	1,188.77	900.70
Finance cost		
Interest expense on lease liability	736.17	581.85

The Company has lease contracts for stores that contains variable payments based on the revenue generated from a particular store. Management's objective is to align the lease expense with the revenue generated. The following provides information on the Company's variable lease payments, including the magnitude in relation to fixed payments for the similar contracts:

(₹ in million)

Particulars	Year ended March 31, 2023			Year ended March 31, 2022		
	Fixed Payments	Variable Payments	Total	Fixed Payments	Variable Payments	Total
Fixed Rent	659.88	-	659.88	467.96	-	467.96
Variable rent with minimum payment	898.39	277.41	1,175.80	675.39	164.48	839.87
Variable rent only	-	82.89	82.89	-	62.30	62.30
	1,558.27	**360.30**	**1,918.57**	**1,143.35**	**226.78**	**1,370.13**

A 5% increase in revenue for the relevant stores would increase total lease payments by 5.44%.

The Company has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

43 Title deeds of immovable properties not held in the name of the company

The Company has 4 store lease agreements wherein the lease agreement is not in the name of the Company. These agreements have expired and are under the process of renewal.

Relevant line item in Balance Sheet	Description of property	Gross carrying value (₹ in million)	Title deeds held in name of	Whether title deed holder is a promoter, director or relative of promoter/ director or employee of	Period held-since which date	Reason for not being held in name of company
Right of use assets	Leasehold Building	21.05	Landlord	Not applicable	3 months to 2 years	The original term has expired and these contracts are in the process of getting renewed

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44 As per the Regulation 14(6)(ii) of Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 (as amended from time to time), an Indian company making the Downstream Investment (DI) is required to notify the Secretariat for Industrial Assistance (SIA), Department of Industrial Policy and Promotion (DIPP) and Foreign Investment Promotion Board (FIPB) of its downstream investment along with the modality of investment and file Form DI with RBI within 30 days of allotment of capital instruments (wherever applicable). However, the Company had not notified the downstream investment to SIA, DIPP, FIPB and RBI (wherever applicable) for the financial years ended 31 March 2016, 31 March 2017, 31 March 2018 and 31 March 2019 within such deadlines. Further, the Company had not obtained the Statutory Auditor's certificate in earlier years i.e. for year ended 31 March 2016, 31 March 2017, 31 March 2018 and 31 March 2019, nor had mentioned this non-compliance in its Directors Report for these periods. During the previous year ended March 31, 2022, the Company had regularised these filings and made good the non-compliance by paying a fees of ₹9.54 million for which the Company has received RBI approval on 17 January 2022.

45 Utilisation of borrowed funds and share premium

During the year, the Company has made further investments and advanced loan to its subsidiariy company Gamma Pizzakraft (Overseas) Private Limited (GPOPL) who has further invested such amount in its subsidiary companies namely Gamma Pizzakraft Lanka Private Limited (GPLPL) and Gamma Island Food Private Limited (GIF). GPOPL is a company registered in India, GPLPL is a company registered in Sri Lanka and GIF is a company registered in Republic of Maldives.

Details of the same are as follows:

Name of the Subsidiary	Type	Date of Payment	₹ (In Million)
Gamma Pizzakraft (Overseas) Private Limited	Equity Investment	20-02-2023	83.64
Gamma Pizzakraft (Overseas) Private Limited	Equity Investment	20-03-2023	26.36
Gamma Pizzakraft (Overseas) Private Limited	Inter corporate deposits	13-5-2022	60.00
Gamma Pizzakraft (Overseas) Private Limited	Inter corporate deposits	05-07-2022	60.00
Gamma Pizzakraft (Overseas) Private Limited	Inter corporate deposits	21-11-2022	100.00
Gamma Pizzakraft (Overseas) Private Limited	Inter corporate deposits	20-12-2022	20.00
Total			**350.00**

Further, Gamma Pizzakraft (Overseas) Private Limited has given loan to sub-subsidiary Gamma Pizzakraft Lanka Private Limited and Gamma Island Food Private Limited of USD 2.70 million (equivalent INR 221.81 million) and USD 0.24 million (equivalent INR 19.80 million) respectively during the year ended March 31, 2023, for the purpose of business expansion. Also Gamma Pizzakraft (Overseas) Private Limited has invested in Gamma Island Food Private Limited in the form of Equity of USD 1.22 million (equivalent INR 100.20 million) during the year ended March 31, 2023.

Details of the same are as follows:

Name of the Company amount invested	Type	Date of Payment	USD (In Million)	Equivalent INR (In Million)
Gamma Pizzakraft Lanka Private Limited	Inter corporate deposits	27-05-2022	0.75	61.61
Gamma Pizzakraft Lanka Private Limited	Inter corporate deposits	12-07-2022	0.75	61.61
Gamma Pizzakraft Lanka Private Limited	Inter corporate deposits	05-12-2022	1.20	98.58
Gamma Island Food Pvt Ltd	Inter corporate deposits	21-12-2022	0.24	19.80
Gamma Island Food Pvt Ltd	Equity Investment	14-03-2023	0.84	69.11
Gamma Island Food Pvt Ltd	Equity Investment	24-03-2023	0.38	31.09
Total				**341.82**

46 Analytical Ratios

1. Current ratio= Current Assets/ Current Liabilities

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Current assets	4,346.15	5,376.85
Current liabilities	4,782.83	3,924.66
Ratio (Number of times)	0.91	1.37

Notes to the standalone financial statements
for the year ended March 31, 2023

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
% change from previous year	**-34%**	

Reason for change more than 25%:

The ratio has decreased during March 31, 2023, as a result of utilisation of funds received in financial year 2021-22 through private placement in expansion activities. Further, current investment in mutal fund was matured and utilised in working capital.

2. Debt Equity ratio = Total debt/ Shareholders equity

Total debt = sum of current and non current borrowings

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Total debt	377.73	544.24
Shareholders equity (Total equity)	12,841.31	10,416.31
Ratio (Number of times)	0.03	0.05
% change from previous year	**-44%**	

Reason for change more than 25%:

The ratio has decreased during March 31, 2023, due to increase in profitability for the year ended March 31, 2023 and also repayment of borrowing during the year ended March 31, 2023.

3. Debt Service Coverage Ratio= Earnings available for debt service/ Debt service

Earnings available for debt service = Net profit before taxes + Non-cash operating expenses like Depreciation and amortisation expense + Finance cost - Other income (Non-operating)

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Profit before tax	1,007.94	248.07
Add: Depreciation and amortisation expense	2,367.04	1,801.48
Add: Finance cost (excluding Finance cost on lease liabilities)	58.51	85.48
Less: Other income (excluding rent waiver due to COVID)	(285.70)	(209.26)
Net operating income (A)	**3,147.79**	**1,925.77**
Interest cost on borrowings	54.72	84.11
Principal repayments of borrowings	170.64	339.79
Total interest and principal repayments (B)	**225.36**	**423.90**
Ratio (A/B) (Number of times)	13.97	4.54
% change from previous year	**207%**	

Reason for change more than 25%:

The ratio has increased during March 31, 2023, due to increase in operating activities and better performance for the year ended March 31, 2023

4. Return on Equity (ROE) Ratio= Net profit after tax / Average shareholder's equity

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Net profit after tax	2,260.60	248.07
Average shareholder's equity	11,628.81	7,782.73
Ratio (%)	19.44%	3.19%
% change from previous year	**510%**	

Reason for change more than 25%:

The ratio has increased during March 31, 2023, due to improvement in profitability and recognisation of deferred tax asset.

Notes to the standalone financial statements
for the year ended March 31, 2023

5. Inventory turnover ratio = Cost of goods sold/ Average Inventory

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Cost of materials consumed for the year	6,181.13	4,189.06
Average inventory (excluding Small wares, cleaning, uniform and operating supplies)	555.76	366.64
Ratio (Number of times)	11.12	11.43
% change from previous year	**-3%**	

6. Trade receivables turnover ratio = Credit sales/ Average trade receivables

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Credit sales for the year	14,791.89	10,376.10
Average trade receivables	135.10	89.10
Ratio (Number of times)	109.49	116.46
% change from previous year	**-6%**	

7. Trade payables turnover ratio = Net Credit Purchases and operating expenses/ Average trade payables

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Net Credit Purchases and Operating Expenses*	15,979.53	11,751.81
Average trade payables	1,735.44	1,393.80
Ratio	9.21	8.43
% change from previous year	**-9%**	

* Operating expenses include employee benefits and other expenses

8. Net capital turnover ratio= Revenue from operations/ Net Working Capital

Net working capital= Current assets- current liabilities

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Sales for the year	19,627.76	13,981.54
Net working capital	(436.68)	1,452.19
Ratio (Number of times)	(44.95)	9.63
% change from previous year	**567%**	

Reason for change more than 25%:

The ratio has increased during March 31, 2023, as a result of utilisation of funds received in financial year 2021-22 through private placement in expansion activities. Further, current investment in mutal fund was matured and utilised in working capital. Also, the sales increase has lead to the increase in ratio.

9. Net profit ratio= Net profit after tax/ Revenue from operations

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Net Profit after tax	2,260.60	248.07
Sales for the year	19,627.76	13,981.54
Ratio (Number of times)	0.12	0.02
% change from previous year	**549%**	

Reason for change more than 25%:

The ratio has increased during March 31, 2023, as a result of improvement in business operations and profitability.

Notes to the standalone financial statements
for the year ended March 31, 2023

10. Return on capital employed ratio= Earnings before interest and tax / Capital employed

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Net profit before tax	1,007.94	248.07
Finance cost	794.68	667.33
Other income (excluding rent waiver due to COVID)	(285.70)	(209.26)
Earnings before interest and tax (A)	**1,516.92**	**706.15**
Tangible Net Worth	11,318.35	9,045.72
Total Debt	9,023.98	7,257.91
Capital employed (B)	**20,342.33**	**16,303.63**
Ratio (A/B)	0.07	0.04
% change from previous year	**75%**	

Reason for change more than 25%:

The ratio has increased during March 31, 2023, due to increase in profitability.

11. Return on investment ratio= Gain on Investment / Cost of Average Investment

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Interest income on FD and Gain/loss on MF	173.97	122.39
Average Investment in fixed deposits and mutual fund	3,384.12	2,764.13
Ratio	0.05	0.04
% change from previous year	**25%**	

Reason for change more than 25%:

The ratio has increased from 0.04 in March 22 to 0.05 in March 23 due to the increase in interest rate during the current year.

47 Corporate Social Responsibility (CSR)

The provisions of Section 135 of the Companies Act, 2013 for Corporate Social Responsibility (CSR) are applicable to the Company. Basis the assessment of spend criteria as defined in the section, the Company is not required to spend on CSR for the current year considering the average net loss incurred in preceding three years.

48 Code of Social Security

The Code of Social Security 2020 ('Code') relating to employee benefits during employment and post-employment received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period in which the Code becomes effective.

49 Other Statutory Information

(i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

(ii) The Company does not have any transactions with companies struck off u/s 248 of the Companies Act, 2013.

(iii) The Company does not have any satisfaction of charge which is yet to be registered with ROC beyond the statutory period.

(iv) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(v) The Company has not received any fund from any person or entity, including foreign entities (Funding Party) with the understanding whether recorded in writing or otherwise that the Company shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(vi) The Company has not advanced or loaned or invested funds to any other person or entity (outside the group), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(vii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of accounts, in the tax assessments under the Income Tax Act, 1961 as income during the year.

50 The Board of Directors ("the Board") of the Company at its meeting held on February 11, 2022 has inter-alia, subject to requisite approvals/consents, considered and approved the Scheme of Merger by Absorption between Sapphire Foods India Limited (the "Transferee Company" or "Company'') and wholly owned subsidiaries namely Gamma Pizzakraft Private Limited (Transferor Company I) and Gamma Pizzakraft (Overseas) Private Limited (Transferor Company 2") under Sections 230 to 232 of the Companies Act, 2013 ("Scheme"). The Scheme is subject to necessary statutory and regulatory approvals including the approval of Hon' ble National Company Law Tribunal (NCLT), Mumbai bench. The Appointed Date of the Scheme is April 1, 2022. The scheme / application was filed and admitted with National Company Law Tribunal (NCLT), Mumbai Bench on May 5, 2022 and the matter is pending before the NCLT as on date. Accordingly, no impact of the scheme has been given in that standalone financial statments.

51 Events after the reporting period

The Company has evaluated subsequent events from the balance sheet date through May 12, 2023, the date at which the financial statements were available to be issued and determined that there are no material items to disclose.

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI Registration No: 324982E/ E300003

per Vikram Mehta
Partner
Membership No: 105938

Place: Mumbai
Date: May 12, 2023

For and on behalf of the Board of Directors of
Sapphire Foods India Limited

Sunil Chandiramani
Director
DIN: 00524035

Sanjay Purohit
Whole time Director and CEO
DIN: 00117676

Sachin Dudam
Company Secretary
Membership No: A31812

Vijay Jain
Chief Financial Officer

Place: Mumbai
Date: May 12, 2023

Independent Auditor's Report

To
The Members of
Sapphire Foods India Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Sapphire Foods India Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the consolidated Balance sheet as at March 31 2023, the consolidated Statement of Profit and Loss, including other comprehensive Income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2023, their consolidated profit including other comprehensive loss, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Financial Statements' 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 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 we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year ended March 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matters	How our audit addressed the key audit matter
Impairment assessment of Goodwill (as described in Note 32 of the consolidated financial statements)	

As at March 31, 2023, the group has carrying amount of Goodwill of 1,621.59 million pertaining to two cash generating units (CGU) i.e KFC in India and Pizza Hut in Sri Lanka.
 	
In accordance with the requirements of Ind AS 36 Impairment of Assets, the group performs an annual impairment assessment of Goodwill and the corresponding cash generating units to determine whether the recoverable value is below the carrying amount as at March 31, 2023.
 	
For this purpose, the recoverable value of the cash generating unit is based on the value in use model, which has been derived from the discounted cash flow model. The model requires the group to make significant assumptions such as discount rate, near and long-term revenue growth rate and projected margins which involves inherent uncertainty since they are based on future business prospects and economic outlook.
 	
Further considering the ongoing macroeconomic challenges faced by Sri Lanka on account of depletion of forex reserves, significant depreciation of Sri Lankan currency to INR, shortage of fuel, inflationary pressures and the Sri Lankan government seeking financial assistance from International Monetary Fund (IMF), management has used external specialists to support the recoverable amounts based on value-in-use computation for Pizza Hut CGU in Sri Lanka after taking into consideration potential impact of ongoing crisis.
 	
Changes in certain methodologies and assumptions can lead to significant changes in the assessment of the recoverable value.
 	
Due to the level of judgments involved and its significance to the Group's financial position, this is considered to be a key audit matter.
	Our audit procedures included the following:
	• Obtained an understanding of the process followed by the management to determine the recoverable amounts of cash generating units determined by the Group.
	• Evaluated the design and implementation and tested the operating effectiveness of key internal financial controls related to the Group's process relating to review of the annual impairment analysis.
	• Assessed Company's valuation methodology applied in determining recoverable value including the reasonableness of identification of cash generating units and around the key drivers (cash flow forecasts, discount rates, expected growth rates, forecasted margins and terminal growth rates) based on our knowledge of the Company and Industry. Compared the historical accuracy by comparing past forecasts to actual results achieved.
	• In respect of Pizza Hut cash generating unit in Sri Lanka;
	  • Involved internal valuation expert to assist in evaluating the valuation methodology and assumptions around the key drivers of the cash flow forecasts including discount rates, expected growth rates and terminal growth rates
	  • Evaluated the assumptions applied by the Company in relation to the future projections of the business in Sri Lanka including understanding of management's assessment of business impact based on current market and economic conditions arising from the ongoing macroeconomic challenges faced by Sri Lanka
	• Evaluated the assumptions around the key drivers of the cash flow forecasts including discount rates, expected growth rates, forecasted margins and terminal growth rates used for KFC CGU in India
	• Assessed the recoverable value headroom by performing sensitivity testing of key assumptions used.
	• Tested the arithmetical accuracy of the computation of recoverable amounts of cash generating units
	• Assessed the disclosures made in the consolidated financial statements

Recoverability of Deferred Tax assets (DTA) (as described in Note 15 of the consolidated financial statements)	
The Parent Company had unrecognised DTA balance as at the end of previous year majorly arising on carry forward tax losses and unabsorbed depreciation. Basis the Group's policy, deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carried forward unabsorbed depreciation and business losses can be utilised The Group's ability to recognise previously un-recognised deferred tax assets is assessed by the management at the end of each reporting period, taking into account forecasts of future taxable profits, future reversals of existing taxable temporary differences and ongoing tax planning strategies. Considering the profits made by the Company in the current year, the Parent Company has reassessed its position and recognised deferred tax asset amounting to 1,235.18 million in the current year The recognition and measurement of deferred tax balances is a key audit matter considering the significance of the amount, judgement involved in assessing the recoverability of such tax credits, estimation of the financial projections for utilisation of business losses and unabsorbed depreciation and judgements involved in the interpretation of tax regulations and tax positions adopted by the Company	Our audit procedures included the following: • Evaluated the Group's accounting policies with respect to recognition of deferred taxes in accordance with Ind AS 12 "Income Taxes". • Evaluated the design and implementation and tested the operating effectiveness of key internal controls related to the assessment of recoverability of DTA balances • Obtained and analysed the future projections of taxable profits estimated by management and assessed the key assumptions used and the reasonableness of the future cash flow projections and the consistency of projections used for impairment assessment where applicable. Compared the historical accuracy by comparing past forecasts to actual results achieved. • Assessed the sensitivity analysis applied by the Group and evaluated if any change in the assumptions will lead to any material change in carrying amount • Assessed the disclosures made in the consolidated financial statements

Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 their respective companies 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

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

Those respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of their respective companies.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are 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 these consolidated financial statements.

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 consolidated financial statements, 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.
- 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 Holding Company 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 management.
- Conclude on the appropriateness of management's 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 ability of the Group 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 consolidated financial statements 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors and whose financial information we have audited, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the financial year ended March 31, 2023 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

(a) We did not audit the financial statements and other financial information, in respect of 5 subsidiaries whose financial statements include total assets of ₹2,361.38 million as at March 31, 2023, and total revenues of ₹3,027.98 million and net cash inflows of ₹33.37 million for the year ended on that date. These financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of such other auditors.

Our opinion above on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of the subsidiary companies, incorporated in India, as noted in the 'Other Matter' paragraph we give in the "Annexure 1" a statement on the matters specified in paragraph 3(xxi) of the Order.

2. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

   (a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;

   (b) In our opinion, proper books of account as required by law relating to the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

   (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;

(d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2023 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies, none of the directors of the Group's companies, incorporated in India, is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiary companies, incorporated in India, and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries the managerial remuneration for the year ended March 31, 2023 has been paid / provided by the Holding Company, its subsidiaries incorporated in India to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, as noted in the 'Other matter' paragraph:

i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group in its consolidated financial statements – Refer Note 29 to the consolidated financial statements;

ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2023;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiaries incorporated in India during the year ended March 31, 2023.

iv. a) The respective managements of the Holding Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiaries to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the respective Holding Company or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The respective managements of the Holding Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of its knowledge and belief, no funds have been received by the respective Holding Company or any of such subsidiaries from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries, shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiaries, which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.

v) No dividend has been declared or paid during the year by the Holding Company, its subsidiaries companies, incorporated in India.

vi) As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable only w.e.f. April 1, 2023 for the Holding Company and its subsidiaries companies incorporated in India, hence reporting under this clause is not applicable.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per **Vikram Mehta**
Partner
Membership Number: 105938
UDIN: 23105938BGXGGI9686

Place of Signature: Mumbai
Date: May 12, 2023

Annexure 1" referred to in Paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date

(xxi) Qualifications or adverse remarks by the respective auditors in the Companies (Auditors Report) Order (CARO) reports of the companies included in the consolidated financial statements are:

S.No	Name	CIN	Holding company/ subsidiary	Clause number of the CARO report which is qualified or is adverse
1	Sapphire Foods India Limited	L55204MH2009PLC197005	Holding Company	Paragraph 3(i)(c)
2	Sapphire Foods India Limited	L55204MH2009PLC197005	Holding Company	Paragraph 3(vii)(a)
3	Gamma Pizzakraft (Overseas) Private Limited	U51101MH2007PTC365646	Subsidiary	Paragraph 3(xvii)
4	Gamma Pizzakraft Private Limited	U00060MH2005PTC365645	Subsidiary	Paragraph 3(xvii)

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per **Vikram Mehta**
Partner
Membership Number: 105938
UDIN: 23105938BGXGGI9686

Place of Signature: Mumbai
Date: May 12, 2023

Annexure to the Independent Auditor's Report of even date on the Consolidated Financial Statements of Sapphire Foods India Limted

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

In conjunction with our audit of the consolidated financial statements of Sapphire Foods India Limited (hereinafter referred to as the "Holding Company") as of and for the year ended March 31, 2023, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial Controls With Reference to Consolidated Financial Statements

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

Inherent Limitations of Internal Financial Controls With Reference to Consolidated Financial Statements

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

Opinion

In our opinion, the Group, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31,2023, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements of the Holding Company, in so far as it relates to these two subsidiaries, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiaries incorporated in India.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per **Vikram Mehta**
Partner
Membership Number: 105938
UDIN: 23105938BGXGGI9686

Place of Signature: Mumbai
Date: May 12, 2023

Consolidated Balance Sheet

as at March 31, 2023

(₹ in million)

Particulars	Note	As at March 31, 2023	As at March 31, 2022
ASSETS			
Non-current assets			
Property, Plant and Equipment	3	7,705.87	5,461.53
Capital work-in-progress	3	550.40	319.73
Right of use assets	42	7,914.73	6,248.57
Goodwill	4	1,621.59	1,621.59
Other Intangible assets	4	646.88	566.07
Intangibles under development	4	14.40	6.81
Financial assets			
Other financial assets	5	831.19	1,130.50
Deferred tax assets (net)	15	1,219.85	-
Income tax assets (net)		59.65	64.14
Other non-current assets	6	449.98	313.94
Total non-current assets		**21,014.54**	**15,732.88**
Current assets			
Inventories	7	993.04	651.64
Financial assets			
i) Investments	5	659.35	1,525.22
ii) Trade receivables	8	179.49	140.71
iii) Cash and cash equivalents	9	444.17	591.73
iv) Bank balances other than cash and cash equivalents	10	1,760.05	1,954.43
v) Other financial assets	5	686.89	936.13
Other current assets	11	203.01	106.51
Total current assets		**4,926.00**	**5,906.37**
Total Assets		**25,940.54**	**21,639.25**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	12	635.43	635.43
Other equity	13	11,924.04	9,436.04
Non controlling interests		(20.33)	(16.98)
Total equity		**12,539.14**	**10,054.49**
Liabilities			
Non-current liabilities			
Financial liabilities			
i) Borrowings	14	208.78	419.84
ii) Lease Liabilities	16	7,712.78	6,496.39
Provisions	20	107.08	109.74
Deferred tax liabilities (net)	15	35.65	87.27
Total non-current liabilities		**8,064.29**	**7,113.24**
Current liabilities			
Financial liabilities			
i) Borrowings	14	233.91	192.37
ii) Lease Liabilities	16	1,472.33	784.08
iii) Trade payables	17		
(a) total outstanding dues of micro enterprises and small enterprises		23.15	36.28
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		2,146.76	1,954.87
iv) Other financial liabilities	18	1,210.43	1,223.75
Other current liabilities	19	180.95	214.17
Provisions	20	69.58	66.00
Total current liabilities		**5,337.11**	**4,471.52**
Total Equity and Liabilities		**25,940.54**	**21,639.25**

See accompanying notes to the consolidated financial statements 1 to 49

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI Registration No: 324982E/ E300003

per Vikram Mehta
Partner
Membership No: 105938

Place: Mumbai
Date: May 12, 2023

For and on behalf of the Board of Directors of
Sapphire Foods India Limited

Sunil Chandiramani
Director
DIN: 00524035

Sanjay Purohit
Whole time Director and CEO
DIN: 00117676

Sachin Dudam
Company Secretary
Membership No: A31812

Vijay Jain
Chief Financial Officer

Place: Mumbai
Date: May 12, 2023

Consolidated Statement of Profit and Loss

for the year ended March 31, 2023

(₹ in million)

Particulars	Note	Year ended March 31, 2023	Year ended March 31, 2022
Income			
Revenue from operations	21	22,655.74	17,215.72
Other income	22	310.92	379.78
Total income		**22,966.66**	**17,595.50**
Expenses			
Cost of materials consumed	23	7,406.76	5,277.97
Employee benefits expense	24	2,929.03	2,739.94
Finance costs	25	868.86	780.93
Depreciation and amortisation expense	26	2,641.74	2,135.21
Other expenses	27	8,036.03	6,147.60
Total expenses		**21,882.42**	**17,081.65**
Profit before tax		**1,084.24**	**513.85**
Tax expense/ (credit)			
Current tax	15	25.86	64.42
Deferred tax	15	(1,273.53)	(10.42)
Total tax (credit)/ expense		**(1,247.67)**	**54.00**
Profit for the year after tax		**2,331.91**	**459.85**
Other comprehensive income/ (loss)			
Items that will not be reclassified to profit or loss in subsequent year			
Remeasurements Gain/ (losses) of net defined benefit plan		6.84	(20.16)
Tax effect on remeasurements Gain/ (losses) of net defined benefit plan	15	(2.10)	0.76
Items that will be reclassified to profit or loss in subsequent year			
Exchange difference on translation of foreign operations		(17.76)	(208.61)
Other comprehensive loss for the year, net of tax		**(13.02)**	**(228.01)**
Total comprehensive Income for the year, net of tax		**2,318.89**	**231.84**
Total comprehensive Income/ (loss) for the year			
Attributable to:			
Equity holders of the parent		2,322.24	237.11
Non-controlling interests		(3.35)	(5.27)
Profit/ (loss) for the year			
Attributable to:			
Equity holders of the parent		2,333.60	464.60
Non-controlling interests		(1.69)	(4.75)
Other comprehensive loss for the year			
Attributable to -			
Equity holders of the parent		(11.36)	(227.49)
Non-controlling interests		(1.66)	(0.52)
Earnings per equity share of ₹ 10 each:			
Basic earnings per share (₹)	28	36.73	7.78
Diluted earnings per share (₹)		36.29	7.72

See accompanying notes to the consolidated financial statements 1 to 49

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI Registration No: 324982E/ E300003

per Vikram Mehta
Partner
Membership No: 105938

Place: Mumbai
Date: May 12, 2023

For and on behalf of the Board of Directors of
Sapphire Foods India Limited

Sunil Chandiramani
Director
DIN: 00524035

Sanjay Purohit
Whole time Director and CEO
DIN: 00117676

Sachin Dudam
Company Secretary
Membership No: A31812

Vijay Jain
Chief Financial Officer

Place: Mumbai
Date: May 12, 2023

Consolidated Statement of Cash Flows

for the year ended March 31, 2023

(₹ in million)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Cash flow from operating activities		
Profit before tax	1,084.24	513.85
Adjustments for:		
Depreciation and amortisation expense	2,641.74	2,135.21
Finance cost	868.86	780.93
Interest income	(203.10)	(104.20)
Rental waiver	(8.10)	(166.58)
Expenses on employee stock option scheme	169.21	387.88
Provision for doubtful deposits	-	4.05
Gain on fair value/sale of mutual funds	(43.89)	(74.23)
Loss/(Profit) on sale/discard of property, plant and equipment	15.20	(3.24)
Gain on termination of lease contract	(15.13)	(30.75)
Operating profit before working capital changes	**4,509.03**	**3,442.92**
Changes in Working Capital		
Increase in Trade Payables	178.76	551.44
(Decrease)/ Increase in financial liabilities	(332.07)	628.90
Decrease in Other liabilities	(13.35)	(17.34)
Increase/ (Decrease) in provisions	7.77	(7.63)
Increase in Inventories	(341.40)	(237.08)
Increase in Trade Receivables	(38.78)	(62.96)
Increase in Financial assets	(86.18)	(211.83)
Increase in Other assets	(44.16)	(51.96)
Cash generated from operations	**3,839.62**	**4,034.46**
Income tax paid (net of refunds)	(21.41)	(85.56)
Net Cash flow from Operating Activities (A)	**3,818.21**	**3,948.90**
Cash flow from investing activities		
Purchase of property, plant and equipment and other intangible assets	(3,841.53)	(2,852.73)
Proceeds from Sale of property, plant and equipment	16.94	8.73
Purchase of current Investments	(12,106.44)	(6,566.79)
Proceeds from sale of current Investments	13,016.20	5,383.21
Interest received	133.10	6.22
Fixed/restricted deposits with banks realised/ (placed)	746.21	(2,894.74)
Net cash used in investing activities (B)	**(2,035.52)**	**(6,916.10)**
Cash flow from financing activities		
Proceeds from issuance of equity share capital(including securities premium) (net of share issue expenses)	-	4,690.05
Proceeds from long-term borrowings	-	266.64
Repayment of long-term borrowings	(192.32)	(389.67)
Repayment of short-term borrowings (current portion of non current borrowing)	-	(53.18)
Payment of principal portion of lease liabilities (refer Note 42)	(891.87)	(604.27)
Interest paid on lease liabilities (refer Note 42)	(795.14)	(654.58)
Finance cost paid	(69.14)	(125.45)
Net cash (used) in/ generated from financing activities (C)	**(1,948.47)**	**3,129.54**
Net (Decrease)/ increase in cash and cash equivalents (A+B+C)	**(165.78)**	**162.34**
Cash and cash equivalents at the beginning of the year	582.50	420.16
Cash and cash equivalents at the end of the year	**416.72**	**582.50**

Consolidated Statement of Cash Flows

for the year ended March 31, 2023

(₹ in million)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Cash and cash equivalents comprise		
Balances with banks in current accounts (Note 9)	291.30	448.11
Term deposits with maturity of less than 3 months (Note 9)	97.51	97.05
Cash on hand (Note 9)	55.36	46.57
Bank Overdraft (Note 14)	(27.45)	(9.23)
Total cash and cash equivalents at the end of the year	**416.72**	**582.50**

Note :

i) Refer Note 42 for non cash transaction relating to financing activities.

ii) The above cash flow excludes the proceeds received in the share escrow account amounting to ₹20,732.52 million on account of Offer for Sale made by the selling shareholders. Book running lead manager disbursed ₹20,191.54 (Net of issue expenses) to its selling shareholders and the remaining funds amounting to ₹321.24 million for the year March 31, 2023 (March 31, 2022 : ₹540.98 million) which are yet to be paid to the selling shareholders are held in Share escrow account.

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI Registration No: 324982E/ E300003

per Vikram Mehta
Partner
Membership No: 105938

Place: Mumbai
Date: May 12, 2023

For and on behalf of the Board of Directors of
Sapphire Foods India Limited

Sunil Chandiramani
Director
DIN: 00524035

Sanjay Purohit
Whole time Director and CEO
DIN: 00117676

Sachin Dudam
Company Secretary
Membership No: A31812

Vijay Jain
Chief Financial Officer

Place: Mumbai
Date: May 12, 2023

Consolidated Statement of Changes in Equity

for the year ended March 31, 2023

A. Equity share capital

Particulars	Note	As at March 31, 2023		As at March 31, 2022	
		No. of shares	Amount (₹ in million)	No. of shares	Amount (₹ in million)
At the beginning of the year		63,542,541	635.43	52,790,409	527.90
Add: Equity shares issued during the year	12	-	-	10,752,132	107.52
As at the end of the year		**63,542,541**	**635.43**	**63,542,541**	**635.43**

B. Other equity

For the year ended March 31, 2023

(₹ in million)

Particulars	Attributable to the equity holders of the parent							
	Capital reserve	Foreign currency translation reserve	Securities premium	Retained earnings	Share based payment reserve	Total	Non-controlling interests	Total Equity
Balance as at April 01, 2022	356.10	(277.46)	14,305.02	(5,003.71)	56.09	9,436.04	(16.98)	9,419.06
Recognition of share based payment (Note 40)	-	-	-	-	165.75	165.75	-	165.75
Profit/ (loss) for the year after tax	-	-	-	2,333.60	-	2,333.60	(1.69)	2,331.91
Other comprehensive Income/ (loss) for the year (net of tax)	-	(16.09)	-	4.74	-	(11.35)	(1.66)	(13.01)
Balance as at March 31, 2023	**356.10**	**(293.55)**	**14,305.02**	**(2,665.37)**	**221.83**	**11,924.04**	**(20.33)**	**11,903.70**

For the year ended March 31, 2022

(₹ in million)

Particulars	Attributable to the equity holders of the parent							
	Capital reserve	Foreign currency translation reserve	Securities premium	Retained earnings	Share based payment reserve	Total	Non-controlling interests	Total Equity
Balance as at April 01, 2021	356.10	(69.36)	9,246.68	(5,448.91)	186.62	4,271.13	(11.71)	4,259.42
Issue of Share Capital	-	-	4,648.29	-	-	4,648.29	-	4,648.29
Exercise of stock options	-	-	550.68	-	(475.81)	74.87	-	74.87
Share issue related expenses	-	-	(140.63)	-	-	(140.63)	-	(140.63)
Recognition of share based payment (Note 40)	-	-	-	-	345.28	345.28	-	345.28
Profit/ (loss) for the year after tax	-	-	-	464.60	-	464.60	(4.76)	459.84
Other comprehensive loss for the year (net of tax)	-	(208.10)	-	(19.40)	-	(227.50)	(0.51)	(228.01)
Balance as at March 31, 2022	**356.10**	**(277.46)**	**14,305.02**	**(5,003.71)**	**56.09**	**9,436.04**	**(16.98)**	**9,419.06**

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI Registration No: 324982E/ E300003

For and on behalf of the Board of Directors of
Sapphire Foods India Limited

Sunil Chandiramani
Director
DIN: 00524035

Sanjay Purohit
Whole time Director and CEO
DIN: 00117676

per Vikram Mehta
Partner
Membership No: 105938

Sachin Dudam
Company Secretary
Membership No: A31812

Vijay Jain
Chief Financial Officer

Place: Mumbai
Date: May 12, 2023

Place: Mumbai
Date: May 12, 2023

Notes to the consolidated financial statements

for the year ended March 31, 2023

1. Corporate information

Sapphire Foods India Limited ('the Company') is a company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India.

The consolidated financial statements comprise of Ind AS financial statements of Sapphire Foods India Limited ('the Company' 'the parent' or 'the Holding Company') and its subsidiaries (collectively, 'the Group').

The Company has converted from a Private Limited Company to a Public Limited Company, pursuant to a special resolution passed in the extraordinary general meeting of the Shareholders of the Company held on 15 June 2021 and consequently the name of the Company has changed to Sapphire Foods India Limited pursuant to a fresh certificate of incorporation issued by the Registrar of Companies, Mumbai on 8 July 2021.

The Group is principally engaged in the franchisee business of KFC, Pizza Hut and Taco Bell branded restaurants. The functional and presentation currency of the Company and the presentation currency of the Group is Indian Rupee ("₹").

The registered office of the Company is located at 702, Prism Tower, A Wing, Mindspace, Link Road, Goregaon (West), Mumbai – 400062.

The consolidated financial statements were approved for issue in accordance with a resolution of the board of directors on 12 May 2023.

2. Significant accounting policies

2.1 Basis of preparation

The Consolidated Financial statements of the Group as at and for year ended March 31, 2023 have been prepared in accordance with Indian Accounting Standards (hereinafter referred to as 'IND AS'), as notified by the Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016, as amended.

The Consolidated financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the Consolidated financial statements except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The Consolidated financial statements are presented in Indian Rupee (INR) and all values are rounded to the nearest millions (INR 000,000), except when otherwise indicated.

The Consolidated financial statements provide comparative information in respect of the previous period. In addition, the Group presents an additional balance sheet at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in consolidated financial statements.

2.2 Basis of measurement

The Consolidated financial Statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Certain financial assets and financial liabilities measured at fair value (refer accounting policy regarding financial instruments)
- Contingent consideration, and
- Defined Benefit Plans- Plan assets measured at fair value

2.3 Basis of consolidation

The list of subsidiaries considered for consolidation together with the proportion of shareholding held by the Group is as follows:

Sr no	Entity name	Country of Incorporation/ Place of business	Nature of relationship	% Holding as at March 31, 2022	% Holding as at March 31, 2021
01	Gamma Pizzakraft (Overseas) Private Limited	India	Subsidiary	100%	99%
02	Gamma Pizzakraft Private Limited	India	Sub-Subsidiary	100%	100%
03	Gamma Pizzakraft Lanka Private Limited	Sri Lanka	Sub-Subsidiary	100%	100%
04	French Restaurants Private Limited	Sri Lanka	Sub-Subsidiary	100%	100%
05	Gamma Island Food Private Limited	Maldives	Sub-Subsidiary	51%	51%

Notes to the consolidated financial statements

for the year ended March 31, 2023

Control is achieved when the group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the group controls an investee if and only if the group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the group has less than a majority of the voting or similar rights of an investee, the group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The group's voting rights and potential voting rights
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the group obtains control over the subsidiary and ceases when the group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the group gains control until the date the group ceases to control the subsidiary.

Consolidated financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on March 31st. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure:

a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Put options held by non-controlling interests in the Group's subsidiaries entitle the non-controlling interest to sell its interest in the subsidiary to the Group at pre-determined values and on contracted dates. In such cases the Group consolidates the non-controlling interest's share of the equity in the subsidiary and recognises the fair value of

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the non-controlling interest's put option, being the present value of the estimated future purchase price, as a financial liability in the statement of financial position. In raising this liability, the non-controlling interest is derecognised, and any excess or shortfall is charged or realised directly in retained earnings in the statement of changes in equity

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non— controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the group had directly disposed of the related assets or liabilities

2.4 Summary of significant accounting policies

a. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.
- Potential tax effects of temporary differences and carry forwards of an acquiree that exist at the acquisition date or arise as a result of the acquisition are accounted in accordance with Ind AS 12.
- Liabilities or equity instruments related to share based payment arrangements of the acquiree or share – based payments arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date.
- Assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.
- Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

Business combinations under common control are accounted in accordance with Appendix C of IND AS 103 as per the pooling of interest method and the Ind AS Transition Facilitation Group Clarification Bulletin 9 (ITFG 9). ITFG 9 clarifies that, the carrying values of assets and liabilities as appearing in the standalone financial statements of the entities being combined shall be recognised by the combined entity.

As per Appendix C, Business Combinations of Entities under Common Control of Ind AS 103, Business Combinations, in case of common control business combinations, the assets and liabilities of the combining entities are reflected at their carrying amounts.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 Financial Instruments, is measured at fair value with changes in fair value recognised in profit or loss. If the

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contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

b. Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

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c. Foreign currencies

Functional and presentation currency

The functional currency of the Company and its subsidiaries is determined on the basis of the primary economic environment in which it operates. The functional currency of the Company is Indian National Rupee (INR). The functional currency of the subsidiaries is Indian Rupees (INR), Sri Lankan Rupee (LKR) and Maldivian Rufiyaa (MVR).

The Group's consolidated financial statements are presented in INR, which is also the parent company's functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Group uses average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of the following:

- Exchange differences arising on monetary items that forms part of a reporting entity's net investment in a foreign operation are recognised in profit or loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the financial statements that include the foreign operation and the reporting, such exchange differences are recognised initially in OCI. These exchange differences are reclassified from equity to profit or loss on disposal of the net investment.
- Exchange differences arising on monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss.
- Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

On consolidation, the assets and liabilities of foreign operations are translated into INR at the rate of exchange prevailing at the reporting date and their statements of profit and loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit and loss.

Any goodwill arising in the acquisition/ business combination of a foreign operation on or after 1 April 2016 and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Any goodwill or fair value adjustments arising in business combinations/ acquisitions, which occurred before the date of transition to Ind AS (1 April 2016), are treated as assets and liabilities of the entity rather than as assets and liabilities of the foreign operation. Therefore, those assets and liabilities are non-monetary items already expressed in the functional currency of the parent and no further translation differences occur.

Gain or loss on a subsequent disposal of any foreign operation excludes translation differences that arose before the date of transition but includes only translation differences arising after the transition date.

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d. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

- Financial assets include cash and cash equivalents, trade receivables, unbilled revenues, finance lease receivables, security deposits, investments in equity and debt securities;
- Financial liabilities include long-term and short-term loans and borrowings, lease liabilities, derivative financial liabilities, bank overdrafts and trade payables

Financial assets:

Initial measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through OCI, or fair value through profit or loss.

Initially, a financial instrument is recognised at its fair value. Transaction costs directly attributable to the acquisition or issue of financial instruments are recognised in determining the carrying amount, if it is not classified as at fair value through profit or loss and transactions costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. However, trade receivables that do not contain a significant financing component are measured at transaction price. Subsequently, financial instruments are measured according to the category in which they are classified.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

i) Financial assets at amortised cost:

A financial asset is classified as "financial asset at amortised cost" (amortised cost) under IND AS 109 Financial Instruments if it meets both the following criteria:

(1) The asset is held within a business model whose objective is to hold the financial asset in order to collect contractual cash flows, and

(2) The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified date (the 'SPPI' contractual cash flow characteristics test).

This category is the most relevant to the Group. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

ii) Financial assets at fair value through other comprehensive income (FVTOCI):

All equity investment in scope of IND AS 109 Financial Instruments are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which IND AS 103 Business Combinations applies are classified as fair value through profit or loss. For all other equity instruments, the Group may make irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument-to-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument through fair value through other comprehensive income (FVTOCI), then all fair value changes in the instruments excluding dividends, are recognised in OCI and is never recycled to statement of profit and loss, even on sale of the instrument.

Dividends are recognised as other income in the statement of profit and loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI.

iii) Financial assets at fair value through profit or loss (FVTPL)

Financial assets at fair value through profit or loss include financial assets held for trading, e.g., derivative instruments, financial assets designated upon initial recognition at fair value through profit or loss, e.g., debt or equity instruments, or financial assets mandatorily required to be measured at fair value, i.e., where they fail the SPPI test. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that do not pass the SPPI test are required to be classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

De-recognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired Or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Financial liabilities and equity instruments:

a) Classification as debt or equity

Debt and equity instruments issued by a Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

b) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

c) Financial liabilities

Financial liabilities are classified as either financial liability 'at FVTPL' or 'other financial liabilities'.

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

i) Financial liabilities measured at amortised cost

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

ii) Financial liabilities at fair value through profit or loss (FVTPL)

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. Gains or

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losses on liabilities held for trading are recognised in statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognised in OCI. These gains/ losses are not subsequently transferred to P&L. However, the group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss.

De-recognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset with the net amount reported in the balance sheet only if there is a current enforceable legal right to offset the recognised amounts and there is an intent to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Impairment of financial assets

The group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables, deposits and contract assets, the group applies a simplified approach in calculating ECLs. Therefore, the group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

e. Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenue is measured at the transaction price (net of variable consideration) received or receivable, taking into account contractually defined terms of payment, various discounts and schemes offered by the Company and excluding taxes or duties collected on behalf of the government. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

However, sales tax/ value added tax (VAT)/ Goods and Service (GST) is not received by the Group on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

No element of financing is deemed present as the majority of sales are on cash basis and credit sales are made with normal credit period consistent with market practice.

The following specific recognition criteria must also be met before revenue is recognised:

Income from retail sales

Revenue from sale of goods is recognised at the time of satisfaction of performance obligation i.e. when control of the goods is transferred to the customer, generally on delivery of the goods, all significant contractual obligations have been satisfied and the collection of the resulting receivable is reasonably expected. Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of customer returns, trade allowance, rebates, goods and services tax and amount collected on behalf of third parties.

Gift vouchers sales are recognised when the vouchers are redeemed and goods are sold to the customer.

Sale of goods

The Company recognises revenue from sale of food through Company's owned stores and are recognised when the items are delivered to or carried out by customers.

Income from trading sales

Revenue from sale of goods is recognised at the time of satisfaction of performance obligation i.e. when the goods are delivered to customers, all significant contractual obligations have been satisfied and the collection of the resulting receivable is reasonably expected. Revenue is measured at the transaction price (net of variable consideration) received or receivable. Amounts disclosed as revenue are net of customer returns, trade allowance, rebates, goods and services tax and amount collected on behalf of third parties.

Gift vouchers sales are recognised when the vouchers are redeemed and goods are sold to the customer.

Income from sale of service

Revenue from sale of services is recognised in accordance with the terms of the relevant agreements and is net of goods and service tax (GST), where applicable as accepted and agreed with the customers.

The group recognise revenue from alliance income (marketing support services) at the time of satisfaction of performance obligation i.e. when the service is performed.

Incentive

The Group is eligible for certain benefits basis the target stores opening as agreed to in the development agreement with franchisor. These benefits are recognised basis the satisfaction of performance obligation i.e. pro-rata basis the number of stores opened. The income has been netted off against the royalty expenses considering the substance of transaction.

Scrap sale

Sale of scrap is recognised at the time of satisfaction of performance obligation i.e. upon transfer of control of products to the customers which coincides with their delivery to customer.

Interest income

Interest income on financial assets at amortised cost is recognised using the effective interest method. Effective interest is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in other income in the statement of profit and loss.

Dividend income

Dividend income is recognised when the Group's right to receive the payment is established by the reporting date.

Contract balances-

Trade receivables

A receivable is recognised if an amount of consideration is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in point (d) above.

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the group transfers the related goods or services. Contract liabilities are recognised as revenue when the group performs under the contract (i.e., transfers control of the related goods or services to the customer).

f. Taxes

Tax expense comprises of current tax and deferred tax.

Current income 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. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in India where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and,

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at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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 taxes relate to the same taxable entity and the same taxation authority.

g. Property, plant and equipment

Recognition and measurement

All items of property, plant and equipment except freehold land are initially measured at cost and subsequently it is measured at cost less accumulated depreciation and impairment losses, if any. Freehold Land Cost is carried at cost, net of accumulated impairment loss, if any. Cost comprises of purchase price and all costs incurred to bring the assets to their current location and condition for its intended use. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly Any subsequent cost incurred is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in statement of profit and loss as incurred.

Capital work in progress comprises cost of property, plant and equipment (including related expenses), that are not yet ready for their intended use at the reporting date and it is carried at cost less accumulated impairment losses.

Gains or losses arising from de-recognition of property, plant and equipment are measured as the difference between the net disposal proceeds and carrying amount of the assets and are recognised in the statement of profit and loss when the asset is derecognised.

On transition to IND AS, the group has elected to continue with the carrying value of all its property, plant and equipment measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Depreciation on Property, plant and equipment

Depreciation is calculated on the straight line basis over the estimated useful lives of the assets. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. The Group has used the following life to provide depreciation on its property, plant and equipment.

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 the corresponding rates prescribed in Schedule II to the Companies Act, 2013:

Class of asset	Useful lives estimated by the management (years)
Plant and machinery	15 years
Building	4-20 years
Office equipment	5 years
Computers	3 years
Furniture and fixtures	8 years
Vehicles	10 years
Leasehold improvements	Over the lease term

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

h. Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

On transition to IND AS, the group has elected to continue with the carrying value of all its Intangible Assets measured as per the previous GAAP and use that carrying value as the deemed cost of the Intangible Assets.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Amortisation of intangible assets

Amortisation is calculated on the straight line basis over the estimated useful lives of the assets. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. The Group has used the following life to provide amortisation on its intangible assets.

Class of asset	Useful lives estimated by the management (years)
License fees	Over the period of license (upto 10 years)
Software	3 years
Franchisee fees	10 years

There are no intangible assets with indefinite useful lives.

i. Leases

The group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group's lease asset classes primarily consist of leases for buildings, Plant and Equipment and Computers. The group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets.

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Right-of-use assets

The group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term over the shorter of the lease term and the estimated useful lives of the assets.

Lease Liabilities

At the commencement date of the lease, the group recognises lease liabilities measured at the present value of the future lease payments. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Company has elected not to separate lease and non-lease components in a lease contract where lease payments are inclusive of non-lease component.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note k Impairment of non-financial assets.

Short-term leases and leases of low-value assets

The group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as an operating expense in the statement of profit and loss.

Transition to Ind AS 116

The following is the summary of practical expedients elected on initial application:

a. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.

b. Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.

c. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

d. Not to separate lease and non-lease components in a lease contract where lease payments are inclusive of non-lease component.

Amendments to Ind AS 116: Covid-19-Related Rent Concessions

The MCA issued amendments to Ind AS 116, "Leases", provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. The amendments allowed the expedient to be applied to COVID-19-related rent concessions to payments originally due on or before March 31, 2022 and also require disclosure of the amount recognised in profit or loss to reflect changes in lease payments that arise from COVID-19-related rent concessions. Group has adopted this w.e.f April 01, 2021 and the impact has been recognised in Other Income (Note 22) and corresponding impact has been recognised in Lease liabilities (Note 42). This amendment does not have any effect in earlier periods.

At the commencement date of the lease, the group recognises lease liabilities measured at the present value of the future lease payments. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

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In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Company has elected not to separate lease and non-lease components in a lease contract where lease payments are inclusive of non-lease component.

j. Inventories

Basis of valuation

Inventories other than scrap materials are valued at lower of cost and net realizable value, if any. The comparison of cost and net realizable value is made on an item-by-item basis.

Method of valuation

Cost of raw materials and traded goods are determined by using weighted average method and comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

k. Impairment of Non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

l. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Notes to the consolidated financial statements

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The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset, if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

m. Retirement and other employee benefits

Defined benefit plan

In accordance with applicable laws in India, the Group provides for gratuity, a defined benefit retirement plan ("the Gratuity Plan") for every employee who has completed 5 years or more of service on departure at 15 days salary (last drawn salary) for each completed year of service. The Gratuity Plan provides for a lump sum payment to eligible employees at retirement, death, incapacitation or termination of employment based on last drawn salary and tenure of employment with the Group. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation on the reporting date using projected unit credit method.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the group recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The group recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Defined contribution plan

The Group makes contributions to the Provident Fund scheme, a defined contribution benefit scheme. These contributions are deposited with Government administered fund and recognised as an expense in the period in which the related service is performed. There is no further obligation on the Group on this defined contribution plan.

Compensated absences

Accumulated leave is expected to be utilised within the next 12 months and are treated as short-term employee benefit. The group treats the entire leave as current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date. It is measured 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.

n. Share-based payments

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised in employee benefit expenses, together with a corresponding increase in retained earnings in equity, over the period in which the service conditions and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest.

Notes to the consolidated financial statements

for the year ended March 31, 2023

Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions. No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When an award is modified, at minimum the cost of the original award is recognised as if it had not been modified (i.e., at the original grant date fair value, spread over the original vesting period, and subject to the original vesting conditions). This applies unless the award does not vest because of failure to satisfy a vesting condition (other than a market condition) that was specified at grant date.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where a modification is made after the original vesting period has expired, and is subject to no further vesting conditions, any incremental fair value is recognised immediately.

If the modification decreases the fair value of the equity instruments granted (e.g., by increasing the exercise price or reducing the exercise period), the decrease in value is effectively ignored and the entity continues to recognise a cost for services as if the awards had not been modified. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Cash-settled transactions

A liability is recognised for the fair value of cash-settled transactions. The fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognised in employee welfare expenses (see Note 24). The fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The fair value is determined using a binomial model, further details of which are given in Note 41. The approach used to account for vesting conditions when measuring equity-settled transactions also applies to cash-settled transactions.

o. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

p. Contingencies

A contingent liability is:

A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are recognised when virtually certain on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations arising from past events and which the fair values can be reliably determined.

<u>**Contingent liabilities recognised in a business combination**</u>

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions above or the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the requirements for revenue recognition.

q. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity

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for the year ended March 31, 2023

shareholders of the parent by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit/(loss) attributable to ordinary equity holders of the parent using the weighted-average number of equity shares considered for deriving basic earnings per share and weighted average number of dilutive equivalent shares outstanding during the period, except where the results would be anti-dilutive. Dilutive potential shares are deemed converted at the beginning of the period, unless issued at later date.

Ordinary shares that will be issued upon the conversion of mandatorily convertible instruments are included in the calculation of basic earnings per share from the date the contract is entered into.

r. Fair value measurement

The fair value of the financial instruments is included at the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Management of the Group have assessed that the fair values of cash and cash equivalents, restricted cash, trade receivables (not subject to provisional pricing), trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

There have been no transfers between fair value levels during the reporting period.

s. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker being Managing Director of the Group. The Managing Director assesses the financial performance and position of the Group as a whole, and makes strategic decisions.

t. Cash Flow

Ind AS 7 requires to exclude non-cash transaction relating to investing and financing activities from the statement of cash flow. However, such transactions should be disclosed elsewhere in the financial statements.

Cash and cash equivalents consist of cash on hand and balances with banks which are unrestricted for withdrawal and usage.

u. Exceptional Items

Exceptional items are those items that management considers, by virtue of their size or incidence (including but not limited to impairment charges and acquisition and restructuring related costs), should be disclosed separately to ensure that the financial information allows an understanding of the underlying performance of the business in the year, so as to facilitate comparison with prior periods. Such items are material by nature or amount to the year's result and require separate disclosure in accordance with Ind AS.

v. Recent accounting pronouncements

The Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. The MCA has notified Companies (Indian Accounting Standards) Amendment Rules, 2023 dated 31 March 2023 to amend the following Ind AS which are effective from 01 April 2023.

1) Ind AS 1 'Presentation of Financial Statements'- The amendments required Companies to disclose their material accounting policies rather than their significant accounting policies.

2) Ind AS 12 'Income Taxes'- This amendment has narrowed down the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences.

3) Ind AS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'- This amendment has introduced a definition of accounting estimates and included amendments to help distinguish changes in accounting policies from changes in accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 April 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. The Group is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

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for the year ended March 31, 2023

3 Property, Plant and Equipment and Capital work-in-progress

i) Property, Plant and Equipment

(₹ in million)

Particulars	Freehold land	Building	Plant and machinery	Furniture and fixtures	Vehicles	Office equipments	Computers	Leasehold improvements	Total
Gross Carrying Amount									
Balance as at March 31, 2021	**10.92**	**300.84**	**2,759.11**	**280.00**	**53.72**	**211.57**	**458.70**	**2,830.49**	**6,905.35**
Additions	-	0.02	1,150.86	87.63	21.43	76.31	218.61	1,185.64	2,740.50
Disposals	-	-	(208.38)	(24.71)	(2.94)	(5.43)	(2.74)	(10.85)	(255.05)
Translation Difference	(1.65)	(0.56)	(173.47)	(18.27)	(0.25)	(35.16)	(36.07)	(177.04)	(442.47)
Balance as at March 31, 2022	**9.27**	**300.30**	**3,528.12**	**324.65**	**71.96**	**247.29**	**638.50**	**3,828.24**	**8,948.33**
Additions	-	-	1,493.05	114.59	27.63	92.77	243.36	1,463.37	3,434.77
Disposals	-	-	(106.31)	(15.45)	(24.14)	(9.87)	(37.60)	(69.68)	(263.05)
Translation Difference	(0.14)	(0.05)	5.11	1.03	0.12	1.05	(0.36)	6.74	13.50
Balance as at March 31, 2023	**9.13**	**300.25**	**4,919.97**	**424.82**	**75.57**	**331.24**	**843.90**	**5,228.67**	**12,133.55**
Accumulated depreciation and Impairment									
As at March 31, 2021	**-**	**89.33**	**981.34**	**116.91**	**26.79**	**132.30**	**282.57**	**1,344.46**	**2,973.70**
Charge for the year	-	0.05	266.85	42.33	5.89	39.20	115.99	471.94	942.25
Disposals	-	-	(204.30)	(24.18)	(2.17)	(5.37)	(2.72)	(10.80)	(249.54)
Translation Difference	-	(0.21)	(58.88)	(8.72)	(0.26)	(19.99)	(25.24)	(66.31)	(179.61)
As at March 31, 2022	**-**	**89.17**	**985.01**	**126.34**	**30.25**	**146.14**	**370.60**	**1,739.29**	**3,486.80**
Charge for the year	-	0.03	380.60	46.31	7.75	44.01	150.09	542.90	1,171.69
Disposals	-	-	(84.99)	(13.33)	(17.49)	(9.80)	(35.68)	(69.61)	(230.90)
Translation Difference	-	(0.01)	(0.91)	(0.04)	0.04	0.15	(0.21)	1.07	0.09
As at March 31, 2023	**-**	**89.19**	**1,279.71**	**159.28**	**20.55**	**180.50**	**484.80**	**2,213.65**	**4,427.68**
Net Carrying Amount									
As at March 31, 2023	**9.13**	**211.06**	**3,640.26**	**265.54**	**55.02**	**150.74**	**359.10**	**3,015.02**	**7,705.87**
As at March 31, 2022	9.27	211.13	2,543.11	198.31	41.71	101.15	267.90	2,088.95	5,461.53

ii) Capital work-in-progress*

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Gross Carrying Amount		
Opening Balance	319.73	213.04
Additions	3,665.44	2,847.19
Capitalised	3,434.77	2,740.50
Closing Balance	**550.40**	**319.73**

*Capital work-in-progress represents expenditure for stores under construction.

Note:

a) Ageing for Capital work-in-progress*

(₹ in million)

Particulars	As at	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	March 31, 2023	516.15	30.44	2.06	1.75	550.40
Projects in progress	March 31, 2022	311.84	2.66	1.39	3.84	319.73

*Amount comprises of Capital Inventory

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b) Capital work-in-progress mainly comprises of assets being constructed or held for utilisation at new stores. These will get appropriated towards new stores to be opened in future. There are no projects as on each reporting period where activity had been suspended. All the upcoming projects of the Group are within the timelines as estimated during the original plan and the actual cost of projects are within the total cost as estimated by the management of the Group as on March 31, 2023.

4 Intangible assets and Intangible assets under development

i) Intangible assets

(₹ in million)

Particulars	Computer Softwares	License fees	Franchisee fees	Total	Goodwill
Gross Carrying Amount					
As at March 31, 2021	**135.55**	**36.95**	**1,079.56**	**1,252.06**	**2,539.35**
Additions	35.06	131.38	24.84	191.28	-
Disposals	(0.19)	-	-	(0.19)	-
Translation Difference	(5.28)	-	(30.05)	(35.33)	-
As at March 31, 2022	**165.14**	**168.33**	**1,074.35**	**1,407.82**	**2,539.35**
Additions	57.75	67.08	150.60	275.43	-
Disposals	(3.50)	-	(0.52)	(4.02)	-
Translation Difference	0.03	-	(1.65)	(1.62)	-
As at March 31, 2023	**219.42**	**235.41**	**1,222.78**	**1,677.61**	**2,539.35**
Accumulated amortisation					
As at March 31, 2021	**117.34**	**20.26**	**563.50**	**701.10**	**917.76**
Charge for the year	13.57	36.56	112.14	162.27	-
Disposals	(0.19)	-	-	(0.19)	-
Translation Difference	(3.75)	-	(17.68)	(21.43)	-
As at March 31, 2022	**126.97**	**56.82**	**657.96**	**841.75**	**917.76**
Charge for the year	24.42	58.44	110.99	193.85	-
Disposals	(3.49)	-	(0.52)	(4.01)	-
Translation Difference	(0.10)	-	(0.76)	(0.86)	-
As at March 31, 2023	**147.80**	**115.26**	**767.67**	**1,030.73**	**917.76**
Net Carrying Amount					
As at March 31, 2023	**71.62**	**120.15**	**455.11**	**646.88**	**1,621.59**
As at March 31, 2022	**38.17**	**111.51**	**416.39**	**566.07**	**1,621.59**

ii) Intangible assets under development

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Gross Carrying Amount		
Opening Balance	6.81	91.40
Additions	283.02	106.69
Capitalised	275.43	191.28
Closing Balance	**14.40**	**6.81**

Note:

a) Ageing for Intangible assets under development

Particulars	Less than 1 year	1-2 years	Total
Projects in progress (As At March 31, 2023)	11.97	2.43	14.40
Projects in progress (As At March 31, 2022)	6.81	-	6.81

b) There are no projects as on each reporting period where activity had been suspended. All the upcoming projects of the group are within the timelines as estimated during the original plan and the actual cost of projects are within the total cost as estimated by the management of the Group as on 31st March, 2023.

Notes to the consolidated financial statements
for the year ended March 31, 2023

5 Financial assets

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
i) Investments		
a) Quoted mutual fund		
Investment in Mutual Fund measured at fair value through profit or loss (FVTPL) (Refer Note a)	360.67	1,525.22
b) Quoted Securities - Investments in securities measured at amortised cost		
Secured, Redeemable and Non Convertible Bonds in nature of debentures		
6.59% Indian Railway Finance Corporation Limited redeemable on 14 April 2023	99.98	-
5.90% Mahindra & Mahindra Financial Services Ltd redeemable on 31 July 2023	198.70	-
Total investments	**659.35**	**1,525.22**
Current	659.35	1,525.22
Non-current	-	-

Note: a) Investment in quoted mutual fund*

Name of Mutual Fund Scheme	As at March 31, 2023		As at March 31, 2022	
	Number of unit	Amount (₹ in million)	Number of unit	Amount (₹ in million)
Aditya Birla Sun Life Floating Rate Fund-Regular Plan-Growth	-	-	1,290,325.14	358.60
Axis Banking & PSU Debt Fund - Direct Plan - Growth Option	-	-	82,356.90	180.12
DSP Liquidity Fund - Direct Plan - Growth	-	-	18,733.03	57.00
IDFC Cash Fund -Direct Plan-Growth	-	-	22,451.00	57.72
Invesco India Corporate Bond Fund - Direct Plan - Growth	-	-	56,517.91	154.57
Kotak Corporate Bond Fund- Direct Plan- Growth Option	-	-	49,564.66	155.28
Kotak Corporate Bond Fund-Regular Plan-Growth Option	-	-	33,277.19	100.96
L&T Liquid Fund - Direct Plan -Growth	-	-	18,311.94	53.38
Nippon India Floating Rate Fund- Direct Plan Growth Plan - Growth Option	-	-	8,140,175.42	307.25
Axis Overnight Fund- Direct Plan Growth	168,722.73	200.03	89,281.44	100.34
Bharat Bond FOF - ETF	13,145,112.21	160.64	-	-
Total		**360.67**		**1,525.22**

* Investments in mutual funds have been fair valued at closing net asset value (NAV).

ii) Other financial assets (unsecured)

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Non-current		
Security Deposits		
Considered good	642.72	591.68
Credit impaired	23.30	26.89
Less: Allowance for expected credit losses	(23.30)	(26.89)
	642.72	**591.68**
Term deposits with maturity of more than 12 months	19.00	378.20
Margin money/ deposits with banks (placed as security with government body and banks) (Refer note a below)	163.35	156.24
Loans to employees - considered good	6.12	4.38
Total Non current other financial assets	**831.19**	**1,130.50**

Notes to the consolidated financial statements
for the year ended March 31, 2023

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Current		
Security Deposits		
Considered good	235.23	165.36
Term deposits with maturity of less than 12 months	20.00	-
Balance with banks (for IPO escrow account) (Refer note b below)	321.24	540.98
Interest accrued on fixed deposits and loan		
- Others	61.33	44.31
Claims and other receivables	3.85	-
Other receivables - Considered good		
- Related party (Refer note c below and note 34)	0.27	2.83
- Unbilled (Refer note d)	34.52	99.96
- Others	9.98	82.46
Loans to employees - considered good	0.47	0.23
Total current other financial assets	**686.89**	**936.13**

Note:

a) Amount includes ₹75.26 million (March 31, 2022: 75.27 million) is restricted balance in current account and hence, restricted from current use by the Group.

b) This money held in escrow account towards IPO related expenses and will be settled as and when invoices are raised by vendors.

c) These are receivable towards sale of materials, call centre charges and reimbursement of expenses which are in the normal course of business. These will be realised as per payment terms agreed which is 20-25 days from the date of Invoice.

d) This amount is accrued towards incentive basis number of stores opened as per agreement with the franchisor and is to be billed basis terms agreed in the development agreement with franchisor.

Movements in allowance for credit losses of Security Deposits is as below :

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Balance as at the beginning of the year	26.89	22.83
Charge during the year	-	4.06
Utilised during the year	(3.59)	-
Balance at the end of the year	**23.30**	**26.89**

For explanation on the credit risk management process, refer Note 39 (b)

6 Other non-current assets (unsecured)

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Capital advances		
Considered good	400.09	211.71
Considered doubtful	24.93	28.66
Less: Allowance for expected credit losses	(24.93)	(28.66)
	400.09	**211.71**
Prepaid expenses	0.13	0.16
Balances with government authorities		
Considered good	49.76	102.07
Considered doubtful	23.22	23.97
Less: Allowance for expected credit losses	(23.22)	(23.97)
	49.76	**102.07**

Notes to the consolidated financial statements
for the year ended March 31, 2023

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Total other non-current assets	**449.98**	**313.94**

a) Movements in allowance for doubtful balances of Capital advances is as below:

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Balance as at the beginning of the year	28.66	28.66
Utilised during the year	(3.73)	-
Balance at the end of the year	**24.93**	**28.66**

b) Movements in allowance for doubtful balance of Balances with government authorities is as below:

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Balance as at the beginning of the year	23.97	26.90
Utilised during the year	(0.75)	(2.93)
Balance at the end of the year	**23.22**	**23.97**

7 Inventories

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
(At lower of cost or net realisable value)		
Raw materials	732.34	459.69
Packing material	84.61	69.34
Goods in transit of raw materials	0.45	4.20
Less: Provision for slow moving inventories	(2.36)	(7.02)
	815.04	**526.21**
Small wares, cleaning, uniform and operating supplies	178.00	125.43
Total inventories	**993.04**	**651.64**

8 Trade receivables

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Unsecured, considered good	179.49	140.71
Unsecured, credit impaired	0.10	0.10
	179.59	**140.81**
Less : Allowance for expected credit losses	(0.10)	(0.10)
Total Trade receivables	**179.49**	**140.71**

Ageing as on March 31, 2023

(₹ in million)

Particulars	Outstanding for following periods from due date of payment						
	Unbilled	Not due	Less than 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	Total
Undisputed Trade receivables – considered good	-	154.96	24.53	-	-	-	179.49
Undisputed Trade Receivables – credit impaired	-	-	-	-	0.10	-	0.10
Disputed Trade receivables – considered good	-	-	-	-	-	-	-
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Total	-	**154.96**	**24.53**	-	**0.10**	-	**179.59**

Notes to the consolidated financial statements

for the year ended March 31, 2023

Ageing as on March 31, 2022

(₹ in million)

Particulars	Outstanding for following periods from due date of payment						
	Unbilled	Not due	Less than 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	Total
Undisputed Trade receivables – considered good	-	120.01	19.32	-	-	1.38	140.71
Undisputed Trade Receivables – credit impaired	-	-	0.10	-	-	-	0.10
Disputed Trade receivables – considered good	-	-	-	-	-	-	-
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Total	**-**	**120.01**	**19.42**	**-**	**-**	**1.38**	**140.81**

Movements in allowance for credit losses of receivables is as below:

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Balance as at the beginning of the year	0.10	0.10
Charge/(release) during the year	-	-
Utilised during the year	-	-
Balance at the end of the year	**0.10**	**0.10**

a) Trade Receivables are non interest bearing and are generally on terms of 7 - 30 days. No trade or other receivable are due from directors or other officers of the Group either severally or jointly with any other person, nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

b) For explanation on the credit risk management process, refer Note 39 (b)

9 Cash and cash equivalents

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Balances with banks - In current accounts	291.30	448.11
Cash on hand	55.36	46.57
Term deposits with original maturity of less than three months	97.51	97.05
Total cash and cash equivalents	**444.17**	**591.73**

10 Bank balances other than cash and cash equivalents

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Term deposits with maturity more than 3 months but less than 12 months	1,759.80	1,954.23
Margin money deposit (placed as security with government body and bank)	0.25	0.20
Total bank balances other than cash and cash equivalents	**1,760.05**	**1,954.43**

11 Other current assets (unsecured)

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Balance with government authorities	1.11	1.89
Employee advances	4.95	3.59
Advances to suppliers:		
Considered good	149.01	48.91
Credit impaired	0.77	0.77
Less : Allowance for expected credit losses	(0.77)	(0.77)
	149.01	**48.91**
Prepaid expenses	47.94	52.12
Total other current assets	**203.01**	**106.51**

Notes to the consolidated financial statements

for the year ended March 31, 2023

12 Share capital

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
a. Authorised shares:		
43,16,82,000 (March 31, 2022: 43,16,82,000) Equity shares of ₹10 each	4,316.82	4,316.82
	4,316.82	**4,316.82**
b. Issued, subscribed and fully paid-up shares:		
6,35,42,541 (March 31, 2022: 6,35,42,541) Equity shares of ₹10 each fully paid up	635.43	635.43
	635.43	**635.43**
c. Reconciliation of number of shares outstanding at the beginning and end of the year: (in numbers)		
Equity shares		
Outstanding at the beginning of the year	63,542,541	52,790,409
Issued during the year (Note h)	-	10,752,132
Outstanding at the end of the year	**63,542,541**	**63,542,541**

d. Rights, preferences and restrictions attached to Equity shares

The Parent company has one class of equity share having par value of INR 10 each. Each holder of equity share is eligible to one vote per share. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the group, the holders of the equity shares will be entitled to receive the remaining assets of the group after distribution of all preferential amounts, in proportion to their shareholding.

e. Shareholders holding more than 5% shares in the Parent Company

Particulars	As at March 31, 2023		As at March 31, 2022	
	% holding	No. of Shares	% holding	No. of Shares
Equity shares				
Sapphire Foods Mauritius Limited	31.90%	20,269,227	38.04%	24,170,043
Mirae Asset Emerging Bluechip Fund	8.48%	5,385,955	0.00%	-
Arinjaya (Mauritius) Limited	8.01%	5,090,503	8.01%	5,090,503
Nippon Life India Trustee Ltd-A/C Nippon India Small Cap Fund	5.56%	3,532,147	0.00%	-
WWD Ruby Limited	4.77%	3,030,215	9.77%	6,207,342

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

The Parent Company has not declared any dividend during the current year or previous year.

f. Promoters share holding

Particulars	As at March 31, 2023		As at March 31, 2022		% change during the year
	% holding	No. of Shares	% holding	No. of Shares	
Equity shares					
Sapphire Foods Mauritius Limited	31.90%	20,269,227	38.04%	24,170,043	-6.14%
QSR Management Trust through trustee Sagista Realty Advisors Private Limited	4.27%	2,714,385	4.50%	2,859,385	-0.23%
Arinjaya (Mauritius) Limited	8.01%	5,090,503	8.01%	5,090,503	0.00%
Samara Capital Partners Fund II Limited	0.71%	449,999	0.71%	449,999	0.00%
Ironman Investments Limited	0.00	4,301	-	-	0.01%
Total	**44.90%**	**28,528,415**	**51.26%**	**32,569,930**	

Notes to the consolidated financial statements
for the year ended March 31, 2023

g. Shares reserved for issue under options

Information relating to Sapphire Foods Employee Stock Option Plan, including details of options granted, exercised and lapsed during the current year and options outstanding at the end of reporting period, is set out in note 40.

h. No shares issued during the year ended March 31, 2023.

Shares issued during the previous year ended March 31, 2022 includes :

i) Exercise of stock options 13,78,661 shares

ii) Preferential allotment of 93,73,471 shares

i) Shares allotted as fully paid-up without payment being received in cash during the period of 5 years immediately preceding the date of Balance Sheet :

Nil

13 Other equity

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Securities premium		
Balance at the beginning of the year	14,305.02	9,246.68
Add: Premium on issue of equity shares	-	4,648.29
Add: Shares issued on account of employee stock options	-	550.68
Less: Share issued related expenses	-	(140.63)
Balance as at the end of the year	**14,305.02**	**14,305.02**
Capital reserve		
Balance at the beginning of the year	356.10	356.10
Balance as at the end of the year	**356.10**	**356.10**
Share based payment reserve		
Balance at the beginning of the year	56.09	186.62
Employee stock option expense (Note 40)	165.75	345.28
Exercise of employee stock options	-	(475.81)
Balance as at the end of the year	**221.84**	**56.09**
Foreign currency translation reserve		
Balance at the beginning of the year	(277.46)	(69.36)
Add: Additions during the year	(16.09)	(208.10)
Balance as at the end of the year	**(293.55)**	**(277.46)**
Retained earnings		
Balance at the beginning of the year	(5,003.71)	(5,448.91)
Profit for the year after tax	2,333.60	464.60
Other comprehensive Income / (loss) for the year	4.74	(19.40)
Balance as at the end of the year	**(2,665.37)**	**(5,003.71)**
Total other equity	**11,924.04**	**9,436.04**

Note: Nature and purpose of reserves

a) Retained earnings- Retained earnings are the profits/ (loss) that the Group has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders. Retained earnings includes re-measurement loss/(gain) on defined benefit plans, net of taxes that will not be reclassified to Statement of Profit and Loss. Retained earnings is a free reserve available to the Group and eligible for distribution to shareholders, in case where it is having positive balance representing net earnings till date.

b) Share based payment reserve - The Parent Company offers ESOP, under which options to subscribe for the Parent Company's share have been granted to certain employees and senior management. The share based payment reserve is used to recognise the value of equity settled share based payments provided as part of the ESOP scheme (refer note 40 for ESOP scheme issued by the Company) .

Notes to the consolidated financial statements
for the year ended March 31, 2023

c) Capital reserve- Reserve is primarily created on amalgamation as per statutory requirement. This reserve is utilised in accordance with the specific provisions of the Companies Act, 2013.

d) Securities premium- The amount received in excess of face value of the equity shares is recognised in securities premium. This reserve is utilised in accordance with the specific provisions of the Companies Act, 2013.

e) Foreign currency translation reserve - Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Indian rupees) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal of the foreign operation.

14 Borrowings (measured at amortised cost)

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Non-current borrowings (secured)		
Term Loan		
(i) from banks	415.24	598.99
(ii) from others	-	3.99
	415.24	**602.98**
Less : Current maturities (shown as current borrowings)	(206.46)	(183.14)
Total non-current borrowings	**208.78**	**419.84**

(a) Term Loan from HDFC Bank - RTL 1

(₹ in million)

Interest Rate	Repayment term	Security	As at March 31, 2023	As at March 31, 2022
The interest rate on loan is 6.5% p.a to 8.30% p.a.	Repayable in 35 quarterly instalments from the date of first disbursement.	Pari passu charge on all movable tangibles and intangibles assets, current assets and receivables and all bank accounts.	135.13	282.48

Term Loan from HDFC Bank - RTL 2

(₹ in million)

Interest Rate	Repayment term	Security	As at March 31, 2023	As at March 31, 2022
The interest rate on loan is 6.5% p.a to 8.30% p.a.	Repayable in 17 quarterly instalments from the date of first disbursement with moratorium of 15 months	Pari passu charge on all movable tangibles and intangibles assets, current assets and receivables and all bank accounts.	148.81	168.27

Term Loan from HDFC Bank - RTL 4

(₹ in million)

Interest Rate	Repayment term	Security	As at March 31, 2023	As at March 31, 2022
The interest rate on loan is 6.5% p.a to 9.00% p.a.	Repayable in 48 monthly instalments from the date of first disbursement with moratorium of 24 months	Second charge on all movable tangibles and intangibles assets, current assets and receivables and all bank accounts.	93.79	93.49

Notes to the consolidated financial statements

for the year ended March 31, 2023

(b) Term Loan from Development Finance Corporation of Ceylon (DFCC) Bank

(₹ in million)

Interest Rate	Repayment term	Security	As at March 31, 2023	As at March 31, 2022
Term Loan-2*				
Higher of the Average Weighted Prime Lending Rate (AWPR) or the average 90 day Treasury Bill Rate plus a Margin of 2.0% p.a	Repayable in 60 monthly instalments (capital) after a grace period of twelve months from the date of first disbursement.	Land building and plant and machinery at commissary at No.1/603, Mahawella Road, Dadigamuwa.	-	0.86
Term Loan-3				
The rate of interest applicable is subject to revision and will be revised every month until the settlement of loan in full and will be 1.5% per annum above the AWPR rounded onwards to the nearest 0.5% per annum	Repayable in 72 monthly instalments (capital) after a grace period of twelve months from the date of first disbursement.	A primary Mortgage over movable machinery/equipments.	37.51	53.89

(c) Term Loan from Daimler Financial Services India Pvt Ltd*

(₹ in million)

Interest Rate	Repayment term	Security	As at March 31, 2023	As at March 31, 2022
The rate of interest is 10.75% p.a.	The Company have opted for moratorium during the year due to Covid-19. Revised EMI's of ₹1,21,468 and ₹32,95,125 on 36th Instalment.	Against vehicle Mercedez Benz E-220	-	3.99

* Loans have been repaid during the year

Current borrowings		
Bank Overdraft (Unsecured) **	27.45	9.23
Current maturities of non-current borrowings	206.46	183.14
Total current borrowings	**233.91**	**192.37**

** The rate of interest will be revised every month and will be range from 1.75% per annum above the Average Weighted Prime Lending Rate (AWPLR) payable at monthly intervals and is repayable on demand. The same is considered to be part of Cash and Cash Equivalents for the purpose of Cash Flow Statement in accordance with Ind AS 7.

15 Income tax

a. The major components of income tax expense for respective year:

(₹ in million)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Current income tax		
Current period	30.77	63.54
Earlier year	(4.91)	0.88
Deferred tax		
Relating to originating and reversal of temporary differences		
Current period	647.46	(10.42)
Earlier period	(1,920.99)	-
Income tax expense/ (income) reported in the consolidated statement of profit/(loss)	**(1,247.67)**	**54.00**
Relating to originating and reversal of temporary differences	2.10	(0.76)
Income tax expense/ (income) reported in the consolidated statement of total comprehensive income/(loss)	**(1,245.57)**	**53.24**
- Income tax expense/(income) reported in the consolidated statement of profit/ (loss)	(1,247.67)	45.73
- Income tax expense/(income) reported in the consolidated statement of other comprehensive income/ (loss)	2.10	(0.76)

Notes to the consolidated financial statements

for the year ended March 31, 2023

b. A reconciliation between the statutory income tax rate applicable to the Group and the effective income tax rate of the Group is as follows :

(₹ in million)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Profit/(Loss) before taxes	1,084.24	513.85
Average Statutory Income tax rate as applicable to group companies	24.50%	23.65%
Expected income tax expense (A) *	**265.65**	**121.51**
As per Financial Statement		
Current Tax	25.86	64.42
Deferred Tax (including deferred tax on other comprehensive income)	(1,273.53)	(10.42)
Total (B)	**(1,247.67)**	**54.00**
Difference (C) = (A) - (B)	**1,513.32**	**67.51**
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense (b) :-		
Deferred tax assets not recognised for unused tax losses	0.60	(4.61)
Utilisation of tax losses against taxable profits	976.66	69.95
Deferred tax asset recognised	1,252.66	-
Expenses not deductible for tax purpose	(716.60)	2.17
	1,513.32	**67.51**
Total income tax expense (a - b)	**-**	**-**

* The income tax liability is NIL being loss incurred during the year

For the above disclosure, the Group and its Indian Subsdiaries has evaluated the recent amendments in the Income Tax Act, 1961, i.e. new section 115BAA which has been introduced with effect from FY 2019-20 (AY 2020 - 21) to provide an option for a concessional tax at the rate of 22% but the Parent Company and its Indian Subsidary Company has opted to continue with the existing tax rate as these Company's have brought forward losses and unabsorbed depreciation. The Parent Company would adopt section 115BAA under new tax regime during the year under consideration.

c. Deferred tax

Deferred tax relates to the following:

(₹ in million)

Particulars	Balance Sheet		Profit & Loss (including OCI)	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Deferred tax liabilities				
Goodwill	236.14	292.71	(56.57)	-
Current Investment	5.54	14.23	(8.69)	12.73
Fair value adjustment on acquisition	39.95	69.76	(29.81)	-
	281.63	**376.70**	**(95.07)**	**12.73**
Deferred tax assets				
Property, plant and equipment/ Intangible assets	242.96	323.00	(80.04)	83.53
Employee benefits payable	31.27	47.15	(15.88)	3.20
Long term/ Short term provisions (including OCI impact)	38.56	35.79	2.77	7.40
Provision for slow moving inventories	0.59	2.19	(1.60)	0.92
Translation difference	6.44	9.03	(2.58)	-
Lease Liabilities (net of ROU assets)	481.84	513.29	(31.45)	50.10
Provisions for doubtful advances	17.48	21.66	(4.19)	1.26
Disallowance under section 40(a)(i) of Income Tax Act,1961	41.23	69.25	(28.02)	27.02
B/f Business loss and Unabsorbed depreciation	605.45	1,187.00	(581.55)	
Deferred tax asset not recognised on unabsorbed losses as it is less probable that the taxable profit will be available against which Deferred tax asset can be utilised**	-	(1,918.92)	(623.97)	(141.26)
	1,465.83	**289.42**	**(1,366.49)**	**32.17**
Deferred tax expense/ (income)	**-**	**-**	**(1,271.43)**	**19.44**
Net deferred tax assets/ (liabilities)	**1,184.20**	**(87.27)**	**-**	**-**

Notes to the consolidated financial statements
for the year ended March 31, 2023

a) Group has assessed entity wise and as result deferred tax assets has recognised to the extent of deferred tax liabilities except in case of the parent company.

b) Group controls the dividend policy of its subsidiary. It is able to control the timing of the reversal of temporary differences associated with that investment (including the temporary differences arising not only from undistributed profits but also from any foreign exchange translation differences). Therefore, the Group has determined that those profits will not be distributed in the foreseeable future and company has not recognised a deferred tax liability.

c) The parent Company has recognised Deferred tax assets during the year. During the year ended March 31, 2023, the parent Company has recognised deferred tax assets of ₹1,253.18 million based on the business projections of taxable earning in the near future. While recognizing sch deferred tax assets, the parent Company has been cognizant enough to consider the history of losses they have, uncertainties of business in place and rising input costs. Carrying value of deferred tax assets (net) of parent Company is ₹1,253.18 million as at March 31, 2023.

16 Lease Liabilities

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Lease Liabilities (Refer Note 42)	9,185.11	7,280.47
Total Lease Liabilities	**9,185.11**	**7,280.47**
Current	1,472.33	784.08
Non-current	7,712.78	6,496.39

17 Trade payables

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Total outstanding dues of Micro enterprises and small enterprises	23.15	36.28
Total outstanding dues of creditors other than micro enterprises and small enterprises :		
- Related Parties (Note 34)	-	0.97
- Others	2,146.76	1,953.90
Total Trade Payables	**2,169.91**	**1,991.15**

Ageing as on March 31, 2023

(₹ in million)

Particulars	Outstanding for following periods from due date of payment						
	Unbilled	Not due	Less than 1 year#	1 to 2 years#	2 to 3 years#	More than 3 years#	Total
MSME	-	4.00	6.86	2.40	7.13	2.76	23.15
Others	1,143.51	101.79	793.85	26.92	14.13	66.56	2,146.76
Disputed dues - MSME	-	-	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-	-	-
Total	**1,143.51**	**105.79**	**800.71**	**29.32**	**21.26**	**69.32**	**2,169.91**

Ageing as on March 31, 2022

(₹ in million)

Particulars	Outstanding for following periods from due date of payment						
	Unbilled	Not due	Less than 1 year#	1 to 2 years#	2 to 3 years#	More than 3 years#	Total
MSME	-	15.86	10.46	7.13	1.10	1.73	36.28
Others	1,132.73	299.20	436.50	10.23	18.52	50.10	1,947.28
Disputed dues - MSME	-	-	-	-	-	-	-
Disputed dues - Others	-	-	-	5.55	2.04	-	7.59
Total	**1,132.73**	**315.06**	**446.96**	**22.91**	**21.66**	**51.83**	**1,991.15**

where no due date of payment is available, ageing has been disclosed from the date of transaction.

Terms and conditions of the above Trade payables:

- Trade payables are non-interest bearing and are normally settled on 30-60 days terms.

18 Other current financial liabilities

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Employees benefits payable	174.42	254.02
Capital creditors	697.34	401.92
Other payables :		
- Related party (Refer note 34)	12.27	17.61
- Others (Refer note below)	326.40	550.20
Total other current financial liabilities	**1,210.43**	**1,223.75**

Other payable include balance of ₹321.24 million (March 31, 2022 ₹540.98 million) towards amount set aside for IPO expenses, refundable to shareholders and same will be settled in due course.

19 Other current liabilities

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Advance from customers (contract liabilities under Ind AS 115)	0.82	3.59
Statutory dues	180.13	210.58
Total other current liabilities	**180.95**	**214.17**

20 Provisions

(₹ in million)

Particulars	Non-Current		Current	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Gratuity (Note 35)	107.08	109.74	18.20	16.04
Leave encashment	-	-	12.36	10.42
Others *	-	-	39.02	39.54
Total provisions	**107.08**	**109.74**	**69.58**	**66.00**

Movement for provision others

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Balance at the beginning of the year	39.54	40.87
Addition during the year	-	1.50
Deletion during the year	(0.52)	(2.83)
Balance as at the end of the year	**39.02**	**39.54**

* Others includes provision for certain litigation relating to service tax on rentals and other cases which is currently pending judgement in the Supreme Court/other authorities. The Parent Company had applied for Service tax amnesty scheme for above litigation which was rejected pursuant to which parent company had filed a writ petition in the High Court of Mumbai. The Parent Company has received a favourable order in the March 31, 2022, from the Bombay High court directing the service tax authority to quash the orders for rejecting the Sabka Vishwas - (Legacy Dispute Resolution) Scheme, 2019 (SVLDRS) filed by the Parent Company.

Notes to the consolidated financial statements

for the year ended March 31, 2023

21 Revenue from operations (refer Note 41)

(₹ in million)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Revenue from contract with customers		
Restaurant sales	22,570.64	17,154.46
Other operating income		
- Sale to Airport dealers / franchisees	62.43	38.95
- Alliance Income	5.14	4.78
- Scrap sales & others	17.53	17.53
Total	**22,655.74**	**17,215.72**

22 Other income

(₹ in million)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Interest on fixed deposits and loan	150.12	48.83
Interest income from security deposit at amortised cost	52.98	55.37
Fair value gain on financial instruments at fair value through profit or loss	43.89	74.23
Rent waiver (Refer note below)	8.10	166.58
Profit on sale/ discard of property, plant and equipment	-	3.24
Net gain on termination of lease contract (Note 42)	15.13	30.75
Exchange fluctuation gain	27.36	
Miscellaneous income	13.34	0.78
Total	**310.92**	**379.78**

Note: During the year ended March 31, 2022 and till June 30, 2022, consequential to COVID 19 pandemic the Group has negotiated several rent concessions. In view of amendments by the Companies (Indian Accounting Standards) Amendment Rules, 2020, the Group has elected, as a practical expedient, not to assess these rent concessions as lease modifications and has recognised impact of such rent concession in Statement of Profit and Loss. The election is made for all such rent concessions as these satisfy the conditions mentioned in Para 46A and Para 46B of Ind AS 116 (as amended).

23 Cost of materials consumed (raw material and packing material)

(₹ in million)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Inventory as at the beginning of the year	533.23	375.47
Add: Purchases	7,688.57	5,435.73
Less: Inventory at the end of the year	(815.04)	(533.23)
Total	**7,406.76**	**5,277.97**

24 Employee benefits expense

(₹ in million)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Salaries, wages and bonus	2,400.17	2,048.14
Contribution to provident fund and other funds (refer Note a below)	188.16	153.64
Gratuity (refer Note 35)	25.48	23.20
Employee stock option scheme (refer Note 40 and note b below)	169.21	387.88
Staff welfare expenses	146.01	127.08
Total	**2,929.03**	**2,739.94**

Notes to the consolidated financial statements

for the year ended March 31, 2023

(a) Net of refund claim under Provident Fund scheme namely Pradhan Mantri Protsahan Rojgar Yojana ('PMPRY') of ₹ Nil million (March 31, 2022: ₹1.18 million)

(b) Expenses on employee stock option scheme includes ₹3.47 million (March 31, 2022 ₹42.55 million) towards long term incentive plan for the specified employees as per the scheme.

25 Finance costs

(₹ in million)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Interest on loans from banks	60.69	112.23
Interest - others	5.45	9.69
Interest on lease liabilities (Note 42)	795.14	654.58
Other borrowing cost	7.58	4.43
Total	**868.86**	**780.93**

26 Depreciation and amortisation expense

(₹ in million)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Depreciation on property, plant and equipment (Note 3)	1,171.69	942.25
Depreciation on right of use asset (Note 42)	1,276.20	1,030.69
Amortisation on intangible assets (Note 4)	193.85	162.27
Total	**2,641.74**	**2,135.21**

27 Other expenses

(₹ in million)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Rent (refer Note 42)	643.48	516.85
Electricity expenses	1,487.08	982.10
Royalty (Refer note (i) below)	1,362.55	885.44
Marketing and advertisement expenses	909.77	686.33
Commission on aggregators and meal coupons	1,447.16	1,247.95
Common area maintenance expenses	296.59	251.65
Distribution and warehousing charges	329.91	275.27
Repairs and maintenance :		
- Plant and machinery	154.35	129.28
- Others	311.24	218.50
Legal and professional charges	209.49	204.22
Travelling and conveyance	148.52	120.29
Payment to auditors (Refer note (ii) below)		
Audit fees	8.66	8.09
Limited Review fees	1.77	0.59
Other Service	1.52	0.66
Reimbursement of expenses	0.12	0.07
Small wares, cleaning, uniform and operating supplies	198.15	177.80
Home delivery charges	49.95	49.93
Exchange fluctuation loss (net)	-	11.85
Loss on sale/discard of property, plant and equipment	15.20	-
Provision for doubtful deposits	-	4.05
Miscellaneous expenses	460.52	376.68
Total	**8,036.03**	**6,147.60**

Notes to the consolidated financial statements

for the year ended March 31, 2023

Note :

i. The Group is eligible for incentive basis the agreement with the franchisor and the same has been netted off against the royalty expenses.

ii. The above expenses excludes fees in respect of Initial Public Offer (IPO) ₹Nil million (March 31, 2022 ₹16.56 million) including reimbursement of expenses and taxes, which is borne by promoters.

28 Earnings Per Share (EPS)

Basic EPS amounts are calculated by dividing the profit/ (loss) for the year attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year. Diluted EPS amounts are calculated by dividing the profit/ (loss) attributable to equity holders (after adjusting for cost of options) by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

The following reflects the profit for the year after tax and share data used in the basic and diluted EPS computations:

(₹ in million, except per share data)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Profit attributable to the equity holders of the Group (₹ in million) (A)	2,333.60	464.60
Profit attributable to equity holders adjusted for the effect of dilution		
Weighted average number of Equity shares outstanding during the period (B)	63,542,541	59,698,646
Effect of dilution:		
Share options under ESOP (C)	755,285	445,825
Weighted average number of diluted equity shares (D) = (B)+ (C)		
Basic Earning Per Share (Face value of ₹10 per share) (A)/(B)	36.73	7.78
Diluted Earning Per Share (Face value of ₹10 per share) (A)/(D)	36.29	7.72

29 Contingent liabilities

(₹ in million)

a)

Particulars	As at March 31, 2023	As at March 31, 2022
i) Claims against the Group (excluding Interest) not acknowledged as debts in respect of:		
- Sales Tax	13.13	22.56
- Income Tax	285.08	152.01
- Statutory dues	17.66	5.35
- Other matters	85.22	24.53
Total	**401.09**	**204.45**

There are several other cases which has been determined as remote by the Group and hence not been disclosed above.

b) One of the Company's subsidiary namely Gamma Pizzakraft Lanka Private Limited has facilitated the contracted delivery riders to purchase motor bikes on leases from financial institutions. Leased motor bikes have been recognised as Right of use assets (ROU) with effect from April 1, 2019 under Ind AS 116 net of the amount recoverable from employees. Aggregated amount so recoverable from employees on future lease rentals of such operating lease agreements amounting to ₹0.18 Million as at March 31, 2023 (March 31,2022 : ₹0.94 Million) (March 31, 2023, 0.70 Million LKR, March 31, 2022 - 2.6 million LKR). However, company has not experienced any loss or damage relating to such facilitation

c) On November 25, 2021, Income Tax Department of India has raised an Assessment Order against one of the Subsidiary namely Gamma Pizzakraft Lanka Private Limited ("the Subsidiary.") ordering to pay ₹148.73 million as income tax as per the laws of India. The management of the Subsidiary is of the view that this assessment has no substance or a valid basis and have noted that there is a gross error of ₹100.00 million in assessment itself due to a neglectful arithmetical error. During the year, the subsidiary has filed an appeal with CIT(A) and the date of hearing is awaited.

Notes to the consolidated financial statements

for the year ended March 31, 2023

d) The Parent Company has entered into business transfer agreement with A. N. Traders Pvt Limited (ANTPL) in August 2016. The obligation of the parties was completed and the transaction of transferring the franchisee has been closed. One of the promoter of ANTPL has filed FIR against the Parent company and various other parties. The Parent Company has filed a quashing petition in the High Court of Delhi seeking an order to quash the FIR as the same had been filed on false and frivolous grounds. The petition is pending for hearing in the High Court of Delhi. The Parent Company does not foresee any financial obligation against the FIR.

e) The Hon'ble Collector of Stamps, Mumbai, passed an order dated January 3, 2019, ("Order") against the Parent Company for payment of stamp duty amounting to INR 194.60 million with respect to scheme of merger/amalgamation between the Parent Company and SHRPL, Hansazone, Pizzeria, KFCH. Aggrieved by this, the Parent Company filed an appeal before the Chief Controlling Revenue Authority, Pune, Maharashtra, challenging the Order on the grounds inter alia, that the amount of stamp duty has been calculated incorrectly and the current valuation of the stamp duty amounts to INR 2.74 million. The Parent Company has got a stay order dated May 5, 2022, from the Hon'ble Collector of stamps on the aforesaid order till the date of next appeal. As on date the Parent Company does not foresee any liability towards the same.

f) The Parent Company has filed a writ petition before the High Court of Gujarat at Ahmedabad challenging the anti-profiteering investigation being conducted by the Directorate General of Anti-Profiteering ("Respondent"), on the grounds that the anti-profiteering investigation is ex-facie illegal and suffers from various infirmities including malice in law on the part of the Respondents including the National Anti-Profiteering Authority. The Respondents had initiated an anti-profiteering investigation under Section 171 of the Central Goods and Services Tax Act, 2017, basis a complaint against a singular Pizza Hut restaurant located in Ahmedabad, Gujarat. This investigation was initiated basis a reconsidered reference made by the Standing Committee on Anti-Profiteering in respect to a complaint filed with respect to supply of a product named 'veggie supreme' by restaurant. Thereafter, the Parent Company had responded and provided information to various summons and notices as demanded by the Respondent during the investigation. However, being aggrieved by the way the investigation was being conducted, the Parent Company challenged the proceedings by the way of writ petition on the grounds that it was being conducted without any methodology or guidelines and was therefore manifestly arbitrary. By an order dated June 30, 2020, the High Court of Gujarat had directed the Respondent to not inquire about any other product of the Parent Company other than the complained product. The Parent Company has filed its written submission dated March 30, 2021, before the High Court of Gujarat at Ahmedabad praying before the Court to allow the Writ Petition. The matter is currently pending for final orders and judgement.

Future cash outflows, if any, in respect of above are determinable only on receipt of judgement/decisions pending at various forums/ authorities or final outcome of matter.

The Group pending litigations comprise of proceedings pending with tax authorities and government body. The Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed contingent liabilities where applicable, in its financial statements. The Group does not expect the outcome of these proceedings to have materially adverse impact on its financial statements.

30 Commitments

(a) Estimated amount of contracts to be executed on capital account and not provided for (net of advances)

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Estimated amount of contracts to be executed on capital account and not provided for	969.04	696.13

(b) The Parent Company has entered into a Development Agreement with Yum Restaurants (India) Private Limited ('Yum') to build a minimum Net New Stores of KFC as specified in the agreement over the 5 years period starting 1st January 2022 until 31st Dec 2026 ("Incentive Period") consisting of Base, Tier 1 and Tier 2 Targets, with certain incentives to be accrued on opening of such stores. In the event of Parent company not meeting the build targets during the incentive period, Yum will have the right to consider revocation of development (exclusivity) rights of the Parent Company. The Parent Company has also issued an irrevocable and unconditional bank guarantee of initial fee for the target number of outlets of KFC amounting to ₹409.87 million for the year 2023. In case of not meeting the annual target, Yum shall be entitled to encash the bank guarantee provided.

Pursuant to above agreement, for Pizza Hut the Parent Company has paid an upfront deposit of 500,000 USD, refundable on meeting the annual build targets. In case the annual targets are not met Yum shall be entitled to forfeit such deposit.

Notes to the consolidated financial statements

for the year ended March 31, 2023

31 Significant accounting judgements, estimates and assumptions

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

(a) Impairment of Non Financial Assets:

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a Discounted Cash Flow (DCF) model. The cash flows are derived from the budget for the next four to five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are as under:

- Gross Margins
- Discount Rates
- Material Price inflation
- Growth rate
- Rent expense
- Salaries and wages
- Royalty and marketing fees

The management believes that no reasonably possible change in any of the key assumptions used in value in use calculation would cause the carrying value of the CGU to materially exceed its value in use.

Gross Margins - Gross margins are based on average values achieved in the preceding years and is expected to remain constant during the budget period. These have not increased over the budget period for anticipated efficiency improvements as the increase, if any, is expected to be marginal.

Discount rates - Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and is derived from its weighted average cost of capital (WACC). The cost of equity is derived from the expected return on investment by the Group's investors.

Materials price inflation - Past actual material price movements are used as an indicator of future price movements.

Growth rate estimates - Rates are based on management's estimate through internal and published industry research.

Rent expense, Salaries and wages, Royalty and Marketing expenses - Past actual rate movements are used as an indicator of future rate movements.

Any Subsequent changes could impact the recoverable value.

(b) Taxes

The Group has exposure to income taxes in Indian, Sri Lankan and Maldives jurisdiction. Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant managements judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Notes to the consolidated financial statements

for the year ended March 31, 2023

As at March 31, 2023, the Parent Company has reassessed the recoverability of unrecognised deferred tax assets on unabsorbed depreciation and other deductible temporary differences. Considering the Parent Company has generated profits in previous year and continued generating the profits for the current year and forecasts taxable profits in future, the Parent Company is confident of utilisation of unabsorbed depreciation and other temporary differences accordingly, has recognised deferred tax asset amounting to ₹1,253.18 million as at March 31, 2023.

(c) Employee Benefit Plans

The cost of defined benefit gratuity plan as well as the present value of the gratuity obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, expected rates of return of assets, future salary increase and mortality rates. Due to the complexity of the valuation, the underlying assumptions, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Further details about gratuity obligation has been mentioned in Note 35.

(d) Useful lives of property, plant and equipment and intangible assets

The cost of property, plant and equipment is depreciated on a straight-line basis over the property, plant and equipment's estimated economic useful lives. Management estimates the useful lives of these property, plant and equipment to be within 1.5 to 15 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised. The carrying amount of the Group property, plant and equipment at the end of the reporting period is disclosed in Note 3 to financial statements.

The cost of intangible assets is depreciated on a straight-line basis over the useful lives of the assets. The Management estimates the useful lives of these assets to be within 1 to 10 years, which Management believes are realistic and reflect fair approximation of the period over which assets are likely to be used. There are no intangible assets with indefinite useful life, other than goodwill.

(e) Contingencies

In the normal course of business, contingent liabilities may arise from litigations and other claims against the group. Potential liabilities that are possible but not probable of crystallizing or are very difficult to quantify reliably are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not recognised. Refer Note 29 for further details.

(f) Leases

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination.

The Group included the renewal period as part of the lease term for leases of stores with shorter period (i.e., up to 10 years). The Group typically exercises its option to renew for these leases because there will be a potential negative effect on the revenue. The renewal periods for leases of stores with longer periods (i.e. More than 10 years) are not included as part of the lease term as these are not reasonably certain to be exercised.

(g) Share based payments

The Group initially measures the cost of equity settled transaction with employees using Black Scholes model to determine the fair value of the liability incurred. Estimating fair value for share-based payment transaction requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. The estimates also requires determination of the most appropriate inputs to the valuation model including expected life of the share option, volatility and dividend yield and making assumptions about them. The assumption and models used for estimating the fair value for share based-payment transaction are disclosed in note no. 40.

Notes to the consolidated financial statements

for the year ended March 31, 2023

(h) Incentive

The Group is eligible for certain incentive income basis the development agreement with franchisor. The Group has considered past experience and future outlook in determining whether the Group shall be able to achieve the opening of target number of outlets. Accordingly incentive is recognised on pro-rata basis the number of stores opened and netted off against royalty expense.

32 Impairment Testing of Goodwill

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Cost	1,621.59	1,621.59
Less : Impairment	-	-
Net Carrying Value	**1,621.59**	**1,621.59**

Carrying value of goodwill :-

(₹ in million)

Allocation of goodwill to Cash Generating Units (CGU's)	As at March 31, 2023	As at March 31, 2022
KFC	1,058.61	1,058.61
PH	562.98	562.98
Total	**1,621.59**	**1,621.59**

Goodwill acquired through business combinations is not amortised but is evaluated for impairment annually or whenever events or changes in circumstances indicate the carrying value may not be recoverable.

The Group performs an annual impairment assessment of Goodwill and the corresponding cash generating units to determine whether the recoverable value is below the carrying amount as at March 31, 2023. The Group performed its impairment test for the year ended March 31, 2023 on March 31, 2023.

For this purpose, the recoverable value of the cash generating unit is based on the value in use model, which has been derived from the discounted cash flow model. The model requires the Group to make significant assumptions such as discount rate, near and long-term revenue growth rate and projected margins which involves inherent uncertainty since they are based on future business prospects and economic outlook. The Group has used discounted Cash Flow Projections which has been approved by Board of Directors covering up to the year 2028. The post-tax discount rate is applied to cash flow projections. The Group has estimated a perpetuity growth rate to arrive at perpetual value post 2028. As a result of this analysis there is no impairment charge as at March 31, 2023.

The key assumptions have been disclosed in Note 31(a)

Sensitivity to change in assumptions

Key assumptions	As at March 31, 2023	As at March 31, 2022
Discount rate	14%	14%
Sales growth rate	21%-26%	11%-29%
Terminal growth rate	5%	5%

Discount rate assumption

A change in discount rate by 100 basis points will result in change in the recoverable value by :-

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Increase in 100 basis points and impact on the recoverable value	**(5,201.34)**	**(1,448.59)**
- KFC	(5,000.56)	(1,187.99)
- PH	(200.78)	(260.60)
Decrease in 100 basis points and impact on the recoverable value	**6,556.72**	**1,761.84**
- KFC	6,330.16	1,456.54
- PH	226.55	305.30

Notes to the consolidated financial statements

for the year ended March 31, 2023

Terminal growth rate assumption

A change in sales rate by 100 basis points will result in change in the recoverable value by :-

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Increase in 100 basis points and impact on the recoverable value	**4,787.39**	**1,384.37**
- KFC	4,645.74	1,176.13
- PH	141.65	208.23
Decrease in 100 basis points and impact on the recoverable value	**(3,842.92)**	**(1,140.65)**
- KFC	(3,716.59)	(962.29)
- PH	(126.34)	(178.36)

Note -

a) 100 basis point change in sales growth rate doesnot have any material impact on recoverable value.

b) During the previous year, the Group considered impact of pandemic on the projections and projection period was of 4 years. In the current year, the projections are basis normal business scenario and are considered for a period of 5 years.

33 Segment Reporting

Group's business activity falls within a single business segment i.e. Food and Beverages in terms of Ind AS 108 on Segment Reporting primarily with operations in India and outside India and regularly reviewed by the Chief Operating Decision Maker (CODM) for assessment of Group's performance and resource allocation. The CODM is considered to be the Board of Directors who make strategic decisions and is responsible for allocating resources and assessing the financial performance of the operating segments.

The geographical segments considered for disclosure are as follows :

The information relating to revenue from external customers and location of non-current assets of its single reportable segment has been disclosed below :

(₹ in million)

Particulars	Year ended March 31, 2023			Year ended March 31, 2022		
	India	Outside India	Consolidated	India	Outside India	Consolidated
1. Revenue						
External	20,052.39	2,914.27	22,966.66	14,442.96	3,152.54	17,595.50
Total Revenue	**20,052.39**	**2,914.27**	**22,966.66**	**14,442.96**	**3,152.54**	**17,595.50**

(₹ in million)

Particulars	Year ended March 31, 2023			Year ended March 31, 2022		
	India	Outside India	Consolidated	India	Outside India	Consolidated
2. Non- Current Assets *	**19,533.68**	**1,480.86**	**21,014.54**	**14,515.77**	**1,217.11**	**15,732.88**

*Non-current assets primarily comprises property, plant and equipment and right of use assets.

Note: No single customer represents 10% or more of the Group's total revenue for the period ended March 31, 2023 and March 31, 2022. Therefore the customer concentration risk is limited due to the large and unrelated customer base.

Notes to the consolidated financial statements

for the year ended March 31, 2023

34 Related Party Disclosures

Names of related parties and related party relationship

Related parties where control exists

Entities under common control:	KFCH Restaurants Private Limited
Company having significant influence:	Sapphire Foods Mauritius Limited
	WWD Ruby Limited (Upto November 18, 2021)
	Amethyst Private Limited (Upto November 18, 2021)
	QSR Management Trust through trustee Sagista Realty Advisors Private Limited
	Edelweiss Crossover Opportunities Fund (Upto November 18, 2021)
	Arinjaya (Mauritius) Limited (w.e.f August 05, 2021)
	AAJV Investment Trust (Upto November 18, 2021)
	Samara Capital Partners Fund II Limited (w.e.f. April 27, 2021)
	Ironman Investments Limited (w.e.f. August 26, 2022)
Key Managerial Personnel/ Directors	Mr. Sumeet Narang, Non-Executive Nominee Director
	Mr. Vikram Agarwal, Non-Executive Nominee Director
	Mr. Manish Mehta, Non-Executive Nominee Director (Upto January 10, 2022)
	Mr. Sanjay Purohit, Whole time director & Group CEO
	Mr. Girish Bhat, Non-Executive Nominee Director (Upto January 10, 2022)
	Mr. Amar Raj Singh, Director (Upto August 05, 2021)
	Mr. Debobroto Das, Director (Upto August 05, 2021)
	Mr. Tarun Khanna, Nominee Director (Upto August 05, 2021)
	Mr. Niladri Mukhopadhyay, Nominee Director (Upto April 01, 2021)
	Mr. Julien Roland Kinic, Nominee Director (Upto August 05, 2021)
	Mr. Pranav Parikh, Nominee Director (Upto August 05, 2021)
	Mr. Kabir Thakur, Non-Executive Nominee Director (w.e.f. August 05, 2021)
	Ms. Anu Aggarwal, Independent Director (w.e.f. August 05, 2021)
	Ms. Deepa Wadhwa, Independent Director (w.e.f. August 05, 2021)
	Mr. Sunil Chandiramani, Director (w.e.f. August 05, 2021)
	Mr. Vinod Nambiar, Non-Executive Nominee Director (w.e.f January 10, 2022)
	Mr. Paul Robine,* Non-Executive Nominee Director (w.e.f January 10, 2022)
	Mr. Norbert Fernandes,* Alternate Director (w.e.f May 17, 2022)
	Mr. Vijay Jain, Chief Financial Officer
	Mr. Sachin Dudam, Company Secretary
	*Mr. Norbert Fernandes is appointed as Alternate Director to Mr. Paul Robine
Enterprises under significant influence of persons described above:	Gamma Life Line
	Samara India Advisors Private Limited

(₹ in million)

Particulars	Entities under Common Control	Key Managerial personnel/ Independent Directors and their relatives	Company having Significant Influence	Enterprises under Significant Influence
Other Receivables				
KFCH Restaurants Private Limited	0.04			
	(2.83)			
Balance as at:				
Trade Payables				
Samara India Advisors Private Limited				-
				(0.97)

Notes to the consolidated financial statements

for the year ended March 31, 2023

(₹ in million)

Particulars	Entities under Common Control	Key Managerial personnel/ Independent Directors and their relatives	Company having Significant Influence	Enterprises under Significant Influence
Other Payables				
Gamma Life Line				12.27
				(17.61)
Transactions for the year ended:				
Sale of material				
KFCH Restaurants Private Limited	20.02			
	(14.59)			
Purchase of assets				
KFCH Restaurants Private Limited	-			
	(1.11)			
Call Centre Charges (inclusive of taxes)				
KFCH Restaurants Private Limited	2.77			
	(5.08)			
Reimbursement of expenses				
KFCH Restaurants Private Limited	0.02			
	(0.03)			
Samara India Advisors Private Limited				0.94
				(0.90)
Key Managerial personnel		0.61		
		-		
Interest expenses				
Gamma Life Line				2.08
				(1.57)
Recovery of IPO expenses (Refer note (i) below)				
WWD Ruby Limited			-	
			(65.60)	
Sapphire Foods Mauritius Limited			-	
			(75.38)	
Amethyst Private Limited - Mauritius			-	
			(53.62)	
QSR Management Trust			-	
			(11.50)	
AAJV Investment Trust			-	
			(1.09)	
Edelweiss Crossover Opportunities Fund			-	
			(21.87)	
Edelweiss Crossover Opportunities Fund- Series II			-	
			(8.75)	
Contribution to employee fund				
Gamma Life Line				(5.35)
				(2.76)
Issuance of Equity Shares (including securities premium)				
Edelweiss Crossover Opportunities Fund			-	
			(100.00)	
Sapphire Foods Mauritius Limited			-	
			(2,070.67)	
Arinjaya (Mauritius) Limited			-	
			(2,571.37)	
Sanjay Purohit		-		
		(295.72)		

Notes to the consolidated financial statements
for the year ended March 31, 2023

(₹ in million)

Particulars	Entities under Common Control	Key Managerial personnel/ Independent Directors and their relatives	Company having Significant Influence	Enterprises under Significant Influence
Vijay Jain		-		
		(60.06)		
Amar Raj Singh		-		
		(30.03)		
Settlement of liabilities on behalf of the entity				
KFCH Restaurants Private Limited	-			
	(0.37)			
Remuneration to Independent Directors		4.13		
		(2.33)		
Remuneration to Key Managerial Personnel *#				
Short Term Employee Benefits		100.82		
		(499.81)		
Share based payments		85.90		
		(274.36)		

* Excludes provision for compensated absence and gratuity for Key Managerial Personnel as separate actuarial valuation is not available.

During the year ended March 31, 2022, Employee Stock Option Plan exercised for 9,42,319 shares is included as perquisites in the above remuneration.

(Previous year figures have been shown within the brackets).

Note:

i) As on March 31, 2023, the Parent Company has a balance in Escrow account of ₹321.24 million (March 31, 2022 : ₹540.98 million) refundable to selling shareholders representing amount set aside for the purpose of IPO share issue expenses.

ii) Pursuant to the scheme of arrangement under section 230 and 232 of the Companies Act 2013 between the Parent Company and KFCH Restaurants Private Limited (KFCH) sanctioned by NCLT by virtue of order dated 25.01.2018, 13 stores of KFCH ('Demerged Undertaking') got demerged and merged with the Parent Company on a going concern basis from the appointed date of the scheme i.e. 1 April 2016. While the demerger was being operationalised, customers of the Demerged Undertaking of KFCH continued to remit the payments to the KFCH on behalf of the Parent Company and vice versa. During the year, collections amount of ₹ Nil million (March 31, 2022: 0.23 million) were received by Parent Company on behalf of KFCH from its customers, the same has been remitted back to the Parent Company during the year. Management is of the view that these transaction do not fall within the purview of IND AS 24 and hence excluded from related party disclosures noted above.

35 Disclosure as per IND-AS 19, "Employee Benefits"

I. Defined contribution plan:

The Group has defined contribution plan. Contributions are made to provident fund for employees at the rate of 12% of basic salary in India and towards employee trust fund at the rate of 3% of basic salary as per regulations applicable to the group. The contributions are made to registered provident fund administered by the government. The obligation of the Group is limited to the amount contributed and it has no further contractual or constructive obligation. The expense recognised during the period towards defined contribution plan is ₹188.16 million (March 31, 2022: ₹153.64 million) [refer Note 24].

II. Defined benefit plan: Gratuity

The Group operates a gratuity plan wherein every employees entitled to the benefit equivalent to fifteen days salary last drawn for each year of service. The same is payable on termination of service or retirement whichever is earlier. The Gratuity paid is governed by The Payment of Gratuity Act, 1972 for the Holding Company and its Indian Subsidiaries. The Group contributes to the fund based on actuarial report details of which is available in the table of investment pattern of plan asset, based on which the group is not exposed to market risk. The following table summarises the component of net defined benefit expenses recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for respective year/ period.

Notes to the consolidated financial statements
for the year ended March 31, 2023

A. Plan assets and plan liabilities

(₹ in million)

Particulars	Defined benefit plans			
	India		Outside India	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Present value of plan liabilities	88.56	84.26	37.56	42.33
Fair value of plan assets	0.87	0.81	-	-
Net plan liability	**87.69**	**83.45**	**37.56**	**42.33**

B. Movements in plan assets and plan liabilities

(₹ in million)

Particulars	Year ended March 31, 2023						Year ended March 31, 2022					
	India			Outside India			India			Outside India		
	Plan Asset	Plan Liability	Net Asset / (Liability)	Plan Asset	Plan Liability	Net Asset / (Liability)	Plan Asset	Plan Liability	Net Asset / (Liability)	Plan Asset	Plan Liability	Net Asset / (Liability)
As at the beginning of the year/ period	**0.81**	**84.26**	**(83.45)**	**-**	**42.33**	**(42.33)**	**0.76**	**68.44**	**(67.68)**	**-**	**48.23**	**(48.23)**
Current service cost	-	13.04	(13.04)	-	0.96	(0.96)	-	10.60	(10.60)	-	5.11	(5.11)
Past service cost			-			-			-			-
Interest cost	-	4.74	(4.74)	-	0.84	(0.84)	-	3.69	(3.69)	-	3.81	(3.81)
Return on plan assets less expected interest on plan assets	0.05	-	0.05	-	-	-	0.04	-	0.04	-	-	-
Actuarial (gain)/loss on plan assets	0.01	-	0.01	-	-	-	0.01	-	0.01	-	-	-
Actuarial (gain)/loss arising from changes in demographic assumptions	-	0.78	(0.78)									
Actuarial (gain)/loss arising from changes in financial assumptions	-	(14.69)	14.69	-	1.49	(1.49)	-	(2.62)	2.62	-	4.04	(4.04)
Actuarial (gain)/loss arising from experience adjustments	-	15.79	(15.79)		-	-	-	18.75	(18.75)		-	-
Translation benefit	-	-	-	-	(7.55)	7.55	-	-	-	-	(18.00)	18.00
Benefit payments	-	(15.36)	15.36	-	(0.49)	0.49	-	(14.60)	14.60	-	(0.86)	0.86
As at the end of the year/ period	**0.87**	**88.56**	**(87.69)**	**-**	**37.56**	**(37.56)**	**0.81**	**84.26**	**(83.45)**	**-**	**42.33**	**(42.33)**

C. Statement of Profit and Loss

(₹ in million)

Particulars	India		Outside India	
	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2023	Year ended March 31, 2022
Employee benefit expenses:				
Current service cost	13.04	10.60	0.96	5.11
Finance cost (net of income on plan assets)	4.69	3.65	0.84	(3.81)
Net impact on the Profit before tax for the year (refer note 24)	**17.74**	**14.25**	**1.80**	**1.30**
Remeasurement of the net defined benefit liability:				
Actual return on plan assets less expected interest on plan assets	(0.05)	(0.04)	-	-
Actuarial gains/(losses) arising from changes in demographic	0.78	-		-
Actuarial gains/(loss) arising from changes in financial assumptions	(14.69)	(2.62)	1.49	4.04
Actuarial (gain)/loss arising from experience adjustments	15.79	18.75	-	-
Net impact on the Other Comprehensive Income before tax for the year	**1.83**	**16.09**	**1.49**	**4.04**

Notes to the consolidated financial statements

for the year ended March 31, 2023

D. Assets

(₹ in million)

Particulars	India		Outside India	
	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2023	Year ended March 31, 2022
Unquoted				
Insurer Manager Fund	0.87	0.81	-	-
Total	**0.87**	**0.81**	**-**	**-**

E. Assumptions

With the objective of presenting the plan assets and plan liabilities of the defined benefits plans at their fair value on the balance sheet, assumptions under Ind-AS 19 are set by reference to market conditions at the valuation date. The significant actuarial assumptions were as follows:

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Financial Assumptions		
Discount rate	5% - 8%	5% - 9%
Salary Escalation Rate	For Corporate : 8% - 10% For Stores : 5% -10%	For Corporate : 8% - 10% For Stores : 5% -10%
Expected Rate of Return on Assets (per annum)	NA	NA

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Demographic Assumptions		
Mortality Rate	IALM (2012-14) Ultimate	IALM (2012-14) Ultimate
Withdrawal rate	For Corporate: PS<5 year - 18%, thereafter - 10% For Store: PS<5 year - 80%, thereafter 2%	For Corporate: If service < 5 yrs, 18% If service > 5 yrs, 12% For Store : If service < 5 yrs, 80% for 2 years, 50% thereafter, If service > 5 yrs, 2%
Retirement Age	55 - 60 years	55 - 60 years
Average expected future working life (years)/ Average duration of defined benefit obligation (years)	12.46	15.62

F. Sensitivity

The sensitivity of the overall plan liabilities to changes in the weighted key assumptions are:

(₹ in million)

Particulars	As at March 31, 2023					As at March 31, 2022				
	Change in assumption	India		Outside India		Change in assumption	India		Outside India	
		Increase in Rate Increase/ (Decrease) in DBO	Decrease in Rate (Decrease)/ Increase in DBO	Increase in Rate Increase/ (Decrease) in DBO	Decrease in Rate (Decrease)/ Increase in DBO		Increase in Rate Increase/ (Decrease) in DBO	Decrease in Rate (Decrease)/ Increase in DBO	Increase in Rate Increase/ (Decrease) in DBO	Decrease in Rate (Decrease)/ Increase in DBO
Discount rate	+/-1%	(10.18)	13.99	(36.65)	38.53	+/-1%	(8.48)	12.29	(2.33)	2.69
Salary Escalation Rate	+/-1%	14.02	(10.42)	38.78	(36.40)	+/-1%	12.77	(9.03)	2.87	(2.54)

Notes to the consolidated financial statements

for the year ended March 31, 2023

The sensitivity analyses above have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant. When calculating the sensitivity to the assumption, the same method used to calculate the liability recognised in the balance sheet has been applied. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared with the previous year/period.

G. The defined benefit obligations shall mature after year end as follows:

(₹ in million)

Year/ Period ending March 31	Period ended March 31, 2023		Year ended March 31, 2022	
	India	Outside India	India	Outside India
1st following year	6.62	12.45	6.01	10.07
2nd following year	6.35	9.50	5.56	9.12
3rd following year	7.69	-	5.58	-
4th following year	6.09	-	6.65	-
5th following year	6.01	0.81	5.10	7.16
6th to10th year	30.49	14.79	25.02	15.96

H. Risk exposure:

Through its defined benefits plan, the Group is exposed to a number of risks, the most significant of which are detailed below:

Investment risk

The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to market yields at the end of the reporting year on government bond yields; if the return on plan asset is below this rate, it will create a plan deficit.

Interest rate risk

A decrease in the bond increase rate will increase the plan liability ; however, this will be partially offset by an increase in the return on the plan's debt investments.

Demographic risk

This is the risk of variability of results due to unsystematic nature of decrements that includes mortality, withdrawal, disability and retirement. The effects of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, medical cost inflation, discount rate and vesting criteria.

Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Notes to the consolidated financial statements

for the year ended March 31, 2023

36 Information for Consolidated Financial Statement pursuant to Schedule III of the Companies Act, 2013

For the year ended/ As at March 31, 2023

(₹ in million)

Name of the Entity in the Group	Net Assets, i.e. Total Assets minus Total Liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income		Country of Incorporation	% of Voting Power
	As % of consolidated net assets	As at March 31, 2023	As % of consolidated profit or loss	Year ended March 31, 2023	As % of consolidated other comprehensive income	Year ended March 31, 2023	As % of total other comprehensive income	Year ended March 31, 2023		
Parent										
Sapphire Foods India Limited	102%	12,841.31	97%	2,260.60	12%	(1.56)	97%	2,259.04	India	100%
Subsidiaries (held directly)										
Indian										
Gamma Pizzakraft (Overseas) Private Limited	4%	543.25	0%	2.28	0%	-	0%	2.28	India	100%
Subsidiaries (held indirectly)										
Indian										
Gamma Pizzakraft Private Limited	0%	9.34	0%	0.74	-2%	0.20	0%	0.94	India	100%
Foreign										
Gamma Pizzakraft Lanka Private Limited	4%	537.04	12%	280.72	1734%	(225.82)	2%	54.90	Sri Lanka	100%
French Restaurants Private Limited	0%	0.39	0%	(0.13)	1%	(0.17)	0%	(0.30)	Sri Lanka	100%
Gamma Island Food Private Limited	0%	57.44	0%	(3.44)	26%	(3.40)	0%	(6.83)	Maldives	51%
Non Controlling Interest	0%	(20.33)	0%	(1.69)	13%	(1.67)	0%	(3.35)	Maldives	49%
Adjustments on account of Consolidation	-11%	(1,429.30)	-9%	(207.17)	-1685%	219.40	1%	12.21		
Total	**100%**	**12,539.14**	**100%**	**2,331.91**	**100%**	**(13.02)**	**100%**	**2,318.89**		

For the year ended/ As at March 31, 2022

(₹ in million)

Name of the Entity in the Group	Net Assets, i.e. Total Assets minus Total Liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income		Country of Incorporation	% of Voting Power
	As % of consolidated net assets	As at March 31, 2022	As % of consolidated profit or loss	Year ended March 31, 2022	As % of consolidated other comprehensive income	Year ended March 31, 2022	As % of total other comprehensive income	Year ended March 31, 2022		
Parent										
Sapphire Foods India Limited	104%	10,416.31	54%	248.07	7%	(16.25)	100%	231.82	India	100%
Subsidiaries (held directly)										
Indian										
Gamma Pizzakraft (Overseas) Private Limited	4%	430.97	-1%	(4.54)	0%	-	-2%	(4.54)	India	100%
Subsidiaries (held indirectly)										
Indian										
Gamma Pizzakraft Private Limited	0%	2.44	-2%	(7.48)	0%	0.13	-3%	(7.35)	India	100%
Foreign										
Gamma Pizzakraft Lanka Private Limited	5%	537.04	61%	280.72	99%	(225.82)	24%	54.90	Sri Lanka	100%
French Restaurants Private Limited	0%	0.39	0%	(0.13)	0%	(0.17)	0%	(0.30)	Sri Lanka	100%
Gamma Island Food Private Limited	0%	(35.93)	-2%	(9.69)	0%	(1.08)	-5%	(10.77)	Maldives	51%
Non Controlling Interest	0%	(16.98)	-1%	(4.75)	0%	(0.53)	-2%	(5.27)	Maldives	49%
Adjustments on account of Consolidation	-13%	(1,279.75)	-9%	(42.34)	-7%	15.69	-11%	(26.66)		
Total	**100%**	**10,054.49**	**100%**	**459.85**	**100%**	**(228.01)**	**100%**	**231.84**		

Notes to the consolidated financial statements

for the year ended March 31, 2023

37 Fair Values and Fair Value hierarchy

The fair value of all current financial assets and liabilities including cash and cash equivalent, bank balances other than cash and cash equivalents, trade receivable, other financial assets, trade payables, other financials liabilities, lease liabilities and borrowings approximate their carrying amounts largely due to the short term maturities of these instruments. The same is classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counter party credit risk.

The Group has investments in mutual funds which is Subsequently measured at fair value through profit or loss (FVTPL) as per the closing net assets value (NAV) statement provided by the mutual fund house. The corresponding unrealised gain or loss on fair valuation is recorded in profit and loss account under other income. Accordingly, such mutual funds fall under fair value hierarchy level 1.

Further, during the year, the group has invested surplus funds in bonds and debentures. The contractual cash flow from this investment meets the criteria for solely payment of principle and interest on principal amount and accordingly is recognised at amortised cost.

Fair value measurement hierarchy

(₹ in million)

Particulars	As at March 31, 2023				
	Carrying amount/ Amortised cost	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total Fair Value
Financial Assets					
At Amortised Cost					
Investment in Securities (Note 5)	298.68	-	-	-	298.68
Trade receivables (Note 8)	179.49	-	-	-	179.49
Cash and cash equivalents (Note 9)	444.17	-	-	-	444.17
Bank balances other than cash and cash equivalents (Note 10)	1,760.05	-	-	-	1,760.05
Other financial assets (Note 5)	1,518.08	-	-	-	1,518.08
At Fair value through profit or loss					
Investments (Note 5)	-	360.67		-	360.67
Financial Liabilities					
At Amortised Cost					
Borrowings (Note 14)	442.69	-	-	-	442.69
Lease liabilities (Note 16)	9,185.11	-	-	-	9,185.11
Trade payables (Note 17)	2,169.91	-	-	-	2,169.91
Other financial liabilities (Note 18)	1,210.43	-	-	-	1,210.43

The Group considers that the carrying amounts of these financial instruments recognised at amortised cost in the financial statements approximates its fair value.

(₹ in million)

Particulars	As at March 31, 2022				
	Carrying amount/ Amortised cost	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total Fair Value
Financial Assets					
At Amortised Cost					
Trade receivables (Note 8)	140.71	-	-	-	140.71
Cash and cash equivalents (Note 9)	591.73	-	-	-	591.73
Bank balances other than cash and cash equivalents (Note 10)	1,954.43	-	-	-	1,954.43
Other financial assets (Note 5)	2,066.63	-	-	-	2,066.63

Notes to the consolidated financial statements
for the year ended March 31, 2023

(₹ in million)

Particulars	As at March 31, 2022				
	Carrying amount/ Amortised cost	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total Fair Value
At Fair value through profit or loss					
Investments (Note 5)	-	1,525.22	-	-	1,525.22
Financial Liabilities					
At Amortised Cost					
Borrowings (Note 14)	612.21	-	-	-	612.21
Lease liabilities (Note 16)	7,280.47	-	-	-	7,280.47
Trade payables (Note 17)	1,991.15	-	-	-	1,991.15
Other financial liabilities (Note 18)	1,223.75	-	-	-	1,223.75

The Group considers that the carrying amounts of these financial instruments recognised at amortised cost in the financial statements approximates its fair value.

38 Capital Risk Management

For the purpose of the Group's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity shareholders. The Group's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Group. The Group determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The Group's capital requirement is mainly to fund its capacity expansion. The principal source of funding of the group has been and is expected to continue to be, cash generated from its operations backed by bank borrowings, if need be. The funding requirements are met through equity infusions, internal accruals and borrowings, if need be. As a part of its capital management policy the Group ensures compliance with all covenants and other capital requirements related to its contractual obligations.

The capital structure is governed by policies approved by the Board of Directors and is monitored by various matrices funding requirements are reviewed periodically.

39 Financial risk management objectives and policies

The Group's principal financial liabilities comprises of borrowings, lease liabilities, trade and other payables. The Group's principal financial assets include trade and other receivables, Investments and cash and cash equivalents including bank balances other than cash and cash equivalents that derive directly from its operations.

The Group's financial risk management is an integral part of how to plan and execute its business strategies. The Group is exposed to market risk, credit risk and liquidity risk.

The senior professionals working to manage the financial risks and the appropriate financial risk governance framework for the Group are accountable to the Board of Directors. This process provides assurance to Group's senior management that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risk are identified, measured and managed in accordance with Group policies and Group risk objective.

Further, the Group has a Risk Management Committee for overseeing the risk management framework & developing & monitoring the group's risk management policies.

The risk management policies aim to mitigate the following risks arising from the financial instruments.

a Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprises of risks relating to interest rate risk and price risk. The impact of price risk is not material.

The sensitivity analysis in the following sections relate to the position as at March 31, 2023. The analysis exclude the impact of movements in market variables on: the carrying values of gratuity, pension obligation and other post-retirement obligations; provisions; and the non-financial assets and liabilities. The sensitivity of the relevant Profit and Loss item is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities held as of March 31, 2023.

i Foreign Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in foreign currency and the Group's net investment in foreign subsidiaries). Foreign currency exchange rate exposure is partly balanced by purchasing of goods from the respective countries. The Group evaluates exchange rate exposure arising from foreign currency transactions and follows establish risk management policies.

Foreign Currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EURO exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities.

Particulars	As at March 31, 2023	As at March 31, 2022
Effect on profit before tax if Increase in 5 bps	2.71	2.90
Effect on profit before tax if decrease in 5 bps	(2.71)	(2.90)

The Group has not entered into any derivative transaction during the year. Unhedged Foreign currency exposure as at each reporting period is Nil

ii Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the outstanding financial liability.

The Group has also considered the effect of changes, if any, in both counterparty credit risk and own credit risk while assessing the debt obligations.

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Borrowings bearing variable rate of interest	442.69	612.21

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on affected portion of loans and borrowings taken at floating rates. With all other variables held constant, the Group's profit before tax is affected through the impact of floating rate borrowings as follows :

A change of 50 bps in interest rates would have following impact on profit before tax:

(₹ in million)

Change	Year ended March 31, 2023	Year ended March 31, 2022
50 bps increase would decrease the profit before tax by	(2.21)	(3.06)
50 bps decrease would increase the profit before tax by	2.21	3.06

Notes to the consolidated financial statements
for the year ended March 31, 2023

b Credit risk

Credit risk is the risk that counterparty will default on its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and other financial instruments.

i Trade Receivable

The trade receivable of the Group generally spread over limited numbers of parties. The Group evaluates the credit worthiness of the parties on an ongoing basis. Further, outstanding customer receivables are regularly monitored and followed up. Therefore, the Group does not expect any material risk on account of non-performance from these parties.

In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this COVID 19 pandemic, the Group, as at the date of approval of financial statements for the year ended March 31, 2023, has used internal and external sources of information.

ii Financial instruments and cash deposits

Credit risk from balances with banks is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

c Liquidity risk

Liquidity risk is defined as the risk that the Group will not be able to settle or meet its obligations on time or at reasonable price. The Group's objective is to at all times maintain optimum levels of liquidity to meet its cash and liquidity requirements. The Group closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate source of financing through the use of bank deposits and cash credit facilities. Processes and policies related to such risks are overseen by senior management. Management monitors the Group's liquidity position through rolling forecasts on the basis of expected cash flows. The Group assessed the concentration of risk with respect to its debt and concluded it to be low.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on their contractual maturities.

(₹ in million)

Particulars	Year	< 1 Year	1 - 5 Years	More than 5 year	Total
Financial Liabilities					
Trade Payable	March 31, 2023	2,169.91	-	-	2,169.91
	March 31, 2022	1,991.15	-	-	1,991.15
Borrowings*	March 31, 2023	233.91	208.78	-	442.69
	March 31, 2022	215.02	666.23	-	881.25
Lease liabilities (Undiscounted)	March 31, 2023	-	-	-	-
	March 31, 2022	1,456.60	7,716.90	2,376.40	11,549.90
Other Financial Liabilities					
Payable on Capital goods purchased	March 31, 2023	697.34	-	-	697.34
	March 31, 2022	401.92	-	-	401.92
Payable to employees	March 31, 2023	174.42	-	-	174.42
	March 31, 2022	254.02	-	-	254.02
Other payables	March 31, 2023	338.67	-	-	338.67
	March 31, 2022	567.81	-	-	567.81

*Including Interest

d Excessive risk concentration

Concentrations arise when a number of counter parties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry. Based on Group's evaluation there is no excessive risk concentration.

Notes to the consolidated financial statements
for the year ended March 31, 2023

40 Share-based payments

Employee Stock Option Scheme (ESOS), 2017

The Parent Company had received approval of the Board and Shareholders for issuance of 20,31,249 Equity Shares of ₹10 each for offering to eligible employees of the Parent Company under Sapphire Foods Employee Stock Option Plan 2017 (the plan). There are 2 schemes of the plan implemented by the Parent Company- Sapphire Foods Employee Stock Option Loyalty Scheme 2017- "Scheme I" (loyalty scheme) and Sapphire Foods Employee Stock Option Performance Scheme 2017- "Scheme II" (performance scheme).

The purpose of these schemes is to reward loyalty for past services with the Parent Company, retention of critical employees, achieving Parent Company performance and aligning the shareholders interest.

During the year ended 31 March 2021, the Parent Company has modified its existing schemes and implemented variation on 21 August 2020 by increasing the total number of options available for loyalty and performance options . It revised its target performance estimates and made it more favourable for its employees. These schemes were further modified on 30 December 2020 where Ruby options were introduced resulting in an increase in no of option granted and revised the terms of performance making it more favourable for its employees. The revised scheme hereinafter referred to as "Scheme III" for employees other than CEO and "Scheme IV" for CEO respectively. Scheme III and scheme IV were further modified on 18 May 2021 and 9 July 2021 for acceleration of vesting at Board discretion.

The number of shares that will vest is conditional upon certain performance and market conditions that will be determined by the Board of Directors. The performance will be measured over vesting period of the options grated which range from 1-4 years and which will be exercised over a period of 1 year from date of vesting.

The ESOP pool was further increased by addition of 807,784 equity shares vide shareholders approval in the meeting held on 23rd July, 2021.

During July 1, 2021 to September 15, 2021, the Parent Company vested 13,78,661 options under the Sapphire Foods Employee Stock Option Scheme 2019 and accordingly recorded ESOP charge of ₹233.99 million and such options were exercised by the employees.

Employee Stock Option Scheme (ESOS), 2019

Under ESOP Sapphire Foods Employee Stock Option Scheme 2019 – " Scheme III" – Management other than CEO, 785,431 options were granted to eligible employees on September 15, 2021 and an additional 4,747 options were granted on September 29, 2021. The purpose of this scheme is to reward loyalty for past services with the Group. retention of key employees, achieving company performance and aligning the shareholders interest.

The ESOP pool was further increased by addition of 1,494,856 equity shares vide shareholders approval in the meeting held on 8th April, 2022

Employee Stock Option Scheme (ESOS), 2022

During the year, the Parent Company introduce new ESOP scheme hereinafter referred to as Sapphire Foods Employee Stock Option Scheme 2022- "Scheme IIIA" and Sapphire Foods Employee Stock Option Performance Scheme 2022- "Scheme IVA". "Scheme IIIA" for management other than CEO and "Scheme IVA" for CEO.

Under ESOP Sapphire Foods Employee Stock Option Scheme 2022 – "Scheme IIIA" – Management other than CEO, 805,486 options were granted to eligible employees during the year and under ESOP Sapphire Foods Employee Stock Option Scheme 2022 – " Scheme IVA" – CEO, 1,079,000 options were granted on June 22, 2022. The scheme has been formulated with the same objective as ESOS 2019.

There are no cash settlement alternatives for the employees. The Parent Company does not have a past practice of cash settlement for these awards.

Notes to the consolidated financial statements

for the year ended March 31, 2023

The Parent Company has granted the following options:

Particulars	ESOS 2017 (Loyalty)				ESOS 2019 (Loyalty)	
	Scheme IV	Scheme IV	Scheme III	Scheme III	Scheme IV	Scheme IV
No. of options	225,694	112,848	173,031	37,615	230,767	559,411
Recovery of IPO expenses	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value
Vesting period (in years)	2.5 years	2.2 years	2.2 years	2.2	1.5 years	3.02 years
Grant Date	4-Jun-18	21-Aug-20	4-Jun-18	21-Aug-20	15-Sep-21	15-Sep-21
Exercise Date	5 years from the date of vesting or happening of a major liquidity event, whichever is later	Starting from end of vesting period and ending on 31 March 2024	5 years from the date of vesting or happening of a major liquidity event, whichever is later	Starting from end of vesting period and ending on 31 March 2024	6 month from the end of vesting date	6 month from the end of vesting date
Exercise Price (₹)	10	10	10	10	544.4	544.4
Method of settlement	Equity- settled	Equity- settled	Equity- settled	Equity- settled	Equity- settled	Equity- settled
Fair value per option (₹)	344.65	376.70	344.75	376.70	147.90	209.30

Particulars	ESOS 2022 (Loyalty)				
	Scheme IIIA				Scheme IVA
No. of options	183,367	67,500	13,200	21,095	359,667
Method of accounting	Fair value	Fair value	Fair value	Fair value	Fair value
Vesting period (in years)	3.8 years	1 to 3.5 years	3.41 years	3.14 years	3.8 years
Grant Date	22-Jun-22	8-Oct-22	3-Nov-22	9-Feb-23	22-Jun-22
Exercise Date	Within 6 months from the date of vesting	Within 6 months from the date of vesting	Within 6 months from the date of vesting	Within 6 months from the date of vesting	Within 6 months from the date of vesting
Exercise Price (₹)	1180	1180	1180	1180	1180
Method of settlement	Equity- settled	Equity- settled	Equity- settled	Equity- settled	Equity- settled
Fair value per option (₹)	327.60	706.42	690.65	487.45	327.60

Particulars	ESOS 2017 & 2019 (Performance)						
	Scheme IV			Scheme III			
	Gold Options	Platinum	Ruby Options	Gold Options (A)	Gold Options (B)	Platinum	Ruby Options
No. of options	338,542	225,694	138,889	210,649	210,648	52,663	105,325
Method of accounting	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value
Vesting period (in years)	2.2 years	2.6 years	3.5 years	2.2 years	2.5 years	3.5 years	3.2 years
Grant Date	4-Jun-18	21-Aug-20	30-Dec-20	4-Jun-18	21-Aug-20	21-Aug-20	30-Dec-20
Exercise Date	31-03-2024	31-03-2024	31-03-2025	31-03-2024	31-03-2024 & 31-03-2025	31-03-2024 & 31-03-2025	31-03-2025
Exercise Price (₹)	10	10	10	178	178	178	178
Method of settlement	Equity- settled	Equity- settled	Equity- settled	Equity- settled	Equity- settled	Equity- settled	Equity- settled
Fair value per option (₹)	376.80	377.00	377.50	238.10	237.90	251.80	248.60

Notes to the consolidated financial statements

for the year ended March 31, 2023

Particulars	ESOS 2022 (Performance)				
	Scheme IIIA				Scheme IVA
No. of options	366,733	85,000	26,400	42,191	719,333
Method of accounting	Fair value	Fair value	Fair value	Fair value	Fair value
Vesting period (in years)	3.8 to 4.4 years	3.5 to 4.15 years	3.4 to 4.08 years	3.1 to 3.81 years	4.44 years
Grant Date	22-Jun-22	8-Oct-22	3-Nov-22	9-Feb-23	22-Jun-22
Exercise Date	Within 6 months from the date of vesting	Within 6 months from the date of vesting	Within 6 months from the date of vesting	Within 6 months from the date of vesting	Within 6 months from the date of vesting
Exercise Price (₹)	1180	1180	1180	1180	1180
Method of settlement	Equity- settled	Equity- settled	Equity- settled	Equity- settled	Equity- settled
Fair value per option (₹)	327.60	706.42	690.65	487.45	327.60

No. of Options	Loyalty		Performance	
	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2023	Year ended March 31, 2022
Outstanding at the beginning of the year/ period	687,666	368,680	232,933	1,242,914
Granted during the year	644,829	790,178	1,239,657	-
Exercised during the year	-	(368,680)	-	(1,009,981)
Lapsed/ Expired during the year	(166,910)	(102,512)	(38,667)	-
Outstanding at the end of the year	1,165,585	687,666	1,433,923	232,933
Exercisable at the end of the year	-	-	-	-
Vested at the end of the year	174,714	-	232,933	-

The fair values are measured based on the Black Scholes Model. The fair value of the options & inputs used in the measurement of grant date fair values are as follows :

Date of grant	09 February 2023	03 November 2022	08 October 2022	22 June 2022	15 September 2021
Risk free interest rate	7.27%	7.14%	7.41%	6.90%	4.06%
Expected life (in years)	3.39	3.66	3.73	4.02	1.8
Expected volatility	39%	39%	39%	39%	50%
Dividend yield	0%	0%	0%	0%	0%
Price of the underlying share in the market at the time of option grant (₹)	1241.6	1469.16	1475	977.1	537

Date of grant	15 September 2021	30 December 2020	21 August 2020	3 September 2018	4 June 2018
Risk free interest rate	4.96%	4.00%	4.69%	8.10%	7.90%
Expected life (in years)	3.3	2.2-3.5	2.6	7.4	5.4
Expected volatility	50%	55%	50%	45%	40%
Dividend yield	0%	0%	0%	0%	0%
Price of the underlying share in the market at the time of option grant (₹)	537	386	291	351	351

Weighted average remaining contractual life of the share option outstanding at the end of year is as below :

(₹ in million)

Particulars	31-Mar-23	31-Mar-22	31-Mar-21	31-Mar-20	31-Mar-19
Remaining contractual life Loyalty (years)	2.51	1.75	0.88	1.54	2.31
Remaining contractual life Performance (years)	3.34	0.36	1.75	1.45	2.90

Notes to the consolidated financial statements

for the year ended March 31, 2023

Effect of the employee option plan on the Statement of Profit or Loss and on its financial position

(₹ in million)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Total employee compensation cost pertaining to stock option plan (Refer Note 24)	144.68	340.88
Liability for employee stock option plan outstanding as at the year end	221.84	56.09

41 Ind AS 115: Revenue from Contracts with Customers

1. Disaggregated revenue information:

Set out below is the disaggregation of the Group's revenue from contracts with customers:

(₹ in million)

Type of goods or service	Year ended March 31, 2023	Year ended March 31, 2022
Restaurant sales	22,570.64	17,154.46
Other operating income	85.10	61.26
Total revenue from contract with customers	**22,655.74**	**17,215.72**
India	19,781.10	14,104.60
Outside India	2,874.64	3,111.12
Total revenue from contract with customers	**22,655.74**	**17,215.72**
Timing of revenue recognition		
Goods transferred at a point in time	22,650.60	17,210.94
Services transferred over time (included in other operating income)	5.14	4.78
Total revenue from contract with customers	**22,655.74**	**17,215.72**

2. Contract balances:

(₹ in million)

	March 31, 2023	March 31, 2022
Trade receivables	179.49	140.71
Contract liabilities	0.82	3.59

42 Leases – Ind AS 116

Leases where the Group is a Lessee

(a) The group incurred ₹91.09 million for the year ended March 31, 2023 (March 2022: ₹44.82 million) towards expenses relating to short-term leases and leases of low-value assets. The total cash outflow for leases is ₹1,778.10 million for the year ended March 31, 2023 (March 2022: ₹1,303.67 million, including cash outflow of short-term leases and leases of low-value assets. Interest on lease liabilities ₹795.15 millions for the year ended March 31, 2023. (March 2021: ₹654.58 million).

(b) The Group leases mainly comprise of stores, buildings and motor vehicle. The Group leases buildings for the purpose of business operations.

Leases are shown as follows in the Group's balance sheet and profit & loss account

(₹ in million)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Cost	6,248.57	4,739.45
Additions	2,995.09	2,781.00
Disposals	(47.09)	(109.91)
Accumulated Depreciation	(1,276.20)	(1,030.69)
Translation difference	(5.64)	(131.28)
Closing Balance	**7,914.73**	**6,248.57**

Notes to the consolidated financial statements

for the year ended March 31, 2023

Set out below are the carrying amounts of lease liabilities (included under financial liabilities) and the movements during the year :

(₹ in million)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
As at beginning of the year	7,282.62	5,692.21
Additions	2,865.93	2,637.38
Accretion of Interest	795.15	654.58
Termination	(59.63)	(126.18)
Rent waiver due to COVID	(8.10)	(166.57)
Payments	(1,687.01)	(1,258.85)
Translation difference	(3.85)	(149.95)
As at the end of the year	**9,185.11**	**7,282.62**
Lease liabilities		
Current	1,472.33	758.24
Non-current	7,712.78	6,524.40
Total lease liabilities	**9,185.11**	**7,282.64**

Some of the leases contain extension and termination options. Such options are taken into account in the determination of the lease term only if extension or non-termination can be assumed with reasonable certainty.

Amounts recognised in the Statement of Profit and Loss:

(₹ in million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Other income		
Gain on termination of lease contract	15.13	30.75
Rent waiver due to COVID	8.10	166.57
Other expenses		
Short-term lease rent expense	86.45	39.98
Low value asset lease rent expense	4.64	4.84
Variable lease rent expense	360.21	234.75
GST on rent	192.17	237.28
Depreciation and impairment losses		
Depreciation of right of use lease asset	1,276.20	1,030.69
Finance cost		
Interest expense on lease liability	795.15	654.58

The Group has lease contracts for stores that contains variable payments based on the revenue generated from a particular store. Management's objective is to align the lease expense with the revenue generated. The following provides information on the Group's variable lease payments, including the magnitude in relation to fixed payments for the similar contracts:

(₹ in million)

Particulars	For the period ended 31st March, 2023			For the period ended 31st March, 2022		
	Fixed Payments	Variable Payments	Total	Fixed Payments	Variable Payments	Total
Fixed Rent	770.41	-	770.41	608.07	-	608.07
Variable rent with minimum payment	912.66	277.33	1,189.99	684.56	164.61	849.17
Variable rent only	-	82.89	82.89	-	62.30	62.30
	1,683.07	**360.21**	**2,043.28**	**1,292.64**	**226.92**	**1,519.55**

Notes to the consolidated financial statements

for the year ended March 31, 2023

A 5% increase in revenue for the relevant stores would increase total lease payments by 5.44% for the year ended March 31, 2023 (March 2022: 5%)

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

43 Title deeds of immovable properties not held in the name of the company

The Group has 4 store lease agreements wherein the lease agreement is not in the name of the Company. These agreements have expired and are under the process of renewal.

Relevant line item in Balance Sheet	Description of property	Gross carrying value (₹ in million)	Title deeds held in name of	Whether title deed holder is a promoter, director or relative of promoter/ director or employee of	Period held- since which date	Reason for not being held in name of company
Right of use assets	Leasehold Building	21.05	Landlord	Not applicable	3 months to 2 years	The original term has expired and these contracts are in the process of getting renewed

44 As per the Regulation 14(6)(ii) of Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 (as amended from time to time), an Indian company making the Downstream Investment (DI) is required to notify the Secretariat for Industrial Assistance (SIA), Department of Industrial Policy and Promotion (DIPP) and Foreign Investment Promotion Board (FIPB) of its downstream investment along with the modality of investment and file Form DI with RBI within 30 days of allotment of capital instruments (wherever applicable). However, the Company has not notified the downstream investment to SIA, DIPP, FIPB and RBI (wherever applicable) for the financial years ended 31 March 2016, 31 March 2017, 31 March 2018 and 31 March 2019 within such deadlines. Further, the Company has not obtained the Statutory Auditor's certificate in earlier years i.e. for year ended 31 March 2016, 31 March 2017, 31 March 2018 and 31 March 2019, nor has mentioned this non-compliance in its Directors Report for these periods. During the previous year ended March 31,2022, the Parent Company had regularised these filings and made good the non-compliance by paying a fees of ₹9.54 million for which the Company has received RBI approval on 17 January 2022.

45 The Board of Directors ("the Board") of the Parent Company at its meeting held on February 11, 2022 has inter-alia, subject to requisite approvals/consents, considered and approved the Scheme of Merger by Absorption between Sapphire Foods India Limited (the "Transferee Company" or "Company") and wholly owned subsidiaries namely Gamma Pizzakraft Private Limited (Transferor Company I) and Gamma Pizzakraft (Overseas) Private Limited (Transferor Company 2") under Sections 230 to 232 of the Companies Act, 2013 ("Scheme"). The Scheme is subject to necessary statutory and regulatory approvals including the approval of Hon' ble National Company Law Tribunal (NCLT), Mumbai bench. The Appointed Date of the Scheme is April 1, 2022. The scheme / application was filed and admitted with National Company Law Tribunal (NCLT), Mumbai Bench on May 5, 2022. This scheme has no impact on consolidated financial statements of the group.

46 Code of Social Security

The Code of Social Security 2020 ('Code') relating to employee benefits during employment and post-employment received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Group will assess the impact of the Code when it comes into effect and will record any related impact in the period in which the Code becomes effective.

Notes to the consolidated financial statements

for the year ended March 31, 2023

47 Other Statutory Information

(i) The Group does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.

(ii) The Group does not have any transactions with companies struck off u/s 248 of the Companies Act, 2013.

(iii) The Group does not have any satisfaction of charge which is yet to be registered with ROC beyond the statutory period.

(iv) The Group have not traded or invested in Crypto currency or Virtual Currency during the financial year.

(v) The Group have not received any fund from any person or entity, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,

(vi) The Group has not advanced or loaned or invested funds to any other person or entity (outside the group), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

(vii) The Group does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961

48 The consolidated financial statements of the Group includes financial results of one of the subsidiary Gamma Pizzakraft (Lanka) Private Limited (GPLPL) which operates Pizza Hut brand in Sri Lanka. Considering the macroeconomic challenges currently faced by Sri Lanka on account of rising prices, depletion of forex reserves, depreciation of Sri Lankan currency to INR and other inflationary pressures, the management has considered all internal and external sources of information including economic forecasts and estimates from market sources as at the date of the approval of these consolidated financial results. On the basis of the evaluation and current indicators of future economic conditions, the company has concluded that no adjustments are required as of reporting date at this point in time.

49 Events after the reporting period

The Group has evaluated subsequent events from the balance sheet date through May 12, 2023, the date at which the financial statements were available to be issued and determined that there are no material items to disclose.

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI Registration No: 324982E/ E300003

per Vikram Mehta
Partner
Membership No: 105938

Place: Mumbai
Date: May 12, 2023

For and on behalf of the Board of Directors of
Sapphire Foods India Limited

Sunil Chandiramani
Director
DIN: 00524035

Sanjay Purohit
Whole time Director and CEO
DIN: 00117676

Sachin Dudam
Company Secretary
Membership No: A31812

Vijay Jain
Chief Financial Officer

Place: Mumbai
Date: May 12, 2023

Notes to the consolidated financial statements

for the year ended March 31, 2023

ANNEXURE I- Form AOC 1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures

(₹ in million, except per share data)

Sl. No.	Particulars	Details	Details	Details	Details	Details
	Name of the Subsidiary	Gamma Pizzakraft (Overseas) Private Limited	Gamma Pizzakraft Private Limited	Gamma Pizzakraft (Lanka) Private Limited	French Restaurants Private Limited	Gamma Island Food Private Limited
1	Financial Year ending on	31st March, 2023	31st March, 2023	31st March, 2023	31st March, 2023	31st March, 2023
2.	Reporting Currency and Exchange rate as on the last date of the relevant Financial Year in the case of Foreign Subsidiaries.	Indian Rupee	Indian Rupee	LKR 1 LKR = 0.25 ₹	LKR 1 LKR = 0.25 ₹	RF 1 RF = 5.29 ₹
3.	Share capital	197.01	148.74	161.21	4.88	85.71
4.	Reserves & surplus	346.24	(139.40)	505.67	(3.27)	(28.26)
5.	Total assets	922.61	99.93	1,912.86	3.54	277.42
6.	Total Liabilities	379.36	90.59	1,245.99	1.93	219.98
7.	Investments	353.35	-	-	-	-
8.	Turnover	-	183.63	2,716.77	-	157.87
9.	Profit/(Loss) before taxation	2.28	0.74	140.46	1.11	(3.44)
10	Provision for taxation	-	-	(28.81)	-	-
11	Profit/(Loss) after taxation	2.28	0.74	111.65	1.11	(3.44)
12.	Proposed Dividend	NIL	NIL	NIL	NIL	NIL
13	% of shareholding	100%	100%	100%	100%	51%

1. Names of subsidiaries or associate companies or joint ventures which are yet to commence operations- None
2. Names of subsidiaries or associate companies or joint ventures which have been liquidated or sold during the year- None

For and on behalf of the Board of Directors of
Sapphire Foods India Limited

Sunil Chandiramani
Director
DIN: 00524035

Sanjay Purohit
Whole time Director and CEO
DIN: 00117676

Sachin Dudam
Company Secretary
Membership No: A31812

Vijay Jain
Chief Financial Officer

Place: Mumbai
Date: May 12, 2023

Place: Mumbai
Date: May 12, 2023

SapphireFoods

SAPPHIRE FOODS INDIA LIMITED
CIN: L55204MH2009PLC197005
702, Prism Tower, A-Wing, Mindspace,
Link Road, Goregaon (West),
Mumbai 400062, Maharashtra, India
Email ID: investor@sapphirefoods.in
Website: www.sapphirefoods.in

Concept, Content & Design (info@wyatt.co.in)

SAPPHIRE FOODS INDIA LIMITED

Registered Office: 702, Prism Tower, A Wing, Mindspace, Link Road, Goregaon (West), Mumbai - 400062
Corporate Identification Number (CIN): L55204MH2009PLC197005 **Tel. No.:** 022 67522300
Email: investor@sapphirefoods.in **Website:** www.sapphirefoods.in

NOTICE is hereby given that the fourteenth (14th) Annual General Meeting ("AGM") of the members of Sapphire Foods India Limited (the "**Company**") will be held on **Friday, 11th August, 2023, at 11.30 a.m.** (IST) through Video Conferencing ("VC")/ Other Audio-Visual Means ("OAVM"), to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider, approve and adopt:

a) the Audited Standalone Financial Statements of the Company for the Financial Year ended 31st March, 2023, together with the Reports of the Board of Directors and the Auditors Report thereon; and

b) the Audited Consolidated Financial Statements of the Company for the Financial Year ended 31st March, 2023, together with the Reports of the Auditors thereon.

2. To appoint a Director in place of Mr. Vikram Agarwal (DIN: 03038370), who retires by rotation, in terms of Section 152 of the Companies Act, 2013 and being eligible, offers himself for re-appointment.

3. To appoint a Director in place of Mr. Kabir Thakur (DIN: 08422362), who retires by rotation, in terms of Section 152 of the Companies Act, 2013 and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

4. Regularisation of Mr. Norbert Fernandes (DIN: 06716549) as Non-Executive Non-Independent Nominee Director of the Company.

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as **Ordinary Resolution**:

"**RESOLVED THAT** pursuant to the provisions of Section 152, 160 and applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder ("the Act"), Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR"), including statutory modifications or re-enactment thereof for the time being in force and recommendation of Nomination and Remuneration Committee, Mr. Norbert Fernandes (DIN: 06716549), nominee representative of Sapphire Foods Mauritius Limited, who was appointed as an Additional Director, pursuant to the provisions of Section 161 of the Companies Act, 2013 and the Articles of Association of the Company, by the Board of Directors on 12th May 2023, be and is hereby appointed as a Non-Executive Non-Independent Nominee Director, liable to retire by rotation.

RESOLVED FURTHER THAT any Director or Chief Financial Officer or Company Secretary of the Company, be and is hereby authorised to sign all documents, deeds, papers in this regard and to file e-form DIR-12 with the Registrar of Companies and to do all such acts, deeds, things as may deem fit so as to give effect to this resolution and to make necessary entries in the registers of the Company and to complete all other formalities in relation to regularisation of Mr. Norbert Fernandes."

By order of the Board of Directors
For SAPPHIRE FOODS INDIA LIMITED

SACHIN DUDAM
Company Secretary & Compliance Officer
(Membership No. A31812)

Place: Mumbai
Date: 12th May, 2023

Registered Office Address:
702, Prism Tower, A Wing,
Mindspace, Link Road,
Goregaon (West),
Mumbai – 400 062

Notes:

1. The Ministry of Corporate Affairs, Government of India ("MCA") has vide its General Circular No. 10/2022 dated 28th December, 2022 read with General Circular No. 14/2020 dated 8th April, 2020, General Circular No. 17/2020 dated 13th April, 2020 and General Circular No.20/2020 dated 5th May, 2020, (collectively referred to as "MCA Circulars") permitted the holding of the Annual General Meeting ("AGM" or "Meeting") through Video Conferencing facility/ Other Audio Visual Means ("VC/ OAVM"), without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("the Act") and aforesaid MCA Circulars, the AGM of the Company is being held through VC/OAVM. The Registered Office of the Company shall be deemed to be the venue for the AGM.

2. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 ("Act") read together with Rule 22 of the Companies (Management and Administration) Rules, 2014 setting out material facts is annexed hereto.

3. Pursuant to the applicable provisions of the Companies Act, 2013 and Rules made thereunder, a member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/ her behalf and the proxy need not be a member of the Company. Since this AGM, will be held through VC/OAVM, the requirement of physical attendance of members has been dispensed with. Accordingly, the facility for appointment of proxies by the members will not be available for this AGM and hence the proxy form and attendance slip including route map is not annexed to this notice.

4. Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.

5. The Company has availed the services of Link Intime India Private Limited ("Link Intime") for conducting the AGM through VC/ OAVM and enabling participation of members at the meeting thereto and for providing services of remote e-voting and e-voting during the AGM.

6. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) & MCA Circulars and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Link Intime for facilitating voting through electronic means, as the authorised agency. The facility of casting votes by a member using remote e-Voting system as well as venue voting on the date of the AGM will be provided by Link Intime.

7. In compliance with the statutory provisions read with SEBI Circular dated 5th January 2023, the Annual Report of the Company for FY 2022-23 along with the Notice of the 14th AGM has been sent electronically only to those shareholders who have registered their e-mail address with their DPs/ RTA/ the Company, as applicable, upto the cut-off date i.e. Friday, 14th July, 2023. The same is also hosted on the Company's website www.sapphirefoods.in and also on the website of the stock exchanges viz., www.bseindia.com and www.nseindia.com and the AGM Notice is also available on the website of Link Intime (agency for providing the remote e-Voting facility) i.e. instavote.linkintime.co.in.

8. The Members can join the AGM in the VC/OAVM mode 30 minutes before the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

9. Institutional Investors, who are members of the Company and corporate members intending to attend the AGM through VC or OAVM and to vote thereat through remote e-voting are requested to send a certified copy of the Board Resolution/ Letter of Authorisation/Power of Attorney to the Scrutiniser by e-mail at alwyn.co@gmail.com with a copy marked to investor@sapphirefoods.in

10. In line with 'Green Initiative', the members whose email address is not registered with the Company / RTA or with their respective Depository Participant (s) are requested to register and update their e-mail address through their respective Depository Participant (s).

11. In case of joint holders, a member whose name appears as the first holder in the order of their names as per the Register of Members will be entitled to cast vote at the AGM.

12. All documents referred to in the Notice will be available for inspection at the Company's Registered Office during normal business hours on working days up to the date of the Annual General Meeting. Members seeking any statutory information or any other matter/ documents/ registers, etc. in connection with the 14th AGM of the Company, may please send a request to the Company via email at investor@sapphirefoods.in

13. Mr. Alwyn D'Souza (Membership No. FCS 5559) of M/s. Alwyn D'Souza & Co., Practicing Company Secretaries

(Firm Registration Number: S2003MH061200) and failing him Mr. Jay D'souza (Membership No. FCS 3058) of Jay D'souza & Co., Practicing Companies Secretaries, has been appointed as the Scrutiniser to scrutinise the remote e-voting and e-voting during the meeting in a fair and transparent manner.

14. A Certificate from Secretarial Auditor of the Company, certifying that the Company's Employee Stock Option Plan / Schemes were implemented in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and in accordance with the resolutions passed by the members, will be made available for inspection at the AGM.

15. Members, who are holding shares of the Company as of the cut-off date for e-voting i.e. Friday, 4th August, 2023 can cast their votes during the AGM using e-voting facility, if not cast the same during the remote e-voting period mentioned below.

16. In terms of the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. Members holding shares in dematerialised form are requested to submit the said details to their Depository Participant(s) and the Members holding shares in physical form, are requested to submit the said details to the Company or RTA.

17. **THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING ARE AS UNDER: -**

    The remote e-voting period begins on **Monday, 7th August, 2023, at 09:00 A.M. IST** and ends on **Thursday, 10th August, 2023, at 05:00 P.M. IST**. The remote e-voting module shall be disabled by Link Intime for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e., **Friday, 4th August, 2023** may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being Friday, 4th August, 2023.

    As per the SEBI circular dated December 9, 2020, individual shareholders holding securities in demat mode can register directly with the Central Depositories Services (India) Limited (CDSL) / National Securities Depositories Limited (NSDL) ("Depositories") or will have the option of accessing various e-Voting Service Provider ('ESP') portals directly from their demat accounts.

A) Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	1. Existing IDeAS user can visit the e-Services website of NSDL viz... https://eservices.nsdl.com either on a personal computer or on a mobile. On the e-Services home page click on the "Beneficial Owner" icon under "Login"" which is available under 'IDeAS' section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name i.e. LINKINTIME and you will be re-directed to "InstaVote" website for casting your vote during the remote e-Voting period. 2. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com Select "Register Online for IDeAS Portal" or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a personal computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen-digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name i.e. LINKINTIME and you will be redirected to "InstaVote" website for casting your vote during the remote e-Voting period.
Individual Shareholders holding securities in demat mode with CDSL	1. Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. The option will be made available to reach e-Voting page without any further authentication. The users to login Easi / Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab and then use your existing my easi username & password. 2. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by the company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider i.e. LINKINTIME for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there are also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly. 3. If the user is not registered for Easi/Easiest, the option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option. 4. Alternatively, the user can directly access the e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, the user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.

Type of shareholders	Login Method
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on the company name or e-Voting service provider name i.e. LinkIntime and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period.

B) Login method for Individual shareholders holding securities in physical form/ Non-Individual Shareholders holding securities in demat mode is given below:

Individual Shareholders of the company, holding shares in physical form / Non-Individual Shareholders holding securities in demat mode as on the cut-off date for e-voting may register for e-Voting facility of Link Intime as under:

1. Open the internet browser and launch the URL: https://instavote.linkintime.co.in

2. Click on **"Sign Up"** under **'SHARE HOLDER'** tab and register with your following details: -

   A. User ID: Shareholders holding shares in physical form shall provide Event No + Folio Number registered with the Company. Shareholders holding shares in NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID; Shareholders holding shares in CDSL demat account shall provide 16 Digit Beneficiary ID.

   B. PAN: Enter your 10-digit Permanent Account Number (PAN) (Shareholders who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable.

   C. DOB/DOI: Enter the Date of Birth (DOB) / Date of Incorporation (DOI) (As recorded with your DP / Company - in DD/MM/YYYY format)

   D. Bank Account Number: Enter your Bank Account Number (last four digits), as recorded with your DP/ Company.

   Shareholders holding shares in **physical form but have not recorded 'C' and 'D', shall provide their Folio number in 'D' above*

   Shareholders holding shares in **NSDL form, shall provide 'D' above*

   - Set the password of your choice (The password should contain minimum 8 characters, at least one special character (@!#$&*), at least one numeral, at least one alphabet and at least one capital letter).

   - Click "confirm" (Your password is now generated).

3. Click on 'Login' under **'SHARE HOLDER'** tab.

4. Enter your User ID, Password and Image Verification (CAPTCHA) Code and click on **'Submit'**.

Cast your vote electronically:

1. After successful login, you will be able to see the notification for e-voting. Select 'View' icon.

2. E-voting page will appear.

3. Refer the Resolution description and cast your vote by selecting your desired option **'Favour / Against'** (If you wish to view the entire Resolution details, click on the **'View Resolution'** file link).

4. After selecting the desired option i.e. Favour / Against, click on **'Submit'**. A confirmation box will be displayed. If you wish to confirm your vote, click on **'Yes'**, else to change your vote, click on 'No' and accordingly modify your vote.

Guidelines for Institutional shareholders:

Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on the e-voting system of Link Intime at https://instavote.linkintime.co.in and register themselves as **'Custodian / Mutual Fund / Corporate Body'**. They are also required to upload a scanned certified true copy of the Board Resolution /Authority letter/Power of Attorney, etc. together with attested specimen signature of the duly authorised representative(s) in PDF format in the **'Custodian / Mutual Fund / Corporate Body'** login for the Scrutiniser to verify the same.

Helpdesk for Individual Shareholders holding securities in Physical mode/ Institutional Shareholders:

Shareholders facing any technical issue in login may contact Link Intime INSTAVOTE helpdesk by sending a request at enotices@linkintime.co.in or contact on: - Tel: 022 – 4918 6000.

Helpdesk for Individual Shareholders holding securities in demat mode:

Individual Shareholders holding securities in demat mode may contact the respective helpdesk for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at : 022 - 4886 7000 and 022 - 2499 7000
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33

Individual Shareholders holding securities in Physical mode has forgotten the password:

If an Individual Shareholders holding securities in Physical mode has forgotten the USER ID [Login ID] or Password or both then the shareholder can use the "Forgot Password" option available on the e-Voting website of Link Intime: https://instavote.linkintime.co.in

- Click on 'Login' under **'SHARE HOLDER'** tab and further Click **'forgot password?'**
- Enter User ID, select Mode and Enter Image Verification code (CAPTCHA). Click on "SUBMIT".

In case shareholders is having valid email address, Password will be sent to his / her registered e-mail address. Shareholders can set the password of his/her choice by providing the information about the particulars of the Security Question and Answer, PAN, DOB/DOI, Bank Account Number (last four digits) etc. as mentioned above. The password should contain minimum 8 characters, at least one special character (@!#$&), at least one numeral, at least one alphabet and at least one capital letter.*

User ID for Shareholders holding shares in Physical Form (i.e. Share Certificate): Your User ID is Event No + Folio Number registered with the Company

Individual Shareholders holding securities in demat mode with NSDL/ CDSL has forgotten the password:

Shareholders who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned depository/ depository participants website.

- It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- For shareholders/ members holding shares in physical form, the details can be used only for voting on the resolutions contained in this Notice.
- During the voting period, shareholders/ members can login any number of time till they have voted on the resolution(s) for a particular "Event".

18. Process and manner for attending the Annual General Meeting through InstaMeet:

1. Open the internet browser and launch the URL: https://instameet.linkintime.co.in & Click on **"Login"**.

- Select the **"Company"** and **'Event Date'** and register with your following details: -

  A. **Demat Account No. or Folio No:** Enter your 16 digit Demat Account No. or Folio No

  - Shareholders/ members holding shares in **CDSL demat account shall provide 16 Digit Beneficiary ID.**
  - Shareholders/ members holding shares in **NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID**
  - Shareholders/ members holding shares in **physical form shall provide Folio Number registered with the Company**

  B. **PAN:** Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable.

  C. **Mobile No.:** Enter your mobile number.

  D. **Email ID:** Enter your email id, as recorded with your DP/Company.

- Click "Go to Meeting" (You are now registered for InstaMeet and your attendance is marked for the meeting).

19. Instructions for Shareholders/ Members to Speak during the Annual General Meeting through InstaMeet:

1. Shareholders who would like to speak during the meeting must register their request 3 days in advance with the company on investor@sapphirefoods.in.
2. Shareholders will get confirmation on first cum first basis depending upon the provision made by the client.

3. Shareholders will receive "speaking serial number" once they mark attendance for the meeting.

4. Please remember speaking serial number and start your conversation with panellist by switching on video mode and audio of your device.

Shareholders are requested to speak only when moderator of the meeting/ management will announce the name and serial number for speaking.

20. Instructions for Shareholders/ Members to Vote during the Annual General Meeting through InstaMeet:

Once the electronic voting is activated by the scrutiniser during the meeting, shareholders/ members who have not exercised their vote through the remote e-voting can cast the vote as under:

1. On the Shareholders VC page, click on the link for e-Voting "Cast your vote"

2. Enter your 16 digit Demat Account No. / Folio No. and OTP (received on the registered mobile number/ registered email Id) received during registration for InstaMEET and click on 'Submit'.

3. After successful login, you will see "Resolution Description" and against the same the option "Favour/ Against" for voting.

4. Cast your vote by selecting appropriate option i.e. "Favour/Against" as desired. Enter the number of shares (which represents no. of votes) as on the cut-off date under 'Favour/Against'.

5. After selecting the appropriate option i.e. Favour/ Against as desired and you have decided to vote, click on "Save". A confirmation box will be displayed. If you wish to confirm your vote, click on "Confirm", else to change your vote, click on "Back" and accordingly modify your vote.

6. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.

Note: Shareholders/ Members, who will be present in the Annual General Meeting through InstaMeet facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting facility during the meeting. Shareholders/ Members who have voted through Remote e-Voting prior to the Annual General Meeting will be eligible to attend/ participate in the Annual General Meeting through InstaMeet. However, they will not be eligible to vote again during the meeting.

Shareholders/ Members are encouraged to join the Meeting through Tablets/ Laptops connected through broadband for better experience.

Shareholders/ Members are required to use Internet with a good speed (preferably 2 MBPS download stream) to avoid any disturbance during the meeting.

Please note that Shareholders/ Members connecting from Mobile Devices or Tablets or through Laptops connecting via Mobile Hotspot may experience Audio/Visual loss due to fluctuation in their network. It is therefore recommended to use stable Wi-FI or LAN connection to mitigate any kind of aforesaid glitches.

In case shareholders/ members have any queries regarding login/ e-voting, they may send an email to instameet@linkintime.co.in or contact on: - Tel: 022-49186175.

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 102(1) OF COMPANIES ACT, 2013

The following explanatory statement pursuant to Section 102 (1) of the Companies Act, 2013 and other applicable provisions, set out all material facts relating to the business mentioned in the accompanying notice of 14th Annual General Meeting dated 12th May, 2023.

ITEM NO. 4

Regularisation of Mr. Norbert Fernandes (DIN: 06716549) as Non-Executive Non-Independent Nominee Director of the Company

Members are requested to note that in terms of the right under the Articles of Association ("Articles") of Sapphire Foods India Limited ("the Company"), Sapphire Foods Mauritius Limited ("SFML") has nominated Mr. Norbert Fernandes (DIN: 06716549) for appointment as Non-Executive Non-Independent Nominee Director on the Board of Directors of the Company.

Members are requested to note that pursuant to nomination received from Sapphire Foods Mauritius Limited and upon recommendation of the Nomination & Remuneration Committee ("NRC"), the Board of Directors at their meeting held on 12th May 2023 approved appointment of Mr. Norbert Fernandes, as an Additional Director in the category of Non-Executive Non-Independent Nominee Director of the Company in terms of Section 161(1) of the Act, to hold office up to the date of the ensuing Annual General Meeting of the Company.

Brief profile of Mr. Norbert Fernandes and disclosure(s) / information under the Listing Regulations and the Secretarial Standards on General Meeting issued by the Institute of Company Secretaries of India are set out in Annexure to the Notice.

Members are requested to note that the Company has received consent in writing from Mr. Norbert Fernandes to act as Director of the Company and declaration(s) and confirmation(s) stating that he is not disqualified from being appointed as Director of the Company in terms of Section 164 and other applicable provisions of the Act and the Securities and Exchange Board of India.

Members are requested to note that the Company has received a notice in writing in terms of the provisions of Section 160 of the Act from a member proposing the candidature of Mr. Norbert Fernandes, as a Non-Executive Non-Independent Nominee Director on the Board of Directors of the Company.

The Board of Directors recommends the resolution set out at Item 4 of the Notice of 14th Annual General Meeting to the Members for their consideration and approval, by way of an Ordinary Resolution.

Except Mr. Norbert Fernandes and his relatives none of the other Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the proposed ordinary resolution, except to the extent of their shareholding in the Company, if any.

By order of the Board of Directors
For SAPPHIRE FOODS INDIA LIMITED

SACHIN DUDAM
Company Secretary & Compliance Officer
(Membership No. A31812)

Place: Mumbai
Date: 12th May, 2023

Registered Office Address:
702, Prism Tower, A Wing,
Mindspace, Link Road,
Goregaon (West),
Mumbai – 400 062

Information pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings issued by The Institute of Company Secretaries of India regarding the Directors proposed to be appointed/ re-appointed:

1) MR. VIKRAM AGARWAL:

S. N.	Particulars	Details of Mr. Vikram Agarwal
1	DIN	03038370
2	Age	45 years
3	Brief Resume and Qualification	Vikram is a Chartered Accountant from the Institute of Chartered Accountants of India and a commerce graduate from Shri Ram College of Commerce, Delhi. Mr. Vikram is currently associated as Managing Director and Chief Financial Officer with Samara India Advisors Private Limited.
4	Nature of his expertise in specific functional areas	Mr. Vikram has an experience of over 16 years in the field of private equity.
5	Date of First appointment on the Board	22nd July, 2021
6	Terms & Conditions of Appointment, other than remuneration	Non-Executive Nominee Director, liable to retire by rotation
7	Remuneration sought to be paid, if any	NIL
8	Remuneration last drawn by such person	NIL
9	Shareholding in the Company	NIL
10	Relationship with the other directors, Managers and Key Managerial Personnel of the Company	None
11	Number of Meetings of the Board attended during the year	4
12	Other directorship/ membership/ Chairmanship of the Committee of other Board	1. KFCH Restaurants Private Limited 2. More Retail Private Limited; 3. SMS Integrated Facility Services Private Limited; 4. Witzig Advisory Services Private Limited; 5. Edme Services Private Limited; 6. Gamma Pizzakraft Private Limited; 7. Gamma Pizzakraft (Overseas) Private Limited; 8. Gamma Pizzakraft Lanka (Private) Limited; 9. Paradise Food Court Private Limited; 10. Marengo Asia Healthcare Private Limited; 11. Mysequence Healthcare Private Limited;

2) MR. KABIR THAKUR:

S. N.	Particulars	Details of Mr. Kabir Thakur
1	DIN	08422362
2	Age	42 years
3	Brief Resume and Qualification	Mr. Kabir holds a bachelor's degree in commerce and a degree in Master of Management Studies from University of Mumbai. Mr. Kabir was associated with Chrys Capital group, and also as the Managing Director and co-head of Creador Advisors India LLP and is currently working as the Managing Partner of CR Advisors LLP.
4	Nature of his expertise in specific functional areas	Mr. Kabir has experience of over 14 years and has worked in the field of investment and private equity.
5	Date of First appointment on the Board	5th August, 2021
6	Terms & Conditions of Appointment, other than remuneration	Non-Executive Nominee Director, liable to retire by rotation
7	Remuneration sought to be paid, if any	NIL
8	Remuneration last drawn by such person	NIL
9	Shareholding in the Company	NIL
10	Relationship with the other directors, Managers and Key Managerial Personnel of the Company	None
11	Number of Meetings of the Board attended during the year	4
12	Other directorship/ membership/ Chairmanship of the Committee of other Board	Directorships: 1. Cavin Kare Private Limited. 2. Shriji Polymers (India) Limited. 3. Paras Healthcare Private Limited. 4. Ivalue Infosolutions Private Limited.

3) MR. NORBERT FERNANDES:

S. N.	Particulars	Details of Mr. Norbert Fernandes
1	DIN	06716549
2	Age	42 years
3	Brief Resume and Qualification	Mr. Norbert Fernandes is a Director at TR Capital and leads the Mumbai office. Prior to TR Capital, Mr. Fernandes was co-founding principal at IvyCap Ventures. Before that, he worked at Temasek Holdings in Singapore and Mumbai, where he was an early member of the India Investment Team. Mr. Fernandes holds an undergraduate degree from IIT Kanpur and a management degree from IIM Calcutta.
4	Nature of his expertise in specific functional areas	Mr. Norbert has vide experience in the field of private equity, finance, banking, audit and accountancy, strategy, planning and execution, risk management
5	Date of First appointment on the Board	12th May, 2023
6	Terms & Conditions of Appointment, other than remuneration	Non-Executive Nominee Director, liable to retire by rotation
7	Remuneration sought to be paid, if any	NIL
8	Remuneration last drawn by such person	NIL
9	Shareholding in the Company	NIL
10	Relationship with the other directors, Managers and Key Managerial Personnel of the Company	None
11	Number of Meetings of the Board attended during the year	4*
12	Other directorship/ membership/ Chairmanship of the Committee of other Board	1. Vegayan Systems Private Limited

** Attended board meetings as Alternate Director to Mr. Paul Robine*