SapphireFoods

Date: August 10, 2022

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 – 40001 Scrip Code: 543397

Dear Sir/ Madam,

Subject: Notice of the 13th Annual General Meeting (AGM) and Annual Report for the financial year 2021-22 of Sapphire Foods India Limited ("Company")

In furtherance to our letter dated August 9, 2022, whereby the Company has given intimation of 13th Annual General Meeting ("AGM") (first AGM post listing) of the shareholders of Sapphire Foods India Limited ("Company") scheduled on **Friday, September 2, 2022 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 13th AGM and Annual Report of the Company for the financial year 2021-22, 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 2021-2022

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

SAPPHIRE FOODS INDIA LIMITED MUMBAI

Sachin Dudam
Company Secretary and Compliance Officer

Encl: a/a

Relentless Execution

SapphireFoods

Sapphire Foods India Limited
Annual Report 2021-22

Contents

Forward-looking statement

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral - that we periodically make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried, wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

The reference of "Sapphire Foods" and/or "Sapphire" and/or "Company" and/or "SFIL" shall mean 'Sapphire Foods India Limited'. Whereas, the reference for "Sapphire Foods Lanka" and/or "Gamma Lanka" shall mean Gamma Pizzakraft Lanka (Private) Limited, step-down wholly owned subsidiary of the Sapphire Foods. Further, reference to "Yum Brands" or "Yum" or "Yum Brands" or "Yum" means "Yum Restaurants (India) Private Limited and its affiliates"

These are the colours of our Values.

Refer to page 38 for more information on Values

"Brick by brick does a wall get built, and then an entire mansion, castle or business".

Great businesses are built painstakingly.

One focuses on the fundamentals every single day.

So has it been at Sapphire Foods.

Our journey since 2015-16, when we acquired and merged several unprofitable franchisee businesses to emerging among the largest, fastest growing and profitable restaurant companies in the country, is a story of a relentless focus on achieving execution excellence.

We made a list of the various ways in which our focus on execution comes alive. This is what we got.

Passion. Consumer First. Finger-Licking Food. Iconic Brands. Great Looking Restaurants. Empowered People. Service Mindset. Governance. Integrity. Perseverance. Continuous Improvement. Diversity. Frugality. Consumer Value. Food Safety And Hygiene. Process Discipline. Capability Building. Accessibility. Sapphire Values. Profitable Growth.

Relentless Execution.

Building a great restaurant business begins with passion.

Passion for the brands we operate and the food we serve our customers.

Passion about the customer experience at our restaurants.

Passion in getting this part right every day across the 579 restaurants we operate.

We are relentless in hiring the right people, building a service mindset through training and investing in back-end operations to support the restaurant team.

We are relentless in driving cost efficiencies and optimal capital allocation through smaller omni-channel restaurants that have enhanced asset efficiency and customer experience across the dine-in, take-away and delivery channels.

We are relentless in building our management team whose diverse multi-industry experience gives us the capability to build a multi-brand restaurant portfolio.

We are relentless in enabling a work culture built around our values of Excellence, Courage, Integrity, Empathy and Accountability. These values drive everyday behaviour and emphasise good governance.

This is what makes us one of the most exciting restaurant companies in India.

Welcome to our first Annual Report following our IPO.

PART 1

It explains who we are and where we have come from

CORPORATE SNAPSHOT

Sapphire Foods is one of Yum Brands largest franchisees in India, Sri Lanka and the Maldives.

The company has 579 restaurant outlets (KFC, Pizza Hut, and Taco Bell) in operation by the close of FY 22.

The company is one of largest and fastest growing restaurant operators in India.

Milestones

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.

2018-19

Crossed the mark of ₹10 billion turnover on consolidated basis

DECEMBER 2016

Opened first omni channel Pizza Hut store in India

JULY, 2017

Opened first Taco Bell store in Sri Lanka

2021-22

- Listing of equity shares of Sapphire Foods on the stock exchanges.
- The Company touched the 500 stores mark across its India, Sri Lanka and Maldives operations.
- KFC crossed ₹10 billion in turnover.
- KFC, Pizza Hut and Sri Lanka business delivered the highest ever restaurant EBITDA margin.
- The Company achieved its first ever PAT profitability.

Where our business stood at the close of FY 2021-22

PRINCIPAL FRANCHISOR

Yum Brands Inc. (based in Kentucky) has over 50,000 restaurants in more than 146 countries and territories.

BRAND PLATFORM

KFC | Pizza Hut | TACO BELL

We have built a platform of **579 outlets**

KFC INDIA	
263	75
Restaurants	Cities

PIZZA HUT INDIA	
219	52
Restaurants	Cities

PIZZA HUT SRI LANKA	
90	49
Restaurants	Cities

TACO BELL SRI LANKA	
5	5
Restaurants	Cities

We have 1 KFC and Pizza Hut Restaurant in Maldives

EMPLOYEES

12,876

FINANCIALS (FY 21-22)

17,154
Restaurant sales (₹ million)

HIGHEST EVER

142
Restaurants addition

18.9%
EBITDA (%)

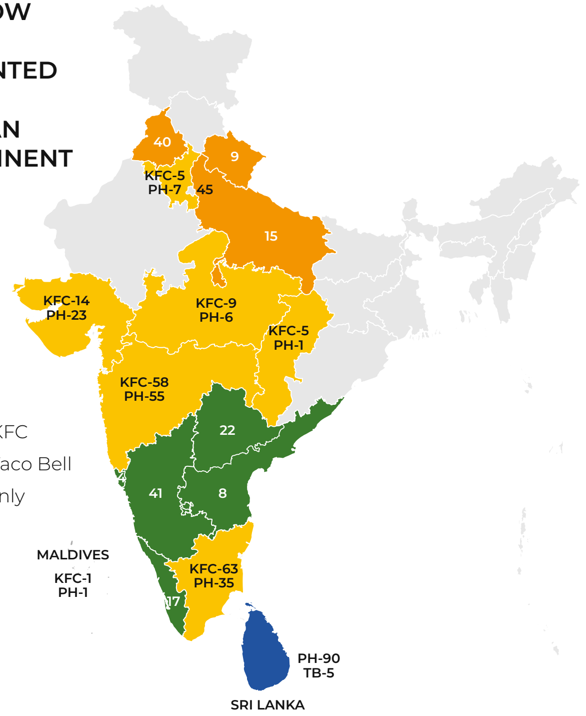
2.7%
PAT (%)

MANAGEMENT AND OWNERSHIP

Sapphire Foods is promoted by private equity investors who own a 51% stake primarily through Sapphire Foods Mauritius Limited (25.1% is locked-in pursuant to an agreement with Yum India).

The Company is managed by a professional team led by Sanjay Purohit.

THIS IS HOW WE ARE REPRESENTED ACROSS THE INDIAN SUBCONTINENT



- Pizza Hut, KFC
- Pizza Hut, Taco Bell
- Pizza Hut only
- KFC only

NET WORTH

10,055
₹ million

CASH BALANCE (NET OF DEBT)

3,994
₹ million

MARKET CAPITALIZATION

94,183
₹ million

As on 31st March, 2022
~27% over the IPO price

Awards and recognitions received in FY 2022

Sapphire Foods was certified as a Great Place to Work in the first year of its participation

Sapphire Foods retained its position as a gender-sensitive employer; the company was recognised as 'Best Workplace for Women' by Economic Times

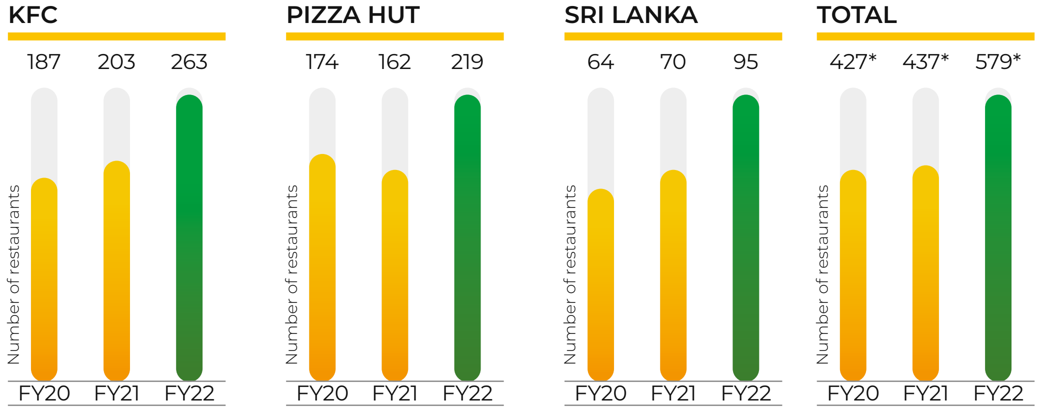
Pizza Hut Sri Lanka was awarded the 'Equity & Inclusion Award' at the Pizza Hut Global People & Purpose Summit 2021.

Gamma Lanka was listed in 'Best 40 Great Places to Work in Sri Lanka' for the seventh consecutive year and recognised as the 18th Best Workplace in Asia

Great Place To Work®
Certified
NOV 2021–NOV 2022
INDIA

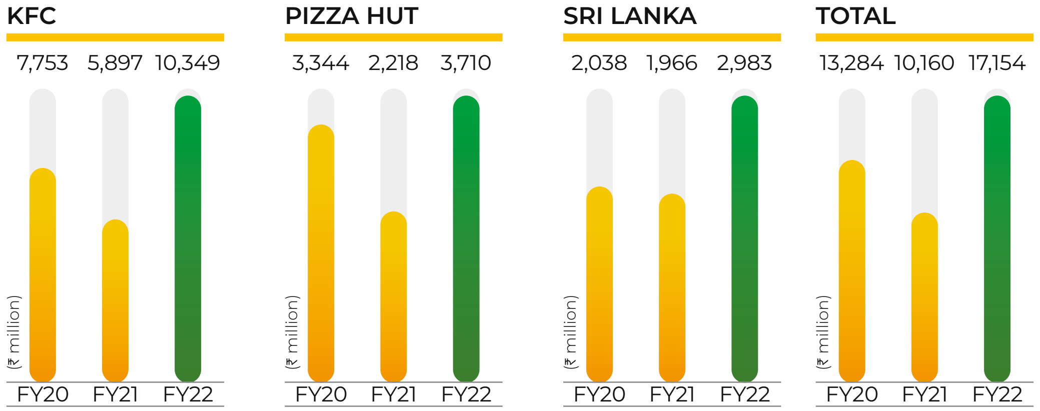
How we have grown and transformed over the years

RESTAURANT COUNT (NUMBER)

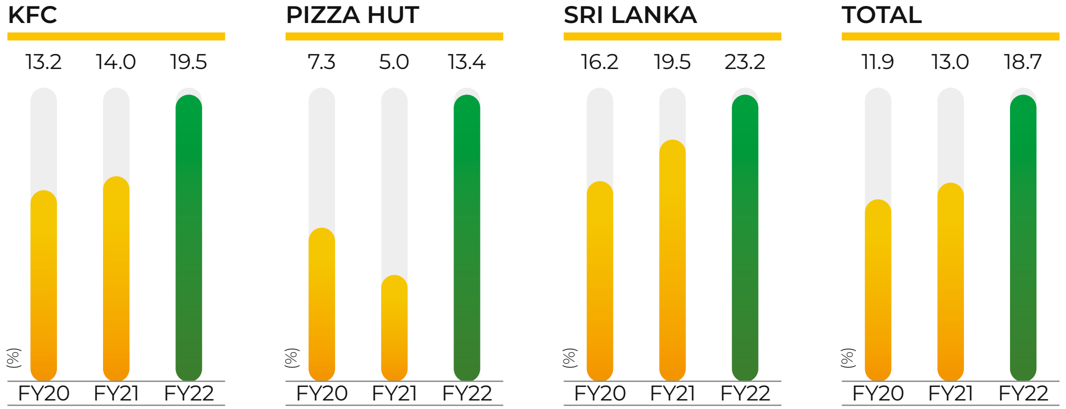


* Includes 2 restaurants in Maldives

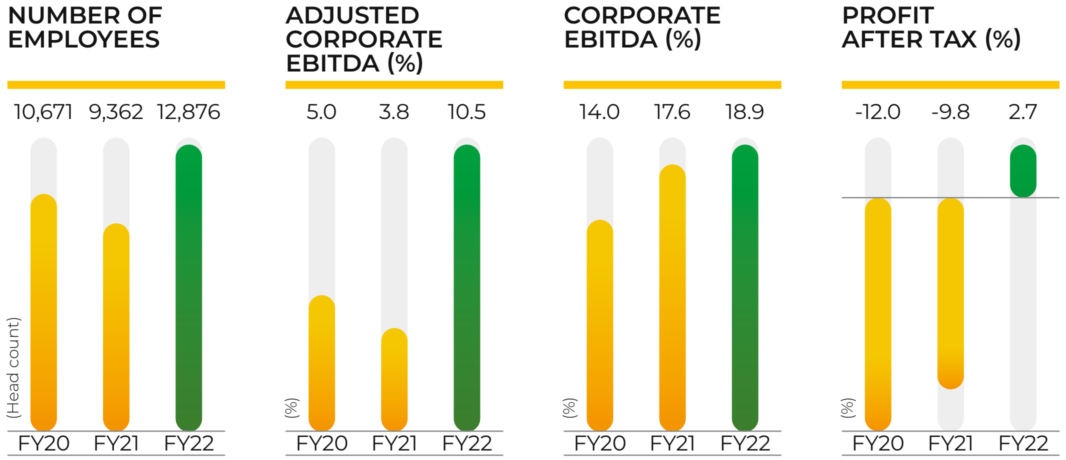
RESTAURANT SALES (INR MILLION)



RESTAURANT EBITDA (%)



OTHER PARTICULARS



PART 2
The Big Picture

Macro fundamental and Industry tailwinds driving growth of the food services market

DEMOGRAPHIC ADVANTAGE

India's youth accounts for 22% of India's population - more than 261 million people or larger than the population of a number of countries. In 2020, around 900 million people (67% of total population) were in the working age group of 15-64 in India, expected to increase by 100 million by 2030.

GROWING WOMEN WORKING POPULATION

The participation of women in the country's economic activities is increasing. The growing purchasing power in the hands of working women has enhanced the ability to spend more on eating out.

INCREASE IN NON-VEGETARIAN FOOD CONSUMPTION

Animal protein consumption mirrors rising prosperity. Poultry is the preferred non-vegetarian food item of Indians in the meat segment, providing opportunities for non-vegetarian food brands like KFC.

INCREASED EATING OUT AND ORDERING BEHAVIOR

The culture of eating out in India has witnessed a significant change. According to the survey by Franchise India, 12% select to eat daily at a restaurant, 34% people eat out 2-3 times a week, about 11% eat out three or more times a week, 27% eat out once a week, 12% eat out once a month, whereas 3% eat out on special occasions.

GROWTH OF ONLINE FOOD DELIVERY AND FOOD TECH

Technology has paved the way for food to reach patrons through the contactless take-away and delivery experience via own brands and aggregator delivery platforms.

SHIFT TOWARDS ORGANIZED MARKET

Due to growing demands for hygiene and safety coupled with the presence and popularity of international food chains, the share of the organized market is expected to surpass the share of the unorganized market by FY2025.

INCREASING AVAILABILITY OF RETAIL SPACE LEADING TO FOOD SERVICES EXPANSION

The increase in government spending on infrastructure development is leading to vastly improved brick and mortar retail spaces across the length and breadth of the country. This, in turn, is spurring the growth of retailers in food services.

QSR to garner a larger proportion of the food services market

INCREASE IN FOOD SERVICES

8% CAGR growth from FY 2020 - 2025

INCREASE IN ORGANISED MARKET FOOD SERVICES

15% CAGR growth from FY 2020 - 2025

CHAIN FOOD MARKET

20% CAGR growth from FY 2020 - 2025

QUICK SERVICE RESTAURANT MARKET

23% CAGR growth from FY 2020 - 2025

Source: Technopak Report

PART 3

The Sapphire Foods Story

The Sapphire Foods Story

A.
PASSION FOR FOOD AND THE BRANDS WE SERVE

B.
EXECUTION EXCELLENCE

C.
DISCIPLINED CAPITAL ALLOCATION TO BUILD SCALABILITY

D.
CAPABILITY AND CAPITAL TO BECOME A MULTI-BRAND RESTAURANT OPERATOR

E.
VALUES-BASED CULTURE

THE SAPPHIRE FOODS STORY

A. Passion for the food and the brands we serve

KFC India

Largest QSR chain serving chicken in India and the World

Sapphire Foods - KFC Snapshot, FY22

263
Restaurants, 131 in high streets, 103 in malls and 29 drive throughs

75
Cities

10
States*

10,349
INR mn, Sales

19.5%
Restaurant EBITDA Margin

*These 10 States contribute to 56% of India's GDP

KFC GLOBAL

Founded in 1939 by Colonel Harland D. Sanders in Kentucky, USA; the first KFC outlet was launched in India in 1995.

KFC is respected for being a unique and differentiated QSR offering the world over. This chicken restaurant chain is popular for its original recipes that use 11 secret herbs and spices.

The popularity and acceptability of this brand is validated by more than 25,000 KFC restaurants operating in more than 145 countries.

Countries	Location/Outlets
India	669*
China	8168
USA	3953
Global	26934

*stores as on 31st March'22

KFC IN INDIA

KFC is the largest QSR chain serving chicken in India in terms of restaurant count. Sapphire Foods acquired 125 KFC restaurants from various franchises in FY 2015-16 and currently operates 263 KFC restaurants in India and a restaurant in Maldives as of March 31, 2022.

The potential of the growth of KFC brand in India is showcased in the extensive mismatch between outlets in other countries and India – nearly 26934 the world over, 8168 in China and mere 669 in India.

MENU OFFERINGS

KFC India offers an extensive menu featuring chicken on the bone, boneless chicken and other chicken products, burgers, rice bowls, wraps, beverages and desserts.

WHAT EXCITES US ABOUT KFC

- Increase in the number of non-vegetarian consumers
- Chicken is the most preferred animal protein
- KFC is well positioned as a highly differentiated brand in the minds of consumers
- Growth of the brand in the last few years validates the above points

THE SAPPHIRE FOODS STORY

PASSION FOR FOOD AND THE BRANDS WE SERVE

Pizza Hut India

Second largest pizza chain in India and the largest pizza chain in Asia

Sapphire Foods - Pizza Hut Snapshot, FY22

219
Restaurants, 146 on High Streets and 73 in Malls

52
Cities

11
States*

3,710
INR mn, Sales

13.4%
Restaurant EBITDA Margin

*These 11 states contribute 57% of India's GDP

PIZZA HUT TURNAROUND STORY

Sapphire Foods inherited large sized casual dine-in restaurants of Pizza Hut. Due to the large size, the unit economics and pay backs were hugely constrained, impacting scalability.

Sapphire Foods adopted an omni-channel strategy and opened India's first omni-channel Pizza Hut store in 2016. The omni-channel strategy allowed us to.

- Retain superior dine-in experience, product quality and full menu.
- Reduce the size of the restaurant by ~45%, significantly reducing our rentals and other operating costs.

Due to high-low discounting strategy, Pizza Hut had come across as an expensive brand. In partnership with Yum, we redid our menu pricing in April 2019 and brought in everyday value through meal bundle options.

Today, Pizza Hut's value positioning is competitive.

Pizza Hut's delivery capabilities were strengthened by a digital delivery application and partnering delivery aggregators.

These measures allowed us to create a distinctive brand proposition and transform our business model, delivering higher margins and generating faster pay back.

PIZZA HUT GLOBAL

In 1958, the first Pizza Hut restaurant was launched in the United States. Pizza Hut has since emerged as the largest pizza restaurant brand in Asia (by outlets and market share). Pizza Hut has more than 17,000 outlets in more than 110 countries.

Countries	Location/Outlets
India	632*
China	2590
Indonesia	541
Japan	471
Sri Lanka	84
Global	18381

*stores as on 31st March'22

PIZZA HUT IN INDIA

Pizza Hut is the second largest pizza chain in India. The brand was the first to start a pizza franchise in India; Pizza Hut opened its first restaurant in India in 1996. Sapphire Foods acquired 111 Pizza Hut restaurants from various franchises in FY 2015-16 and operated 219 Pizza Hut restaurants in India and a Pizza Hut restaurant in Maldives as on March 31, 2022

In India, Pizza Hut offers a differentiated experience based on its wide menu and superior dine-in and omni-channel experience. A Pizza represents the largest western food cuisine in India. It was the most craved food item in India during the pandemic lockdown.

MENU OFFERINGS

Pizza Hut in India offers an extensive menu for all parts of the day with a variety of pizzas, pasta, appetizers, beverages and desserts.

WHAT EXCITES US ABOUT PIZZA HUT

- Pizza Hut brand has always enjoyed a high consumer affinity.
- Our omni-channel strategy, combined with a thrust on product, innovation and value, is empowring the brand to expand rapidly coupled with improved restaurant paybacks.

THE SAPPHIRE FOODS STORY

PASSION FOR FOOD AND THE BRANDS WE SERVE

OUR SRI LANKA BUSINESS

Largest pizza and QSR chain in Sri Lanka

Sapphire Foods - Sri Lanka Snapshot, FY22

95

Restaurants, 90 Pizza Hut and 5 Taco Bells

49

Cities

2,983

INR mn, Sales

23.2%

Restaurant EBITDA Margin

PIZZA HUT AND TACO BELL IN SRI LANKA

Pizza Hut is the largest international QSR chain in Sri Lanka by revenue and the number of restaurants.

We operate in Sri Lanka through our subsidiary Gamma Lanka, franchisee for Pizza Hut and Taco Bell.

Pizza Hut was the first international QSR chain to enter the Sri Lankan food and beverage sector in 1993; the first Taco Bell restaurant was launched in Colombo in 2017.

Sapphire Foods acquired 34 Pizza Hut restaurants from Gamma Pizzakraft in FY 2016 and operated 90 Pizza Hut restaurants and 5 Taco Bell restaurants in Sri Lanka as on March 31, 2022.

We are the best performing QSR franchisee in Sri Lanka, significantly ahead of international competition present in the country. This leadership is the result of superior consumer experience, distinctive innovation and continued investment in operations and technology.

MENU OFFERINGS

Pizza Hut in Sri Lanka offers an extensive menu for all parts of the day with a broad variety of pizzas, pasta, appetizers, beverages, rice-based dishes like Birizza and desserts.

Taco Bell in Sri Lanka also offers an extensive menu comprising a variety of taco fillings, sauces and distinctive products like sweet burrito and bell wings.

WHAT EXCITES US ABOUT THE SRI LANKAN MARKET

- Pizza Hut is the largest QSR brand in Sri Lanka.
- The recent consumer acceptance of Taco Bell has proved encouraging.
- Our operations possess distinct advantages in terms of menu choices, value, accessibility, omni-channel and delivery capabilities.
- Despite the macro economic challenges, we expect the country to bounce back across the medium term.

B. Execution Excellence

SUPERIOR CUSTOMER EXPERIENCE

Our core purpose is to serve our customers great food and great experience at great value

Great food is delivered through our finger licking tasty food, wide menu choice catering to multiple day parts and freshly prepared food every day at our restaurants. At KFC, we serve whole meat chicken, which is marinated, breaded and fried or grilled every day at our restaurants. At Pizza Hut, dough is freshly prepared every day and that makes for delicious pizzas.

Great experience is reinforced through our inviting interiors, hygiene standards, warm service delivered by our trained staff, omni-channel experience and restaurants accessibility. We have invested significantly in upgrading and refurbishing the older restaurants we acquired. Our program of time-based refurbishment ensures that customers experience a consistent look and feel across our restaurants, irrespective of restaurant age.

Great value is delivered through a menu with a wide range of accessible price points for single or group usage.

We monitor our customer experience through the sophisticated Global Yum Brands Guest Experience Survey (GES), which gives us feedback on the food taste, service speed, hygiene and overall satisfaction across channels and day parts. The GES scores are complemented by our own Mystery Audit scores, ratings on our delivery app, aggregator ratings and social media feedback. Together they form the heartbeat of our restaurant teams actions every day. They help reinforce behaviour at high-performing restaurants and allow timely corrective action when we occasionally fail.

We have significantly improved our customer experience over the years. This principle of putting the customer at the front and center of everything we do is translating into better business and financial performance.

BACK-END OPERATIONS TO COMPLEMENT THE CUSTOMER EXPERIENCE

To enable great customer experience, Sapphire Foods has invested and focused significantly on food hygiene, restaurant operating processes, supply chain, technology & financial controls and governance

FOOD HYGIENE & RESTAURANT OPERATING PROCESSES

The company follows and meets all the validated global standards of KFC, Pizza Hut and Taco Bell in its operating processes and hygiene interventions. These food and operating standards are periodically audited by an independent third party.

SUPPLY CHAIN

The company has invested in building a robust in-house supply chain function across the procurement, planning, warehousing and logistics and quality control verticals. We enjoy strong direct relationships with our food, packaging material and capital equipment vendor partners; we operate warehouses across five cities in India through third-party warehousing and logistics providers. This enables on-time, in-full and cost efficient material availability at our restaurants.

We also engage in a 'one system' joint commercial negotiation process conducted with Yum India, driving procurement scale and cost efficiencies.

TECHNOLOGY

Sapphire Foods has invested significantly in own technology solutions to aid front-end operations. The backbone of our technology platform is a restaurant level SAP ERP and a new POS system, LS Retail. On top of this stack, we have been able to build various solutions to enhance speed of kitchen service, manage inventory, improve multiple invoice processing and enhance financial controls across the diverse locations we operate in. These solutions are built to empower rapid expansion of our restaurant base.

On the customer front, the company leverages YUM's global online, digital channel and CRM solutions to enhance our marketing and provide access ease.

FINANCIAL CONTROLS AND GOVERNANCE

As we operate restaurants across diverse locations, financial controls assume importance. We have set up a strong Financial Excellence and Review (FER) team that conducts periodic restaurant audits that monitor sales, cash and inventory. Data analytics help us monitor and control potential fraud. Our internal processes are periodically audited and reviewed for risk by independent Big Four auditors along with our Internal Audit team, monitored by the relevant Board of Director Committee.

Our extensive data analytics enables us to run a successful internal 'Pace Setter' programme which has helped in driving continuous operating cost efficiencies at the restaurant level.

PACESETTER PROGRAM – AN EXAMPLE OF EXECUTION EXCELLENCE

PACESETTER is a wide ranging cost optimization program where similar revenue restaurants are bucketed together in cohorts. Within a cohort the best performing restaurant on every individual cost parameter is identified - this parameter could be material wastage, electricity or gas consumption, operating consumables, labor hours, and so on. We also identify the underlying operating practices that have contributed to this superior performance. This cost becomes the benchmark for other restaurants within the cohort to match.

Typically the gain on a particular cost line for an individual restaurant is small in value, but when added up over all lines of expenses across all restaurants, it can lead to significant and sustainable cost efficiencies. The process itself requires granular detailing, nuanced understanding of the on-ground realities and challenges and a relentless focus on execution.

The Pacesetter program has been a key contributor in our journey of margin improvement.

C. Disciplined Capital Allocation to build Scalability

CALIBRATED NEW RESTAURANT ECONOMIC MODEL FOR EXPANSION

	KFC India		Pizza Hut India	
Average size of restaurant (in sq ft)	As of 31 March 2019	Recent	As of 31 March 2019	Recent
	2,736	~1500	2,427	~1200
	Reduction in average restaurant size by ~45%		Reduction in average restaurant size by ~45%	
Average daily sales per restaurant (in ₹'000)	FY19	FY22	FY19	FY22
	125	130	61	57
Restaurant EBITDA margin (%)	12.7	19.5	7.5	13.4

- Sapphire Foods focuses on disciplined capital allocation. While we inherited an impaired business model with significantly long paybacks, we worked to improve unit economics to make the business model profitable with a shorter payback.
- Sapphire Foods inherited large dine-in focused 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.

D. Capability and capital to become a multi-brand restaurant operator

CAPABILITY

- The Company has built its organizational structure as a multi-brand restaurant operator.
- The investment in training and hiring people with diverse industry experience now enables us to possess the competencies and perspectives to build multi-brand QSR operations at scale.
- The investment in back-end processes and technologies allows us to scale and operate a large number of restaurants dispersed across the length and breadth of India.

CAPITAL

- Sapphire Foods raised equity capital of ₹4,742 million in August 2021.
- The Company generates a significant amount of cash through accruals, as it is EBITDA and PAT-positive.
- The Company has a strong and underleveraged Balance Sheet with cash (net of debt) of ₹3,994 million on the books as on March 31, 2022.
- Our internal accruals and cash reserves provide us with the resources to meet our KFC and Pizza Hut expansion plans and support inorganic growth plans as well.

SAPPHIRE FOODS' 7 MANTRAS TO DRIVE SCALABILITY IN FOOD BUSINESS

- Centre of plate / meal / daily consumption
- Difficult to make at home
- Brand differentiation – provenance story
- Production processes do not need 'chefs'
- Value-for-money
- Quick service
- Omni-channel worthy

E. Values based culture

GREAT PLACE TO WORK

Sapphire Foods, we seek to create an invigorating work culture built on the foundation of clearly articulated values that guide everyday behavior. The values help us in hiring individuals with a matching attitude in performance management and high-performing talent retention.

We derive feedback from our employees every year through the world-renowned Gallup Employee Engagement survey. The Gallup scores help drive organization-wide, function-wide and specific manager-level actions to improve employee engagement and commitment. Our Gallup scores for 2021 show us as being among the top quartile of all companies globally that employed the Gallup survey during the year.

Sapphire Foods was certified as a Great Place to Work in 2021 in India in its first year of participation in the survey. The company was also among the Best 40 Great Places to Work in Sri Lanka for six consecutive years from 2015 to 2020 and among Asia's Top 25 Great Places to Work in Sri Lanka in 2020.

GOVERNANCE

The word 'governance' is being increasingly used the world over to appraise companies. In an ever-changing world, robust governance makes it possible to extend up-cycles, shorten downcycles, enhancing stakeholder confidence and shareholder value.

At Sapphire Foods, the word that encapsulates the spirit of governance is 'professional'. The company is promoted by professional private equity firms committed to long-term value creation, with a professional Board of Directors and a professional management team.

PRIVATE EQUITY INFLUENCE

In general, Private Equity firms, owing to their capital raising structures, lay down high standards on governance and long-term value creation across all stakeholders. At Sapphire Foods, Private Equity firms led by Samara Capital (primarily through Sapphire Foods Mauritius Limited) are the promoters of the company. Promoter and Promoter Group hold 51.2% shareholding of the Company. Of this, 25.1% of the total shareholding base was locked in to meet the stipulations laid down by Yum. This shareholding structure is unusual for PE firms and has enabled long-term, stable and consistent investment in our Company. The promoters have inspired a widespread ownership mindset, the basis of long-term value-creation, with over a 1000 employees, including Restaurant Managers, being a part of the Employees Stock Option Plan as on March 31, 2022. This helped talent retention by marrying individual aspirations with the organization's objectives.

PROFESSIONAL BOARD

The company's strategic direction is navigated by a professional Board of Directors. The Board comprises individuals who have led companies and possess a multi-sectorial understanding, including he retail and food. The Chairman of the company is an Independent Director and, along with two other Women Independent Directors, underlines the intellectual independence of the Board leading to an unbiased exchange of perspectives.

PROFESSIONAL MANAGEMENT TEAM

The management team led by Sanjay Purohit, comprises professionals with diverse industry experience across packaged consumer, retail, entertainment, hospitality and the food services sectors. Their intellectual and operating capital enabled a rapid turnaround of the business.

VALUES-BASED CORE

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
Empathy is about respecting and valuing each other to drive collective strength

Accountability
Personal ownership and commitment

Values lead to value creation
This translates into superior business performance & value for all stakeholders

Our 5 Values
Shape organisation culture, behaviour and drive execution

How our aspiration and purpose gets delivered
Passion for food and brand + Execution excellence + Disciplined capital allocation + Good governance

Our purpose
We strive to serve great food with great experience at great value to our customers, every day.

Our aspiration
To become India's best restaurant operator

BIG NUMBERS

Gallup Employment Engagement Score		Gallup global mean percentile rank	
4.12	4.44	57	76
Year 2018	Year 2021	Year 2018	Year 2021

Our ESG framework

Defined policy for the integration of ESG principles into operations

Adhered with Global Quality Standards of Yum through operational audits

On-boarded a professional firm (PwC) for a continuous ESG review

ENVIRONMENT

E

- Adhered to Food Safety Standards & Processes (FSSAI and Yum standards)
- Prioritised energy conservation; monitored energy consumption, created benchmarks for optimal consumption, while exploring renewable energy options
- Emphasised waste management; identified and disposed waste in accordance with regulatory standards; engaged in waste recycling
- Embraced safety procedures; adhered to safety norms and a restaurant incident tool to guide in the event of safety concerns

SOCIAL

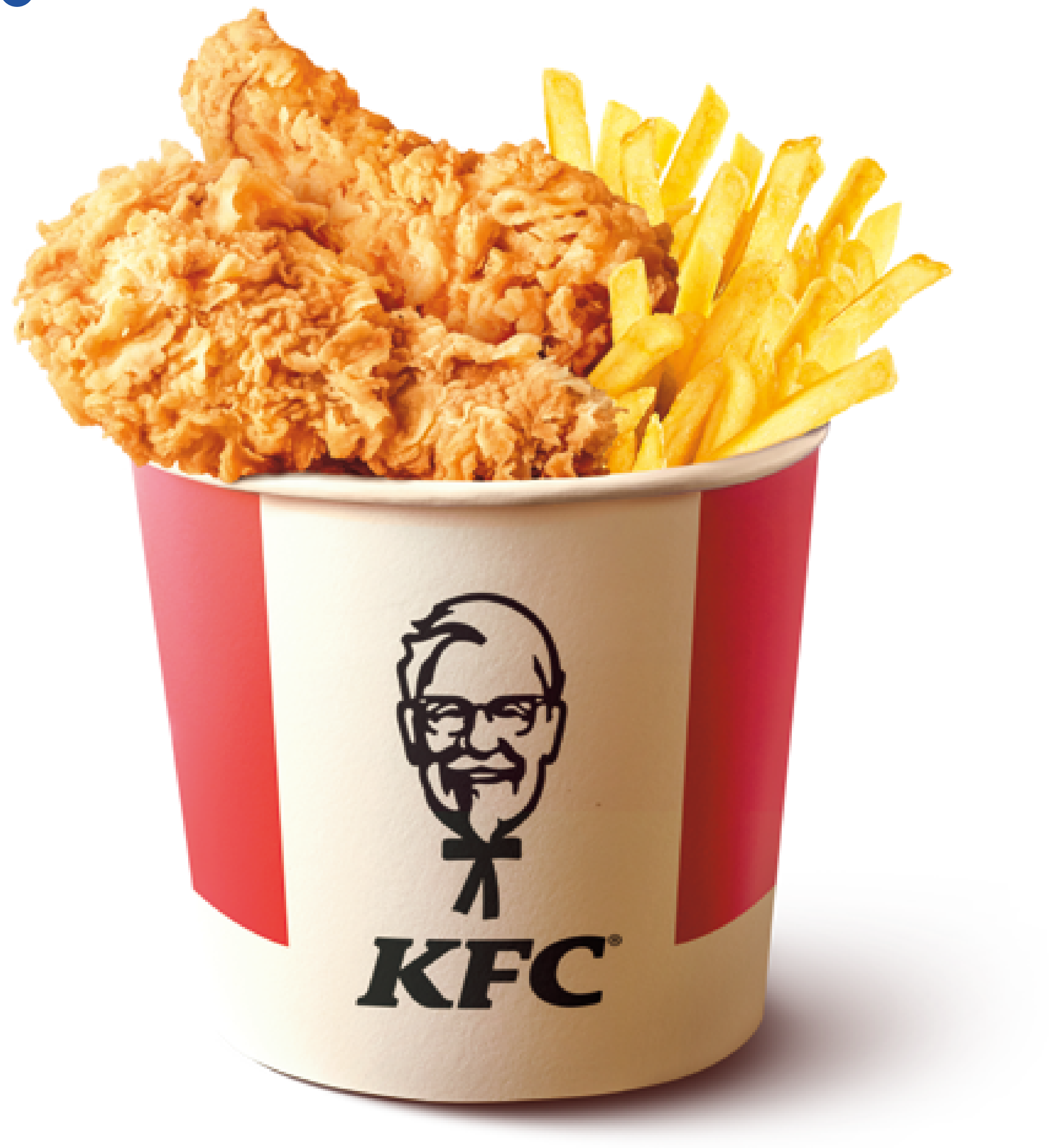
S

- Implemented fair employment terms with clear, non-discriminative and appropriate workplace conduct
- Invested in building a values-based culture through continuous reiteration and reflection on Sapphire's values
- Engaged in employee engagement initiatives (Gallup Employee Engagement Survey, Great Place to Work and Talent Development)
- Implemented CSR activities (World Hungry Relief Fund contribution, support for COVID warriors and addressed underprivileged children)
- Strong employee grievance redressal system
- Emphasis on Diversity and Inclusion - 28% of women workforce, opportunities for specially abled employees in our restaurants

GOVERNANCE

G

- Board and Audit Committee composition in accordance with regulatory requirements
- Professional and experienced Board, Audit Committee and management teams
- Implemented risk management processes at the entity and business levels
- Implemented adequate internal financial controls and carried out regular internal audits to provide assurance
- Implemented three layers of business controls and internal audit system



PART 4

The Sapphire Management Speaks

The management's review of where we are where we would like to go

"In our short operating history, we are proud of the significant progress we have made, but there is still much to achieve."

Sanjay Purohit,

Whole time Director and Group CEO

DEAR SHAREHOLDERS,

This is my maiden address to you following our successful Initial Public Offering in late 2021. I would like to take this opportunity to give you a background of how Sapphire started, what we want to accomplish and our journey thus far.

We ventured into the Quick Service Restaurant business in 2015 because we were excited about the possibilities that the food service industry had to offer. We believed that the QSR sector would see multi-decadal growth, and that KFC and Pizza Hut could lead the charge for the industry.

So even while we had acquired unprofitable businesses and territories, we set ourselves the moon-shot aspiration of being considered as India's Best Restaurant Operator someday.

From the start, we believed that we could add more value to global brands like KFC and Pizza Hut than just being a restaurant operator. The diversity of consumer and retail facing experience that our management team possesses can enable brands to grow consumption by continuously sharpening the brand proposition and then bringing this to life in our restaurants. The latter manifests itself in the articulation of our Core Purpose - the passion to serve our customers great food and great experience at great value. You will recognise this as being just another way of saying 'Atithi devo bhava'.

Execution excellence is what differentiates restaurant operators, and it entails every day relentless rigour – getting the right restaurant teams in place, building capabilities and enabling them through superior back-end operations.

Our customer listening methods are elaborate and sophisticated, comprising Guest Experience Surveys, social media comments, rating and feedback on our delivery app and aggregator platforms, and direct customer feedback on our websites. This continuous feedback provides the backbone support for our restaurant teams to improve guest experience and take corrective action in the case of a breakdown.

We have an in-house supply chain function that works closely with our food, packing material, distribution, warehousing and capital equipment vendor partners to optimise cost, quality and inventory levels of our input materials. We have invested significantly in a comprehensive technology stack comprising restaurant level SAP enterprise resource planning (ERP) system, LS Retail Point of Sale system and customer-facing digital applications. This has enabled us to build several solutions using this technology stack to improve customer experience, operating efficiency and financial controls. This technology backbone will

Disciplined capital allocation is at the heart of our restaurant expansion programme.

enable us to seamlessly scale our operations multi-fold from the 579 stores we currently operate.

An example of the confluence of technology, financial controls and relentless execution is our Pacesetter programme. This programme enables continuous benchmarking of cost parameters amongst cohorts of restaurants, thereby improving our financial performance at the individual restaurant level. This Pacesetter program has enabled us to improve our overall Corporate Adjusted EBITDA from ₹662 million in FY20 to ₹1,808 million in FY22.

Disciplined capital allocation is at the heart of our restaurant expansion program. The restaurants we acquired were large stores, primarily dine-in focussed (KFC ~2700 sq.ft. and Pizza Hut ~2500 sq.ft.) with high operating costs. A new restaurant in this format would deliver a payback in 5-6 years.

The growth opportunity for KFC and Pizza Hut is to drive easy accessibility to consumers and be considered neighbourhood restaurants. This led to smaller (KFC ~1500 sq.ft. and Pizza Hut ~1200 sq.ft.) omni-channel restaurants with reduced capital and operating costs at similar revenue levels compared to the earlier larger stores. This change is leading to improved store profitability and paybacks of ~ 3 years on both brands and giving us the licence to rapidly expand our restaurant base. We opened the highest ever number of 142 restaurants in FY22.

Perhaps the single most important element in nurturing the execution excellence mindset is our values-based culture and high governance commitment. When we acquired multiple franchisee businesses and merged them, we were required to deal with multiple work cultures clashing in the organisation. This had to change. The 5 Sapphire values of Excellence, Courage, Integrity, Empathy and Accountability helped people navigate their daily behaviours. Over a period of time through a reinforcement of these values, through hiring and separation, these values have been woven into the fabric of the organisation. Our employee engagement scores, as measured through the global Gallup Engagement Survey, have steadily improved from 57th percentile in 2018 of all companies surveyed by Gallup to 76th percentile in 2022.

One of our values-Accountability-is about having an owner mindset. We also converted this mindset into actuality, when nearly a 1000 employees, including our Restaurant Managers were awarded ESOPs in 2021. This large ESOP plan is rare in this industry.

All of these have reflected in our performance. At the end of FY22, after a Covid pandemic that could potentially have derailed the business, Sapphire Foods delivered the highest margin expansion of all companies in the industry. At the end of FY22, Sapphire Foods was among the top three companies in the industry in terms of revenue, revenue growth and PAT performance.

We are excited about the opportunities for Sapphire Foods in the QSR sector and have built our team and back-end capabilities to become a multi-brand restaurant operator. While KFC and Pizza Hut enjoy a substantial runway for growth, we intend to acquire and scale other QSR brands as well. We are selective about the kind of cuisines we believe possess the potential to scale and on Page 35 you can read about our 7 mantras to drive scale in the restaurant business.

I remind the team often of our aspiration: to be considered India's Best Restaurant Operator. In our short operating history, we are proud of the significant progress we have made, but there is still much to achieve.

The journey ahead is really exciting.

Sanjay Purohit,

Whole time Director and Group CEO

"If we continue to nurture our Sapphire values, we will build an institution that lasts beyond our lifetimes"

Sumeet Narang

Non-Executive Nominee Director*

When we acquired multiple Yum franchisees and built Sapphire Foods in 2015, the focus was not just on being a good or great company. The intent was to be an outlier organisation.

At the heart of this resolution was a recognition that the only way we could become an outlier organisation was to frame the right values by which the company would be recognised.

Here too, it would not have been sufficient to live the values peripherally but to live them every single day through every single initiative across every single management function and across every single location.

The four organisation pillars around which we built Sapphire are operational excellence, owner-operator mindset, disciplined capital allocation and good governance.

These pillars were reinforced with five leadership principles or values of Excellence, Courage, Integrity, Empathy and Accountability.

These values were brought into active currency in various ways. We interviewed new recruits based on how they had lived these values in their lives. We appraised performance within the company through the prism of these values. We trusted and delegated on the basis of those who lived these values in their everyday roles. We kept assuring our teams that if we continued to invest in these values, we would see the light at the end of the pandemic tunnel faster.

We were exposed to trying moments during the last seven years but the one that stands out is when we reported no sales during the first month of the 2020 pandemic. Even as our overheads climbed, our revenues were zero as our outlets remained closed. Most industry observers could not see the end of that bleakness. The senior management at Sapphire demonstrated the courage and confidence that the company would climb the hump. The values, that had been invested in the company from the start, were now coming to a head; they were manifesting in collective courage and optimism that the company would do whatever it took to prevail.

The performance of the company in FY 2021-22 was then not the result of an arbitrage opportunity or a fleeting release of pent-up consumer demand; was the result of the company doing right in terms of its values. The values were embedded in initiatives; the initiatives were differentiated; the differentiation translated into superior outcomes; the superior outcomes aggregated into a record performance during the year under review – a phased sequence of values translating into enhanced value.

If we continue to nurture these values as central to our organisation, we will build a business that delivers value to all stakeholders and an institution that lasts beyond our lifetimes.

*Mr. Sumeet Narang is the Founder and Managing Director of Samara Capital and is holding directorship in Sapphire Foods India Limited as Non-Executive Nominee Director, representing Sapphire Foods Mauritius Limited, Promoter Shareholder.

Our employees speak about why working with us is different

The Sapphire Foods story is one of transformation of an unprofitable business to a successful, customer centric and profitable entity.

This has been an outcome of foresight and belief combined with an execution mindset, investment in people and back-end operations, all of these woven into the culture of the organisation through Sapphire values.

It is rare for any professional in a working career to get the opportunity to strategize and start a business, lay down a solid foundation, stabilise and scale up and be counted among an industry leader in a short period of time. I have been fortunate to be a part of this incredible Sapphire Foods journey. What's more exciting is that our best is yet to come - 'Picture abhi baaki hai, mere dost.'

Vijay Jain
Chief Financial Officer

"At Sapphire, culture and values drive financial results – and not the other way around. This is perhaps the most important reason why a six-year-old organisation was successfully listed on the stock exchanges."

Amar Patel,
Head (Information Technology)

"At Sapphire, the value of courage is defined as doing the right thing even when someone is not watching. During my early years at the company, the payrolling would be done manually. Our payroll person missed out processing the pay for 100 employees. Even though he feared a backlash, he was courageous enough to inform the CEO about the error. The CEO sent a mail to the concerned employees, apologizing for the error and taking ownership for the lapse."

Sandhydeep Purri,
Head-Human Resources (Chief People Officer)

"At Sapphire, empathy comes before excellence in our list of values. This is deliberate; it drives the culture of the organisation. Store rollout acceleration was challenging; three functions - Business development, Legal and Projects – plugged implementation gaps and delivered disproportionately. The result would not have been the same without empathy, which mandated collaborative working."

Nandita Bapat,
Head-Projects

"I had a dream - to create an all-women's store. My senior took me to the CEO; I showed him my presentation. He asked me to move ahead, adding that if the plan was not successful, nothing would change as we could always recruit men to run the store. The idea was implemented; we opened our first women's store in Mumbai and its performance has been above par compared to our other stores. Courage made the difference!"

Sarmistha Venishetty,
Operations Manager – KFC (West)

"Every member of the Sapphire team - leadership to front-office executive – lives the company's values. In 2019, we were underperforming in Tamil Nadu. Following the pandemic, we set higher targets and our average daily sales improved 40 per cent, which transpired only on account of a convergence of Sapphire's values of courage and excellence. Besides, our ethic of empathy and accountability meant supporting colleagues to help them achieve their targets."

Venkat Subramaniam,
Regional Head - South, Pizza Hut

"At Sapphire, employees are encouraged to juggle multiple roles and set their own targets. There is communication transparency between managers and employees. We prioritize values, beliefs and aspirations when hiring or promoting individuals. The result: recruitment of the right person for the job – a person who can uphold values in the workplace while achieving business targets."

Amrita Choudhury,
Head HR, Pizza Hut

"One of our new joinees suffered from a critical health condition, so we distributed her work and gave her the choice to work from home or take leave. It was empathy at work!"

Saroj Mamgain,
Manager – Legal

"Empathy is the only word I will use to describe the management's treatment of employees during the pandemic. When other companies were laying employees off, we requested employees due for a promotion to temporarily continue in their older designations. During the lockdown, our mall outlets were suffering due to mall closure. Even as our peers chose to wind up operations, we serviced customers by opening delivery channels so that our employees in those outlets would not lose their livelihoods."

Rupam Mendiratta,
Regional Head, KFC, West and Central

Our Directors

Sanjay Purohit
Whole Time Director and Group CEO

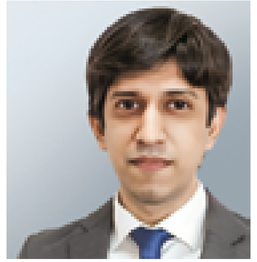
Sunil Chandiramani
Chairman and Independent Director

Sumeet Narang
Non-Executive Nominee Director

Paul Robine
Non-Executive Nominee Director

Vikram Agarwal
Non-Executive Nominee Director

Vinod Nambiar
Non-Executive Nominee Director



Kabir Thakur
Non-Executive Nominee Director

Deepa Wadhwa
Independent Director

Anu Aggarwal
Independent Director

Our Leadership team

Vijay Jain
Chief Financial Officer

Deepak Taluja
Chief Executive Officer - KFC.

Vikrant Vohra
Chief Executive Officer - Pizza Hut.

Sandhydeep Purri
Chief People Officer

Amit Sharma
Senior Vice President and Head of Supply Chain Management.

Amar Patel
Chief Technology Officer

Puneet Bhatia
Vice President and Head of Business Development

Nandita Avadhoot
Vice President and Head of Projects

Niraj Patil
Vice President and Head of Legal

Management discussion and analysis

ECONOMIC OVERVIEW

India: India's GDP rebounded from a decline of 7.3% in 2020-21 to a growth of 8.7% in 2021-22, the fastest among major economies. India's per capita income was estimated to have increased 16.3% from ₹1.29 lakh in 2020-21 to ₹1.50 lakh in 2021-22.

Y-o-Y growth of the Indian economy

	FY20	FY21	FY22
Real GDP growth (%)	4.2	(7.3)	8.7

The performance of the Indian economy compared favourably with some of the prominent global economies.

Sri Lanka: The country's real GDP is estimated to have expanded by 3.5% in 2021 owing to a 12.3% y-o-y rebound from a low base in the second quarter of the year. The country's GDP was significantly contributed by manufacturing, financial services, construction, transport and real estate activity.

Y-O-Y GDP growth of major economies

Major economies	2019	2020	2021
United States	2.3%	(3.4%)	5.7%
China	6.1%	2.3%	8.1%
United Kingdom	1.4%	(9.9%)	7.5%
Japan	0.3%	(4.8%)	1.7%
Germany	0.6%	(4.9%)	2.9%

(Source: CNN, IMF, Economic Times, trading economics, Statista, CNBC)

INDIAN FOOD SERVICES MARKET OVERVIEW

The Indian food services market is growing attractively, catalyzed by India's young and economically productive population, changing consumer preferences and an increasing tendency to eat out. The launch of QSR restaurants in India from the mid-Nineties has accelerated the growth of the organized food services segment.

India is poised to emerge as the third largest consumer market by 2030, driven by online food delivery, digital adoption, entry in small cities, emergence of a branded food service ecosystem and aggregation of standalone restaurants by online platforms, among others. The organized chain market under the organized food services market is expected to grow by 20% till 2025, whereas the unorganized segment is expected to merely grow by 5%.

Food services market (CAGR %)

Format	CAGR FY 2010-15	CAGR FY 2015-20	CAGR FY 2020-25 Projected	Growth FY 2020-21	CAGR FY 2021-25 Projected
Unorganised market	7%	5%	3%	-53%	26%
Organised standalone market	13%	13%	13%	-54%	40%
Chain market	21%	18%	20%	-42%	52%
Restaurent in hotels	10%	8%	5%	-68%	48%

Source: Technopak Bok

Indian QSR sector review

Out of the total spend on out-of-home dining, a household spends around 38% on food consumed across QSRs followed by casual dining restaurants (31%) and cafes (14%). A high share of QSRs in the overall spend is driven by easy access, competitive price points, combos and deals, making it as one of the most favoured among youngsters and early office goers.

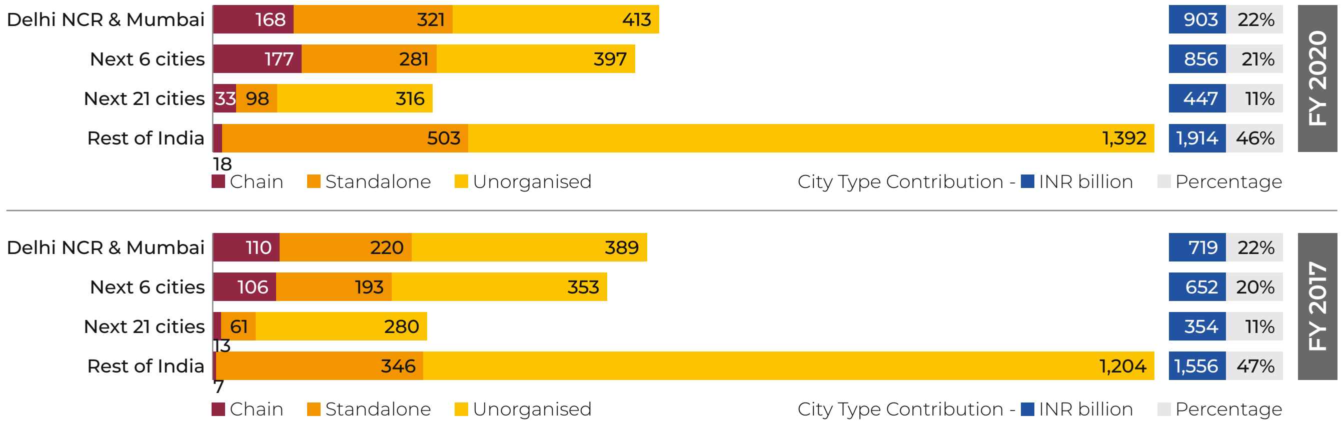
(Source: Technopak Report)

Chain food services market CAGR (%)

Format	CAGR FY 2010-15	CAGR FY 2015-20	CAGR FY 2020-25 Projected
Quick service restaurants	29%	19%	23%
Casual dining restaurants	18%	19%	19%
Cafés	16%	8%	10%
Frozen dessert/ Ice cream	15%	16%	17%
Pub, bar, cafe and lounge market	25%	22%	16%
Fine dining restaurants	5%	3%	2%

Source: Technopak BoK

Food services market by city type



Source: Technopak Analysis

List of Mini Metros (Next six cities) include cities like Ahmedabad, Pune, Kolkata, Hyderabad, Bangalore and Chennai

The eight largest cities (Delhi, Mumbai, Kolkata, Bengaluru, Chennai, Hyderabad, Pune and Ahmedabad) of India have been development hubs for the organized food services market. While these 8 cities contributed approximately 43% of the total revenue of food services market in India in FY 2020, they contributed 87% of the chain food service market in India during the same period. KFC and Pizza Hut are present in five and six of these top eight cities respectively.

The demand in these cities is driven by increased economic activity, rising disposable incomes, lifestyle shifts pushing for a higher need for convenience and the increased participation of women in the workforce.

Poultry consumption

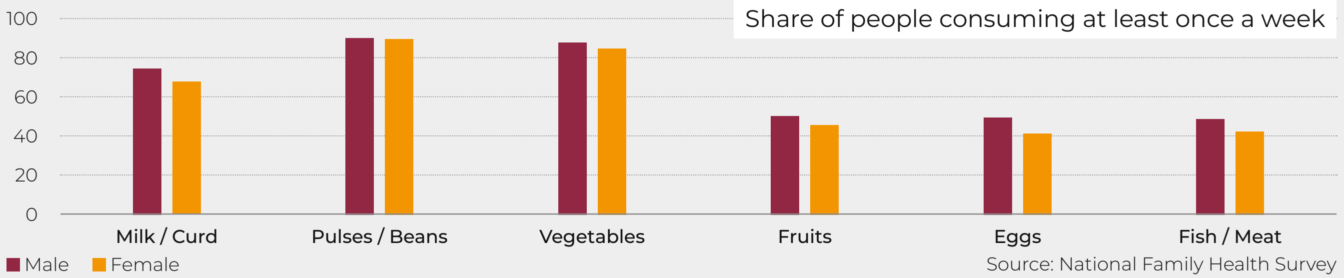
Animal protein consumption increases with enhanced prosperity and per capita income. Per capita meat consumption in India has grown up from 400 grams to 3.3 kilograms in the last two decades and expected to reach 9.1 kilograms by the end of 2030. (Source: McKinsey and Ministry of Health and Family Welfare).

These consumption levels are significantly lower compared to 45 kilograms in Brazil, 43 kilograms in USA and the global average of 17 kilograms. More than 70% Indians prefer to eat non-vegetarian food; this appetite is higher in urban over rural areas. Total meat consumption in India crossed 6 million tonnes for the first time in 2020.

Poultry is the most preferred non vegetarian food item of Indians within the meat segment. These trends provide significant growth opportunities for brands like KFC in India.

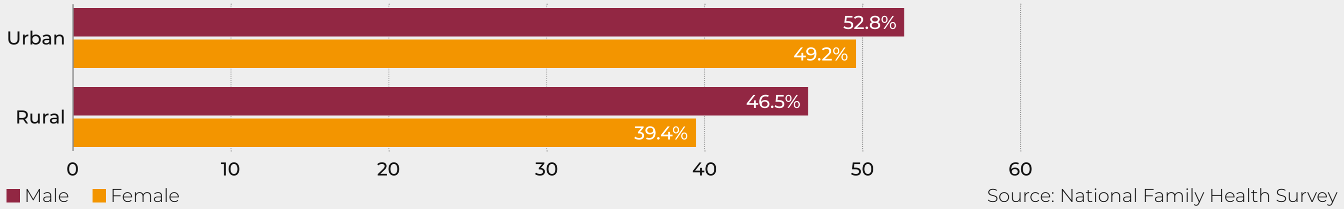
Food habits of Indians

Appetite for non-vegetarian items as much as fruits



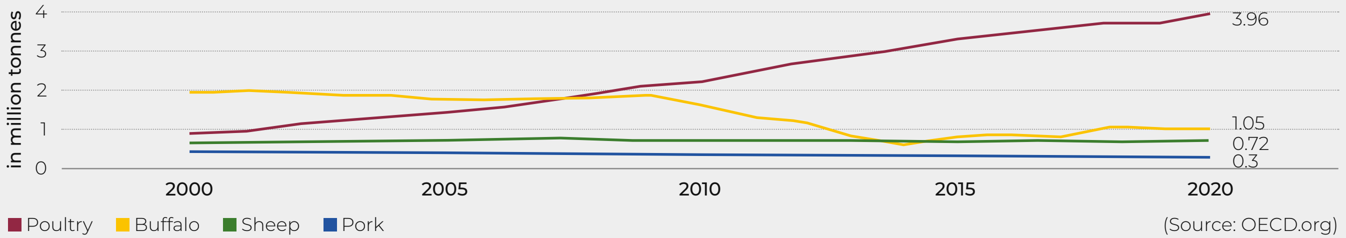
Source: National Family Health Survey

Urbans more inclined to non-vegetarian food



Source: National Family Health Survey

Item-wise meat consumption



(Source: OECD.org)

SECTORIAL DEMAND DRIVERS

Demographic advantage: India's youth accounts for 22% of India's population - more than 261 million people, or larger than the population of a number of countries. In 2020, around 900 million people (67% of total population) were in the working age group of 15-64 in India, expected to increase by 100 million by 2030.

Growing Women working population: The participation of women in the country's economic activities is increasing. The growing purchasing power in the hands of working women has enhanced the ability to spend more on eating out.

Increase in non-vegetarian food consumption: Animal protein consumption mirrors rising prosperity. Poultry is the preferred non-vegetarian food item of Indians in the meat segment, providing opportunities for non-vegetarian food brands like KFC.

Increased eating out and ordering behavior: The culture of eating in India has witnessed a significant change. According to the survey by Franchise India, 12% select to eat daily at a restaurant, 34% people eat out 2-3 times a week, about 11% eat out three or more times a week, while 27% eat out once a week, 12% eat out once a month, whereas 3% eat out on special occasions.

Growth of online food delivery and food tech: Technology has paved the way for food to reach patrons through contactless take-away and delivery experience via the own brand and aggregator delivery platforms.

Shift towards organized market: Due to growing demands for hygiene and safety coupled with the presence and popularity of international food chains, the share of the organized market is expected to surpass the share of the unorganized market by FY2025.

Increasing availability of retail space leading to food services expansion: The increase in Government spending on infrastructure development is leading to vastly improved brick-and-mortar retail spaces across the length and breadth of the country. This, in turn, is spurring the growth of retailers in food services.

COMPANY OVERVIEW

Sapphire Foods started operations in September 2015, following the acquisition of about 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. Sapphire Foods is a leading Yum franchisee operator in the Indian subcontinent with presence in India, Sri Lanka and Maldives. The Company was the largest international QSR chain in Sri Lanka in terms of revenue and number of restaurants operated as of March 31, 2021. (Source: Technopak Report). As of March 31, 2022, we the Company owned and operated 263 KFC and 219 Pizza Hut restaurants in India, 90 Pizza Hut and 5 Taco Bell restaurants in Sri Lanka and 1 KFC and Pizza Hut each in Maldives.

KFC

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

Particulars	March 31, 2020	March 31, 2021	March 31, 2022
Total store count	187	203	263
Number of restaurants in top 10 cities	126	135	165
Total cities where present	55	56	75
Average daily sales per restaurant (in ₹ thousand)	130	106	130
Same store sales growth	5.4%	(30.0)%	31.0%
Delivery as % of restaurant sales	19.8%	38.1%	44.0%
Restaurant related revenue (in ₹ million)	7,753	5,897	10,349
Gross margin (%)	65.4%	67.9%	68.4%
Restaurant EBITDA (in ₹ million)	1,021	828	2,016
Restaurant EBITDA (%)	13.2%	14.0%	19.5%*

*Includes Additional Incentive of 0.8% from YUM in FY22

Sapphire Foods operates 263 KFC restaurants across India. Sapphire Foods owns territorial KFC rights in 10 States, which constitutes ~56% of India's GDP. KFC was recognized as the number one chicken QSR brand globally and in India. KFC leads the chicken QSR segment in India by a significant margin across peers. The Company's emphasis on customer experience and operational excellence resulted in attractive average daily sales and restaurant EBITDA margins, which accelerated following an improvement in the cost structure during Covid-19. As a result, KFC emerged as a ₹1,000+ Cr brand and delivered peak restaurant EBITDA of 19.5% in FY22 for Sapphire Foods. The Sapphire Foods strategy of opening tighter omni channel (Dine in, Take away and Delivery channels) restaurants with an average size of ~1500 sq.ft reducing payback for KFC to ~ 3 years enabled it to embark on rapid expansion. Sapphire Foods added its highest KFC restaurants in FY 22 (60 new restaurants).

Pizza Hut

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

Particulars	March 31, 2020	March 31, 2021	March 31, 2022
Total store count	174	162	219
Number of restaurants in top 10 cities	141	129	149
Total cities where present	31	32	52
Average daily sales per restaurant (in ₹ thousand)	58	48	57
Same store sales growth	(5.2)%	(35.4)%	42.0%
Delivery as % of restaurant sales	34.8%	53.0%	57.0%
Restaurant related revenue (in ₹ million)	3,343	2,217	3,710
Gross margin (%)	76.2%	76.1%	75.5%
Restaurant EBITDA (in₹ million)	244	111	497
Restaurant EBITDA (%)	7.3%	5.0%	13.4%*

*Includes Additional Incentive of 2% from YUM in FY22

Sapphire Foods operates 219 restaurants of Pizza Hut in 11 prominent 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 addressing different customer segments, meal and snacking options. Over the years, Sapphire Foods transformed its Pizza Hut business model by focusing on four factors:

- Building on a differentiated dine-in experience, product quality and innovation
- Significantly improving the affordability and value proposition with a focus on the brand strength of bundled meal options
- Omni-channel restaurant strategy with tighter store formats (~ 1200 sq ft.) delivering optimized customer experience across channels
- Cost optimization leading to long-term efficiencies.

This strategy empowered Sapphire Foods to deliver its highest restaurant EBITDA of 13.4% in FY22. The compact omni-channel restaurants that opened from 1st April 2018 onwards are delivering mid-teen restaurant EBITDA, resulting in a payback of ~ 3-3.5 years for Pizza Hut. This helped initiate a rapid expansion for Pizza Hut, the company adding its highest Pizza Hut restaurants in FY 22 (57 new restaurants).

Sri Lanka operations

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

Particulars	March 31, 2020	March 31, 2021	March 31, 2022
Total store count	64	70	95
Number of restaurants in top 10 cities	32	36	36
Total cities where present	42	44	49
Average daily sales per restaurant (in ₹ thousand)	86.5	90.2	108
Same store sales growth	(1.0)%	1.0%	31.0%
Delivery as % of restaurant sales	38.7%	54.9%	56.0%
Restaurant related revenue (in ₹ million)	2,038	1,965	2,983
Gross margin (%)	66.7%	68.6%	66.2%
Restaurant EBITDA (in ₹ million)	329	384	691
Restaurant EBITDA (%)	16.2%	19.5%	23.2%*

*Includes Additional Incentive of 1.2% from YUM in FY22

Sapphire Foods Lanka, through its 100% subsidiary Gamma Pizzakraft Lanka (Pvt) Ltd, was the largest international QSR chain of Sri Lanka for 2021 in revenue terms (Source: Technopak Report). Pizza Hut enjoyed 39% market share in terms of outlet count and 35% by QSR sector revenues in FY 2020-21. Sapphire Foods Lanka continued to be a market leader in terms of store count with 90 restaurants of Pizza Hut and 5 restaurants of Taco Bell as on March 2022.

Despite macro-economic challenges in the country over several months, Sapphire Foods Lanka continued to deliver robust financial performance in FY 2021-22 owing to the strength of the Pizza Hut brand and superior operating capabilities (widespread accessibility through the highest number of restaurants in the QSR space, omni-channel restaurant format, own digital and delivery capabilities and supply chain support from the Indian parent entity).

In FY 2021-22, the Sri Lankan operations of Sapphire Foods delivered their best-ever performance with 25 new restaurant additions, same-store sales growth of 42%, revenue growth of 60% and restaurant EBITDA of 23.2%.

OUTLOOK

The following are the key elements of our growth opportunities

Continuously enhance relevance of our current brands: We plan to continue strengthening the relevance of KFC and Pizza Hut as full meal options in addition to snacking, straddling all parts of the day. We anticipate that our menu innovation, abundant value meal options at entry and premium price points, emphasis on superior food safety, hygiene standards and freshness of ingredients to meet evolving consumer preferences will enable our brands to appeal to a wide secular consumer audience across age groups, leading to new consumer acquisition, increased ordering frequency and ticket size.

Leverage our omni-channel strategy: Our brands are accessible through dine-in, takeaway and delivery channels. We intend to leverage our enhanced digital ecosystem and CRM program to improve our understanding of the relevant drivers of guest experience of each of these channels and maximize revenue opportunity. We will continue to invest in contemporizing design of our restaurants, menu simplification and ease of ordering through technology to enhance dine-in experience. We will invest in technology to facilitate contactless payments for ease of ordering and pick-up as far as the take-away channel is concerned. For the delivery channel, we will improve our own digital restaurant experience and in-house delivery capabilities through a close collaboration with aggregators to continuously improve operational efficiency and drive transaction growth size through analytics-based marketing and innovative menu offerings.

Leverage strength on cost efficiencies, manage unit economics and achieve economies of scale through operational leverage: We have built organizational capabilities in minimizing wastage and enhancing efficiencies through a combination of ERP systems, processes and people. Restaurant-level cost benchmarking programs such as PACE SETTER have helped us improve restaurant operating margins. This is an area of continuous focus which will help us stay ahead of the curve and mitigate challenges.

Fast-paced restaurant expansion to capitalize on growth opportunities: Given the rapidly expanding middle-class and dining-out population, we believe that KFC and Pizza Hut are well-placed to capitalize on this opportunity. Their global brand appeal, coupled with the ability to maximize revenue potential through all channels, widen the consumer base through value options, newly-evolved compact restaurant size and improved restaurant operating margins provide us with an opportunity for rapid new restaurant expansions.

Pursue inorganic growth: Stemming from our aspiration to be India's best restaurant operator, we have built the organisation and developed our human resources to grow brands and drive consumption, deliver great operations and customer experience. To achieve this, we have built back-end organization systems and processes to handle significant scale. We also have an organizational culture that fosters an entrepreneurial approach and skillset in pursuing and completing acquisitions and other methods 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

Summarized consolidated Profit and Loss statement

		2022	2021	% change yoy
Total income	**₹ million**	**17,595.50**	**10,812.35**	**62.7%**
Revenue from operations	₹ million	17,215.72	10,196.19	68.8%
Cost of materials consumed	₹ million	5,277.97	3,099.26	70.3%
	% of revenue	30.7%	30.4%	0.9%
Employee benefits expense	₹ million	2,739.94	1,956.00	40.1%
	% of revenue	15.9%	19.2%	-17.0%
Finance costs	₹ million	780.93	755.65	3.3%
	% of revenue	4.5%	7.4%	-38.8%
Depreciation and amortisation expense	₹ million	2,135.21	2,091.45	2.1%
	% of revenue	12.4%	20.5%	-39.5%
Other expenses	₹ million	6,147.60	3,896.93	57.8%
	% of revenue	35.7%	38.2%	-6.6%
Total expenses	**₹ million**	**17,081.65**	**11,799.29**	**44.8%**
	% of revenue	**99.2%**	**115.7%**	**-14.3%**
Profit / (Loss) before tax	₹ million	513.85	(986.94)	-
	% of revenue	3.0%	-9.7%	-
Total Tax expense	₹ million	54.00	12.03	348.9%
	% of revenue	0.3%	0.1%	165.9%
Profit / (Loss) after tax	**₹ million**	**459.85**	**(998.97)**	**-**
	% of revenue	**2.7%**	**-9.8%**	**-**

Total Income: Our total income increased by 62.7% to ₹17,595.50 million for the financial year 2021-22 from ₹10,812.35 million for the financial year 2020-21. 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 68.8% to ₹17,215.72 million for the financial year 2021-22 from ₹10,196.19 million during the financial year 2020-21, primarily due to an increase in the sale of products by our restaurants.

Our restaurant sales increased by 68.8% to ₹17,154.46 million for the financial year 2021-22 from ₹10,159.76 million for the financial year 2020-21. This increase was due to a recovery in sales by restaurants on account of relief from COVID-19 restrictions and the opening of new restaurants during the year: 60 KFC restaurants, 57 Pizza Hut restaurants in India and 25 restaurants in Sri Lanka.

Our Other Operating income increased by 68.2% to ₹61.26 million for the financial year 2021-22 from ₹36.43 million for the financial year 2020-21. The increase in operating income was primarily due to an increase in sales to airport dealers / franchisees to ₹38.95 million for 2021-22 from ₹21.08 million in 2020-21. This increase in sale to airport dealers / franchisees was largely on account of a travel recovery following the COVID-19 lockdown.

Our Other Income decreased to ₹379.78 million for 2021-22 from ₹616.16 million for 2020-21. This decrease in Other Income was primarily on account of a decrease in rent waiver due to a recovery from the COVID-19 pandemic to the extent of ₹166.58 million from ₹489.46 million for 2020-21.

Expenses

Cost of Materials Consumed: Cost of materials consumed increased by 70.3% to ₹5,277.97 million for the financial year 2021-22 from ₹3,099.26 million during the financial year 2020-21. Such an increase in the cost of materials was primarily due to an increase in purchases to ₹5,435.73 million during the financial year 2021-22. The increase in purchases was in line with the increase in sales by restaurants primarily due to recovery from the effect of the COVID-19 pandemic, compared to purchases in the amount of ₹3,090.87 million during the financial year 2020-21. The cost of materials consumed as a percentage of revenue from operation increased marginally to 30.7% in FY2021-22 as against 30.4% in the FY2020-21 due to inflation in Pizza Hut business in Sri Lanka.

Employee Benefits Expense: Employee benefits expense increased by 40.1% to ₹2,739.94 million for the financial year 2021-22 from ₹1,956.00 million for the financial year 2021. This increase in Employee Benefits Expense was primarily on account of the new restaurants opened during the year and a commensurate increase in the number of employees as a result of recovery from the COVID-19 pandemic. However, as a percentage of revenue from operations, employee benefits expenses decreased to 15% in FY 2021-22 from 19.2% in FY 2020-21, driven by cost efficiencies.

Finance Costs: Our Finance Costs increased by 3.3% to ₹780.93 million for the financial year 2022 from ₹755.65 million for the financial year 2021. Such an increase in finance costs was primarily due to an increase in interest on lease liabilities by 3.0% to ₹654.58 million for the financial year 2022 from ₹635.63 million for the financial year 2021. 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, Impairment and Amortization Expense: Our Depreciation, Impairment and Amortization expenses increased by 2.1% to ₹2,135.21 million for the financial year 2022 from ₹2,091.45 million for the financial year 2021, primarily due to a depreciation on property, plant and equipment on new restaurants, which was offset by a reduction in the impairment on property, plant and equipment in the amount of ₹145.40 million provided in the financial year 2021.

Other Expenses: Other Expenses increased by 57.8% to ₹6,147.60 million for the financial year 2022 from ₹3,896.93 million for the financial year 2021. However, as a percentage of revenue from operations, Other Expenses decreased to 35.7% in FY2021-2022 from 38.2% in FY 2020-21 on account of increased sales, operating leverage and cost efficiencies.

Reasons of increase in Other Expenses are as follows:

- Increase in commission on aggregators and meal coupons by 93.7% to ₹1,247.95 million for the financial year 2022 from ₹644.24 million for the financial year 2021 due to increased aggregator sales following a recovery from the COVID-19 pandemic.
- Increase in electricity expenses by 45.2% to ₹982.1 million for the financial year 2022 from ₹676.49 million for the financial year 2021 on account of enhanced operations following the lifting of Covid restrictions.
- Increase in rent by 117.9% to ₹516.85 million for the financial year 2022 from ₹237.22 million for the financial year 2021 on account of an increased number of restaurants opened during the year, reduced rent waiver on recovery from the COVID-19 pandemic and increased rent on account of increased sales under our variable lease rental agreements.
- Increase in royalty by 35.0% to ₹885.44 million for the financial year 2022 from ₹655.66 million for the financial year 2021 due to increased revenues from operations.
- Increase in marketing and advertisement expenses by 76.3% to ₹686.33 million for the financial year 2022 from ₹389.38 million for the financial year 2021, primarily due to increased contributions to YUM for marketing activities on account of our increased revenue.

Total Tax Expense

Our Total Tax Expense was ₹54.00 million for the financial year 2022, compared to an income tax expenses of ₹12.03 million for the financial year 2021, primarily due to an increase in current tax for the current year by 171.6% to ₹63.54 million for the financial year 2022 from ₹23.40 million for the financial year 2021. Such an increase in Current Tax was on account of an increase in profit of our subsidiary in Sri Lanka, which led to an increase in tax provision for the year.

Profit / Loss for the Year After Tax

As a result, our Group turned profitable and reported its first ever Profit after tax of ₹459.85 million for the financial year 2022 as compared to a Loss of ₹998.97 million for the financial year 2022.

KEY BALANCE SHEET ITEMS

	2022	2021	%age YOY
Capital employed	10,666.70	5,543.88	92.4%
Net Worth	10,054.49	4,787.32	110.0%
Equity share capital	635.43	527.90	20.4%
Borrowings	612.21	756.56	-19.1%
Property, plant and equipment	5,461.53	3,931.65	38.9%
Cash and bank balances, including fixed deposit and current investment	4,605.82	853.02	439.9%
Current Assets	5,906.37	1,435.71	311.4%
Inventory	651.64	473.91	37.5%
Current Liability	4,471.52	3,101.55	44.2%
Trade payables	1,991.15	1,439.71	38.3%
Trade receivables	140.71	77.75	81.0%

The strength of the Balance Sheet improved in FY 2021-22 primarily on account of an improvement in revenues from operations, maiden post-tax profit, equity infusion through private placement of equity shares in August 2021 (₹4,742.04 million) and a reduction in total borrowings. Cash, net of debt, as on 31st March 2022 was ₹3,993.61 million.

KEY FINANCIAL RATIOS

Key ratios	2022	2021
Return on capital employed % (RoCE)	7.2%	-15.3%
Return on Net worth % (RoNW)	6.2%	-19.9%
Return on Equity % (RoE)	6.2%	-19.6%
Basic earnings per share (₹)	7.8	-19.0
Net profit %	2.7%	-9.8%
Debt-Equity Ratio	0.1	0.2
Interest Service Coverage Ratio	20.4	9.0
Debt Service Coverage Ratio	4.5	1.6
Current Ratio	1.3	0.5
Debtor Turnover Ratio	157.6	164.7
Inventory Turnover Ratio	11.8	8.5

EXPLANATION TO THE RATIOS

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 calculated by dividing total borrowing 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 calculated by dividing net operating income by total finance cost paid.

Net operating income : Profit/ (loss) before tax + depreciation, impairment 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 installments. 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, impairment 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

Sapphire Foods has aligned its current systems of internal financial control (IFC) with the requirements of the Companies Act 2013. The IFC framework established by the Company encompasses the following elements:

- Orderly and efficient conduct of business
- Safeguarding of its assets
- Adherence to Company's policies
- Prevention and detection of frauds and errors
- Accuracy and completeness of the accounting records and timely preparation of reliable financial information

The Company has successfully laid down the framework and ensured its effectiveness. SRBC & Co. LLP, the statutory auditors of the Company have audited the financial statements included in this annual report and have issued an attestation report on the company's internal control over financial reporting (as defined in the section 143 of the Companies Act 2013).

Sapphire Foods internal controls are commensurate with its size and the nature of its operations. These have been designed to provide reasonable assurance with regards to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized use, executing transactions with proper authorization and ensuring compliance with the company's policies.

Sapphire Foods has appointed an external firm of professional repute to conduct internal audit of its activities. The internal audit is conducted based on an internal audit plan, which is reviewed each year and approved by the audit committee.

Sapphire Foods also undergoes a periodic audit conducted by specialized external professionals for business-specific compliances covering food safety, hygiene, operational and brand standards. The Financial Excellence Review Team conducts periodic audits at restaurants covering inventory, sales, cash and compliances.

Risk management framework

Effective 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.

Key risks	Definition/Impact on the company	Mitigation plan
Disruption and uncertainty in business due to the pandemic situation	▪ Business Impact due to restriction on channels (dine-in / take-away / delivery), and restaurant operational hours ▪ Health and safety of employees and customers	▪ Emphasis on safety and well being of the employees and customers through measures such as contact-less delivery, contact less dine-in. enforcing social distancing ▪ Regular communication with customers about measures taken to reassure health and safety measures ▪ Steps taken to return to pre-pandemic operating levels following a compliance with the government guidelines and COVID-19 safety protocols ▪ Continued emphasis on omni-channel business model ▪ Encouraging employees to get fully vaccinated, frequent awareness on safety protocols and government guidelines ▪ Monitor changes in regulations related to the impact due to the pandemic and align internal policies accordingly.

Key risks	Definition/Impact on the company	Mitigation plan

Risks arising from industry and economic factors	▪ Business impact due to changes in regulatory and economic factors	▪ 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 rising costs / secure benefits from declining costs
		▪ Maintaining competitiveness through:
		  ▪ Optimising cost
		  ▪ Driving sales
		  ▪ Value proposition (Value-for-money to 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 our offshore subsidiary	▪ Potential impact on business due to forex shortage, high inflation, fuel shortage and restaurant shut downs. ▪ This is further aggravated at the time of forex translation for consolidation at the India level due to currency depreciation	Our strength of business in terms of highest number of restaurants 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 short run. We continue to expand restaurants and, in the long run, this could help consolidate market leadership
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 business requirements ▪ Continuous tracking and monitoring of IT systems to prevent / remediate security breach

Key risks	Definition/Impact on the company	Mitigation plan
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, resulting in enhanced compliance risk and cost of compliance for the company ▪ The fast pace of changes in the regulatory environment requires a quick understanding of their implications and adaptation in business operations. Failure to comply could result in penalties, reputational damage and criminal prosecution	▪ Operationalizing 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 the supply chain ▪ High attrition in 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 business continuity processes to deal with uncertainties

HUMAN RESOURCES

We are committed to building the capabilities of our employees through rigorous on-the-job functional training programs as well as intensive leadership programs such as the Young Turks, Young Leaders, Talent Edge, EnCap and Sapphire Spark that develop managerial capabilities for higher roles. We encourage organic growth of our talent and provides opportunities for our employees to build their careers in our Company through vertical and cross-functional movements.

The health and safety of our employees is important to us. Apart from medical insurance and accident coverage for all employees, we provide unlimited access to medical and mental health professionals for our employees with the rank of restaurant manager and higher, as well as for their families. We provide multiple formal and informal platforms for employees to give us feedback on their experience- 'Sapphire Speak', our employee engagement survey runs annually in partnership with Gallup, and measures and monitors year on year movement of indices on employee engagement. Our mean Gallup Engagement Score increased from 4.12 in financial year 2018 to 4.44 in financial year 2021 and our Gallup global mean percentile rank improved from 57 in financial year 2018 to 76 in financial year 2021.

As on 31 March 2022, our Company had 10,154 permanent employees compared to 7,453 on 31 March 2021.

GOVERNANCE

The company established internal controls and risk management systems by putting in place relevant policies and procedures that are appropriate for the business. We established Board committees to oversee specific risks in our operations, such as Audit Committee and Nomination and Remuneration Committee. Our business control and internal audit system comprises three layers:

- Financial excellence review teams who conduct regular quarterly audits at our restaurants, covering sales, cash, inventory and compliance;
- A data analytics team at the corporate level, which monitors and analyses transactional-level data for exceptions; and
- Process and risks review conducted by an in-house team and a third party covering functional process across the business.

YUM also appoints a third party to conduct a periodic audit covering compliance with food safety, hygiene and operational and brand standards, and conduct unannounced audits. We possess a robust inventory management process that includes daily checks by restaurant managers and employees.

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.

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. PAUL ROBINE
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

Board's Report

Dear members

Your Directors are pleased to present the 13th Annual Report on the business and operations of Sapphire Foods India Limited ("Company") together with the Audited Standalone and Consolidated Financial Statements for the Financial Year ended March 31, 2022.

Financial Results and Performance

The Company's financial (standalone and consolidated) performance during the financial year ended March 31, 2022 as compared to the previous financial year, is summarized below:

(₹ in Millions)

Particular	Standalone		Consolidated	
	F.Y. 2021-22	F.Y. 2020-21	F.Y. 2021-22	F.Y. 2020-21
Total Income	14,322.47	8,584.19	17,595.50	10,812.35
Less: Expenses	14,074.40	9,551.21	17,081.65	11,799.29
Profit/ (Loss) before exceptional item and Tax	248.07	(967.02)	513.85	(986.94)
Less: Exceptional Items	-	-	-	-
Profit/ (Loss) before Tax	248.07	(967.02)	513.85	(986.94)
Less: Current Tax and Deferred Tax	-	-	(54.00)	(12.03)
Profit/ (Loss) after Tax	248.07	(967.02)	459.85	(998.97)
Total Comprehensive Income/(Loss) for the year, Net of tax	231.82	(977.27)	231.84	(1,041.50)

During the year under review, the total income of your Company was Rs. 14,322.47 millions on a standalone basis and Rs. 17,595.50 millions on a consolidated basis as compared to the previous financial year's total income of Rs. 8,584.19 millions on a standalone basis and Rs. 10,812.34 millions on consolidated basis. The net profit/ (loss) for the year under review, after taxation and deferred tax stood at Rs. 248.07 millions on a standalone basis and Rs. 459.85 millions 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 Operation and State of Company Affairs

Sapphire Foods India Limited, directly and through its' subsidiaries, is one of the largest franchisees of Yum! Brands in Indian sub-continent in terms of revenue with the rights to operate KFC, Pizza Hut and Taco Bell Stores in India, Sri-Lanka and Maldives. Your Company has delivered highest ever Revenue, Profitability and New Restaurant addition for financial year ended on March 31, 2022. As on March 31, 2022, your Company, directly and through its subsidiaries, operates 264 KFC stores, 310 Pizza Hut stores and 5 Taco Bell stores across India, Sri-Lanka and Maldives.

The financial year 2021-22 had turned out to be one of the important milestones in the corporate history of your Company. During the financial year under review, the Company was converted from private limited company to public limited company and consequently, the name of the Company was changed from 'Sapphire Foods India Private Limited to 'Sapphire Foods India Limited'. Subsequently, the Company has successfully completed its Initial Public Offering ("IPO") through Offer for Sale ("OFS") which received overwhelming response from the investors. The equity shares of the Company were listed and admitted for trading on the bourses of BSE Limited and National Stock Exchange of India Limited with effect from November 18, 2021.

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

Dividend

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

In terms of Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, it is mandatory for top 1000 listed companies based on their market capitalization (as on 31st day of every financial year), to formulate a Dividend Distribution Policy. The Company had listed its equity shares on the bourses of BSE Limited and National Stock Exchange of India Limited on November 18, 2021. As on March 31, 2022, your Company is counted among one of the top 1000 companies, based on market capitalisation.

The Board of Directors of your Company at their meeting held on May 17, 2022 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/policies.

Subsidiaries, Joint Venture and Associate Companies:

As on March 31, 2022, 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 and French Restaurant Private Limited, Sri Lanka & one subsidiary viz., Gamma Island Foods Private Limited, Maldives. Apart from above, no other company have became 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, separate audited accounts of the subsidiaries, are available on the website of the Company (web link: https://www.sapphirefoods.in/investors-relation/shareholders-information).

The highlights of performance and financial position of each of the subsidiary company for the financial year ended March 31, 2022 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 to 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 the weblink https://www.sapphirefoods.in/investors-relation/policies

The Company has obtained a certificate from M/s. S R B C & Co. LLP, Statutory Auditor, for financial year ended March 31, 2022 certifying that the Company is in compliance with the Foreign Exchange Management (Non – Debt Instruments) Rules, 2019 read with notification on 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 February 11, 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 April 1, 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 National Company Law Tribunal (NCLT), Mumbai Bench on May 5, 2022.

Share Capital

Authorised Share Capital

During the financial year under review, the authorised share capital of the Company was reclassified on June 15, 2021, from Rs. 4,31,68,20,000 consisting of 18,30,90,000 Equity Shares of face value of Rs.10 each, 2,50,000 8% Compulsorily Convertible Preference Shares of face value of Rs.100 each and 68,00,000 Compulsorily Convertible Preference Shares of face value of Rs. 361.90 each TO Rs. 4,31,68,20,000 comprising of 43,16,82,000 Equity Shares of face value of Rs.10 each and subsequently the capital clause of the Memorandum of Association was amended to this effect.

Issued, Subscribed and Paid-up Share Capital

During the financial year under review, your Company has raised capital of Rs. 4742.04 million on August 5, 2021 by issuance of 91,89,789 Equity Shares of face value of Rs.10 each, fully paid-up, on preferential basis ("Preferential Allotment"), at a price of Rs.505.13 per equity share (inclusive of a share premium of Rs. 495.13 per Equity Share) to Arinjaya (Mauritius) Limited and Sapphire Foods Mauritius Limited and 1,83,682 Equity Shares of face value of Rs.10 each, fully paid-up, on preferential allotment basis, at a price of Rs.544.42 per equity share (inclusive of a share premium of Rs. 534.42 per Equity Share) to Edelweiss Alternative Investment Opportunities Trust-Edelweiss Crossover Opportunities Fund – Series II.

The Company, on September 10, 2021, has issued and allotted 13,78,661 Equity Shares of face value of Rs.10 each, fully paid-up, to the employees of the Company and its Subsidiaries, at pre-determined exercise price, pursuant to exercise of stock options granted by the Company under Sapphire Foods Employees Stock Option Plan, 2017 read with Sapphire Foods Employees Stock Option Scheme 2019 – Scheme III – Management other than CEO & Sapphire Foods Employees Stock Option Scheme 2019 – Scheme IV – CEO.

As on March 31, 2022, the issued, subscribed and paid-up capital of the Company stands at Rs. 63,54,25,410 comprising of 6,35,42,541 equity shares of Rs. 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.

Initial Public Offering

During the financial year under review, your Company has successfully completed its Initial Public Offering of Rs.20,732.53 million by way of an Offer for Sale of 17,569,941 equity shares of face value of Rs.10 each, fully paid-up, by the existing shareholders ("selling shareholders") at an Offer Price of Rs. 1,180 per equity share including share premium of Rs.1,170 per equity share.

The Initial Public Offering was opened on November 9, 2021 and closed on November 11, 2021 (both days inclusive) and it received overwhelming response from the investors. Pursuant to the Offer, 17,569,941 equity shares under the offer for sale were allotted and transferred to the respective applicants under various categories, at an offer price of Rs.1,180 per equity share, on November 16, 2021.

Subsequently, the equity shares of the Company were listed and admitted for trading on BSE Limited and National Stock Exchange of India Limited with effect from November 18, 2021.

Employee Stock Option Plan / Schemes

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 May 24, 2018 and May 30, 2018 respectively. Sapphire Foods Employees Stock Option Scheme 2019 – Scheme III – Management other than CEO ("Scheme III") and Sapphire Foods Employees Stock Option Scheme 2019 – Scheme IV – CEO ("Scheme IV") (hereinafter collectively referred 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 employee interest with shareholder's interest and wealth accumulation, the Company has granted, from time to time, stock options to the eligible employees under the said ESOP Plan / Schemes.

Pursuant to the recommendation of the Nomination and Remuneration Committee and Board of Directors, the Shareholders of the Company has amended Scheme III read with ESOP Plan on May 18, 2021, with a view to make the terms of the options in synchronization with best practices, inter-alia and to extend the benefit of Scheme III read with ESOP Plan to the eligible employees of its Subsidiary Companies. In order to bring the terms of Scheme IV read with ESOP Plan, in sync with Scheme III in relation to best practices, the Shareholders of the Company, by way of special resolution dated July 9, 2021 has amended Scheme IV read with ESOP Plan.

The Shareholders of the Company, on July 23, 2021, by way of special resolution had enhanced the limit of the existing pool to 28,39,033 options by way of addition of 8,07,784 options and subsequent amendment of ESOP Plan to this effect. Further, in terms of regulatory requirement, ESOP Plan / Schemes were amended by the Shareholders of the Company vide special resolution dated September 15, 2021, pursuant to the approval and recommendation of the Nomination and Remuneration Committee and Board of Directors, with a view to align it in accordance with the provisions of the Securities and Exchange Board of India (Share Based Employee Benefits Sweat Equity) Regulations, 2021 ('SEBI SBEB & SE Regulations').

Subsequent to the Initial Public Offering, 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 held on March 8, 2022, has passed special resolution by way of Postal Ballot on April 8, 2022 for:

- Ratification of pre-ipo ESOP Plan / Schemes in terms of Regulation 12(1) of SEBI SBEB & SE Regulations
- 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 Rs.10 each fully paid-up upon exercise of vested options.
- Approval and Institution of Sapphire Foods Employee Stock Option Scheme 2022 – Scheme III A – Management other than CEO ("Scheme IIIA") read with Sapphire Foods Employee Stock Option Plan 2017
- Approval and Institution of Sapphire Foods Employee Stock Option Scheme 2022 – Scheme IV A – CEO ("Scheme IVA") read with Sapphire Foods Employee 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 Nomination and Remuneration Committee of the Board is entrusted with the responsibility of implementation and administration of the ESOP Plan / Schemes including Scheme III A and Scheme IV A.

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 SEBI SBEB & SE Regulations are made available on the website of the Company at https://www.sapphirefoods.in/investors-relation/shareholders-information. Certificate from M/s. Alwyn Jay & Co. LLP, Secretarial Auditors of the Company, with respect to the implementation of ESOP Plan / Schemes would 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 provisions of Companies Act and SEBI SBEB & SE Regulations is furnished thereto.

Credit Rating

As at the end of the financial year March 31, 2022, your Company has been assigned rating of [ICRA] BBB+; Positive for Long Term – Term Loan and [ICRA] BBB+; Positive for Unallocated Amount – Short Term and Long Term.

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 the Chapter V of the Companies Act is not applicable. Further, during the financial year under review, the Company has not borrowed any amount from its Directors.

Management Discussion and Analysis Report

The Management Discussion and Analysis Report for the financial year under review, as prescribed under Regulation 34 of the Listing Regulations, is presented as a separate section which forms an integral part of this Annual Report.

Report on Corporate Governance:

The Company has complied with Regulation 34 read with Schedule V of the Securities and Exchange

Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. A separate report on Corporate Governance for the period under review is included at Annexure I and forms an integral part of this 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.

Business Responsibility Report

A Business Responsibility Report as per Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, detailing the various initiatives taken by your Company from the environmental, social and governance perspective, forms an integral part of this report and is appended at Annexure II.

Directors and Key Managerial Personnel:

The Board of Directors are constituted in accordance with the provisions of Companies Act, 2013 ("Companies Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 ("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 on March 31, 2022, the composition of Board of Directors of your Company is 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

During the year under review, the following changes were made in the constitution of the Board of Directors of the Company:

- The Board of Directors vide circular resolution dated April 14, 2021 accepted resignation of Mr. Niladri Mukhopadhyay (DIN: 06734203) as Non-Executive Nominee Director, representing WWD Ruby Limited, from the directorship of the Company.
- Mr. Ankur Gulati and Ms. Somwrita Biswas, Non-Executive Director, representing WWD Ruby Limited, had resigned from the directorship of the Company with effect from June 16, 2021. The Board of Directors at their meeting held on July 8, 2021 has accepted and taken on record the said resignations.
- Keeping in view the Initial Public Offering ("IPO") of the Company, the Board of Directors were reconstituted on July 22, 2021 and accordingly Mr. Sumeet Narang, Mr. Manish Mehta, Mr. Girish Bhat, Mr. Vikram Agarwal, Non-Executive Directors had resigned from the directorships of the Company, as a part of rejig exercise. Subsequently, the Board of Directors at the same meeting on July 22, 2021, pursuant to the recommendation of the Nomination and Remuneration Committee, had appointed Mr. Sumeet Narang, Mr. Manish Mehta, Mr. Girish Bhat, as Additional Directors (in the capacity of Non-Executive Nominee Director) representing Sapphire Foods Mauritius Limited ("Promoter Shareholder") and Mr. Vikram Agarwal, as Additional Director (in the capacity of Non-Executive Nominee Director), representing QSR Management Trust ("Promoter Shareholder") of the Company. The said appointments were regularized by the shareholders of the Company at their extra-ordinary general meeting held on July 23, 2021.
- The term of Whole-time Director & Group CEO, Mr. Sanjay Purohit, was set to expire on August 30, 2021. The Board of Directors and Shareholders of the Company at their meeting held on July 22, 2021 and July 23, 2021, respectively, had re-appointed Mr. Sanjay Purohit, Group CEO, as the Whole-time Director of the Company for the further term of five years on such terms and conditions including remuneration, as recommended by Nomination and Remuneration Committee and approved by the Board and Shareholders of the Company.
- Further, as a part of rejig exercise of the Board, as mentioned above, the Board of Directors on August 5, 2021, accepted resignations of Mr. Amar Raj Singh, Mr. Debobroto Das, Mr. Pranav Parikh, Mr. Tarun Khanna, Mr. Julien Kinic and Mr. Snehal Singhania from the directorships of the Company.
- Pursuant to the preferential issue of Rs. 4742.04 million on August 5, 2021, the Board of Directors, pursuant to recommendation of the Nomination and Remuneration Committee, appointed Mr. Kabir Thakur, as Additional Director (in the capacity of Non-Executive Nominee Director) representing Sapphire Foods Mauritius Limited ("Promoter Shareholder"). The said appointment was regularized by the Shareholders of the Company at their extra-ordinary general meeting held on August 6, 2021.
- In compliance with the provisions of the Companies Act and Listing Regulations and pursuant to the approval/recommendation of Nomination and Remuneration Committee and Board of Directors, Mr. Sunil Chandiramani, Ms. Anu Aggarwal and Ms. Deepa Wadhwa were appointed as Independent Directors by the Shareholders of the Company, effective August 5, 2021. Mr. Sunil Chandiramani, Independent Director, was designated as Chairperson of the Board of Directors of the Company.

- Post listing of equity shares on the bourses of BSE Limited and National Stock Exchange of India Limited, Mr. Paul Robine and Mr. Vinod Nambiar were appointed as Additional Directors (in the capacity of Non-Executive Nominee Directors) on the Board representing Sapphire Foods Mauritius Limited ("Promoter Shareholder"), on January 10, 2022. These appointments were in replacement of Mr. Manish Mehta and Mr. Girish Bhat, who had tendered resignation from the directorship positions of the Company. The said appointments of Mr. Paul Robine and Mr. Vinod Nambiar as Non-Executive Nominee Directors were regularized by the Shareholders of the Company on April 8, 2022 by way of passing resolutions through Postal Ballot conducted by the Company.

During the financial year under review, except as stated above, there were no changes in the Directorship of the Company.

Retirement by Rotation

In terms of Section 152 of the Companies Act, 2013 and Articles of Association of the Company, Mr. Kabir Thakur and Mr. Vinod Nambiar, Non-Executive Nominee Directors of the Company, retires by rotation and being eligible, offers themselves for re-appointment at the ensuing 13th Annual General Meeting of the Company.

The appointment / re-appointment is based on the performance evaluation carried out by the Board of Directors in accordance with the provisions of the Companies Act, 2013 and Listing Regulations.

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 13th Annual General Meeting.

Independent Directors

Mr. Sunil Chandiramani, Ms. Anu Aggarwal and Ms. Deepa Wadhwa, were appointed as Independent Directors of the Company, effective August 5, 2021, for a fixed term of five years from the date of their respective appointment / regularization by the shareholders. Mr. Sunil Chandiramani has been 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 2021-22, sixteen (16) 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.

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
- Stakeholder Relationship Committee
- Risk Management Committee
- Corporate Social Responsibility 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.

Familiarsiation Programme

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

The Company will conduct the Program "as needed" basis during the year and will appropriately disclose the details as per the applicable provisions of the Companies Act and Listing Regulations on the website of the Company at the weblink https://www.sapphirefoods.in/investors-relation/policies

Board Evaluation

In accordance with the provisions of Listing Regulations and Companies Act, 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 March 24, 2022, 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/policies.

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 provided herewith as Annexure III and forms part of this 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 October 15, 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 March 31, 2022 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 March 31, 2022 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 Act.

Internal Auditors

The Company had appointed M/s. Deloitte Touche Tohmatsu India LLP, Chartered Accountants, as Internal Auditors for carrying out the activities of Management Testing of Internal Financial Controls and Internal Audit of various business processes for the financial year under review.

The Company has further 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 discussed with the management and are reviewed by the Audit Committee of their Company. 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, upon recommendation of the Audit Committee, 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 March 31, 2022 received from M/s. Alwyn Jay & Co., Secretarial Auditor of the Company is annexed herewith at Annexure IV and forms an integral part of this 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 2021-22, 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

All Related Party Transactions are placed before the Audit Committee and the Board for 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 before the Audit Committee for their review on a quarterly basis.

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 (weblink: https://www.sapphirefoods.in/investors-relation/policies).

Corporate Social Responsibility

Your 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 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. 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 the weblink https://www.sapphirefoods.in/investors-relation/policies

The key areas identified by the Company includes Hunger Management and Eradication, Education and Livelihood, Health, among others. A report on CSR activities as prescribed under the Act and Rules made thereunder is annexed herewith at Annexure V.

Annual Return

Pursuant to the provisions of Section 134(3)(a) and Section 92(3) of the Companies Act, 2013, the Annual Return is placed on the Company's Website: https://www.sapphirefoods.in/investors-relation/shareholders-information

Risk Management Policy

Adequate Risk Management Framework is a necessity for the purpose of Risk Assessment and minimization/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, minimized 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.

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/policies.

Whistle Blower Policy

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. The Board of Directors, as on the date of this report, has modified the policy for extending its applicability to the vendors and suppliers of the Company.

The 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. None of the employees has been denied access to the Chairperson of the Audit Committee. A designated email id whistleblower@sapphirefoods.in has been created and disseminated through this policy to the concerned stakeholders to voice their grievances. 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/policies.

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

The company has in place an anti-sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("POSH Act"). All employees (permanent, contractual, temporary, trainees) 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 organization.

The details of the complaints received during the financial year 2021-22 are as follows:

Particulars	No. of Complaints
Complaints pending as on start of the financial year i.e. April 1, 2021	NIL
Complaints received during the financial year under review	04
Complaints disposed off during the financial year under review	03
Complaints pending as on end of the financial year i.e. March 31, 2022*	01

** The Company has received complaint on March 6, 2022. As on the date of this report, the Internal Complaints Committee has deliberated on the said complaint and disposed off the case.*

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 detail, please refer to the section of 'Business Responsibility 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.

Compliance of Secretarial Standards

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.

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 or no proceeding is pending under Insolvency and Bankruptcy Code, 2016 as at the end of the financial year March 31, 2022.

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 organization'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 unauthorized use, executing transactions with proper authorization 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 consultants carry out internal audit of the Company's 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 management and audit reports submitted by internal auditors and statutory auditors. 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, statutory auditors and external consultants, 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, 2022.

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 March 31, 2022 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
(formerly known as Sapphire Foods India Private Limited)

Mr. Sunil Chandiramani
Chairman and Independent Director
DIN 00524035

Mr. Sanjay Purohit
Whole Time Director and Group CEO
DIN 00117676

Date: May 17, 2022
Place: Mumbai

Annexure I

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 optimize shareholder 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 maximize stakeholder value, including the society at large.

Board of Directors

The Board of Directors are constituted in accordance with the provisions of Companies Act, 2013 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 Rules made thereunder ("Companies Act")and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

As on financial year ended March 31, 2022, the Board of Directors of your Company comprises of Nine (9) Directors, 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.

None of the Directors on the Company's Board are members of more than Ten (10) committees and Chairman of more than Five (5) committees (being, Audit Committee and Stakeholders' Relationship Committee) across all the companies, in which he / she is a Director, as stipulated under Companies Act and Listing Regulations. All the Directors have made necessary disclosures regarding committee positions held by them in other companies and do not hold the office of Director in more than Ten (10) public companies as on March 31, 2022. The composition of the Board is in conformity with Regulation 17 of the Listing Regulations.

Board Meetings

The Board meetings are held at least once in every quarter, inter-alia, to review 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 by giving appropriate notice in case of any business requirements. However, in 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 tabled at the meeting. The Board periodically reviews compliance certificates received from respective department 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 March 31, 2022, the composition of Board of Directors of your Company is 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, law, audit and accountancy, etc.
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.

* 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.

Mr. Vinod Nambiar and Mr. Paul Robine were appointed as Additional Directors in the capacity of Non-Executive Non-Independent Nominee Directors on January 10, 2022

During the financial year 2021-22, the Board of Directors met sixteen (16) times on April 30, 2021, June 2, 2021, June 11, 2021, July 8, 2021, July 22, 2021, August 5, 2021, August 6, 2021, September 6, 2021, September 29, 2021, October 4, 2021, October 27, 2021, November 12, 2021, November 16, 2021, January 10, 2022, February 11, 2022 and March 8, 2022 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, Number of Directorships, Membership/Chairmanship on Board Committees, etc. as on March 31, 2022, are as under:

Name of the Director	No. of Board Meetings attended during the year		Attendance at last AGM	No. of Directorships in other Public Cos.*	No. of Board Committees in which Director is a Member / Chairperson^		Shareholding as on March 31, 2022
	Held	Attended			Member	Chairperson	
Mr. Sunil Chandiramani, Chairman	10	10	-	2	1	-	NIL
Mr. Sanjay Purohit	16	15	Yes	-	-	-	9,02,778
Ms. Anu Aggarwal	10	10	-	1	-	-	NIL
Ms. Deepa Wadhwa	10	7	-	7	6	-	NIL
Mr. Sumeet Narang	16	11	Yes	1	2	1	NIL
Mr. Vikram Agarwal	16	16	Yes	-	-	-	NIL
Mr. Kabir Thakur	10	10	-	1	-	-	NIL
Mr. Vinod Nambiar	3	3	-	-	-	-	NIL
Mr. Paul Robine	3	3	-	1	-	-	NIL

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

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

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	-	-
Mr. Sanjay Purohit	-	-
Ms. Anu Aggarwal	-	-
Ms. Deepa Wadhwa	J.K. Cement Limited;	Independent Director
	JK Paper Limited;	Independent Director
	Bengal & Assam Company Ltd.;	Independent Director
	Mindtree Limited;	Independent Director
	Artemis Medicare Services Limited;	Independent Director
	NDR Auto Components Ltd.	Independent Director
Mr. Sumeet Narang	Godrej Consumer Products Limited	Independent Director
Mr. Vikram Agarwal	-	-
Mr. Kabir Thakur	-	-
Mr. Vinod Nambiar	-	-
Mr. Paul Robine	-	-

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 August 5, 2021, for a fixed term of five years from the date of their respective appointment / regularization by the shareholders. Mr. Sunil Chandiramani has been 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, 2013 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 Indepepndent Directors

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

The Company will conduct the Program "as needed" basis during the year and will appropriately disclose the details as per the applicable provisions of the Companies Act, 2013 and SEBI Listing Regulations on the website of the Company at https://www.sapphirefoods.in/investors-relation/policies

Board Evaluation

In accordance with the provisions of Listing Regulations and Companies Act, 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 evaluations 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 March 24, 2022, 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.

Seperate Meetings of Independent Directors

During the year under review, the Independent Director met once on March 24, 2022, to review the performance of Board as whole, Non-Independent Directors and Chairman considering the views of Executive and Non-Executive Directors, to assess quality, quantity effectiveness of flow of information between the Company's management and the Board.

Committees of the Board Of Directors

The Board of Directors of the Company has constituted various Committees of the Board 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
- Stakeholder Relationship Committee
- Risk Management Committee
- Corporate Social Responsibility (CSR) 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 adequately qualified Audit Committee constituted in accordance with the provisions of Companies Act, 2013 read with rules made thereunder and Listing Regulations, to the extent applicable. The Audit Committee was initially constituted on May 25, 2016. In accordance with the provisions of Listing Regulations, the Audit Committee was re-constituted on August 5, 2021 with revised terms of reference.

As on March 31, 2022, the Committee comprised of three directors out of whom two Directors are Independent Directors viz. Mr. Sunil Chandiramani, Ms. Anu Aggarwal and one Non-Executive Nominee Director viz., Mr. Vikram Agarwal. The Audit Committee is chaired by Mr. Sunil Chandiramani, Independent Director.

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 eight (8) times during the financial year (FY) 2021-22 on April 30, 2021, June 11, 2021, August 5, 2021, August 6, 2021, September 29, 2021, October 4, 2021, January 10, 2022 and February 11, 2022. 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
Sunil Chandiramani*	Committee Chairman	Independent Director	5	5
Anu Aggarwal*	Member	Independent Director	5	5
Vikram Agarwal	Member	Non-Executive Nominee Director	8	7

** Mr. Sunil Chandiramani and Ms. Anu Aggarwal were appointed as Chairman/Member of the Audit Committee on August 5, 2021*

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 utilized 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 utilization 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. The Nomination and Remuneration Committee was initially constituted on May 25, 2016. In accordance with the provisions of Listing Regulations, the Nomination and Remuneration Committee was re-constituted on August 5, 2021, with revision in terms of references.

As on March 31, 2022, 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 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.

The Nomination and Remuneration Committee has met eleven (11) times during the financial year 2021-22 on April 30, 2021, May 18, 2021, July 8, 2021, July 22, 2021, August 5, 2021, September 6, 2021 (twice), September 29, 2021, January 10, 2022, February 11, 2022 and March 8, 2022. The composition of the NRC and attendance details is prescribed as under:

Name of the Member	Designation	Category	Number of Meetings	
			Eligible	Attended
Anu Aggarwal*	Committee Chairperson	Independent Director	6	6
Deepa Wadhwa*	Member	Independent Director	6	3
Sumeet Narang*	Member	Non-Executive Nominee Director	6	6

** Ms. Anu Aggarwal, Ms. Deepa Wadhwa and Mr. Sumeet Narang were appointed as Chairperson/Member of the Nomination and Remuneration Committee on August 5, 2021*

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. Formulating criteria for evaluation of performance of independent directors and the Board of Directors;

3. Devising a policy on diversity of Board of Directors;

4. 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;

5. Extending or continuing the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;

6. Recommending to the board, all remuneration, in whatever form, payable to senior management;

7. Administering, monitoring and formulating detailed terms and conditions of the Employees Stock Option Scheme of the Company;

8. 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;

9. Performing such other functions as may be necessary or appropriate for the performance of its duties; and

10. 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.

Stakeholder Relationship Committee

The Board of Directors of the Company has constituted a Stakeholder Relationship Committee in accordance with the provisions of Companies Act, 2013 read with rules made thereunder and Listing Regulations on August 5, 2021. As at March 31, 2022, the Stakeholder Relationship Committee comprised of four Directors out of which three are Non-Executive Nominee Directors viz. Mr. Vikram Agarwal, Mr. Paul Robine 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 Stakeholder Relationship Committee has met two times during the financial year 2021-22 on November 9, 2021 and February 11, 2022. The composition of the Stakeholder Relationship Committee and attendance details is prescribed as under:

Name of the Member	Designation	Category	Number of Meetings	
			Eligible	Attended
Vikram Agarwal	Committee Chairman	Non-Executive Nominee Director	2	2
Paul Robine	Member	Non-Executive Nominee Director	1	0
Sunil Chandiramani	Member	Independent Director	2	2
Kabir Thakur	Member	Non-Executive Nominee Director	2	2

Terms of Reference

The terms of reference of Stakeholder 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, after listing of equity shares of the Company "till March 31, 2022," are as under:

Number of Investor's Complaints received during the Financial Year	328
Number of complaints resolved during the Financial Year	328
Number of complaints pending at the end of the Financial Year	-

Risk Management Committee:

In terms of the provision of Regulation 21 of Listing Regulations, the Board of Directors has constituted a Risk Management Committee on January 10, 2022. 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 Risk Management Committee has met once during the financial year 2021-22 on March 17, 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
Anu Aggarwal	Committee Chairperson	Independent Director	1	1
Vinod Nambiar	Member	Non-Executive Nominee Director	1	1
Sanjay Purohit	Member	WTD & Group CEO	1	1

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 (CSR) Committee

The Company has a duly constituted Corporate Social Responsibility (CSR) Committee, which is responsible for fulfilling the CSR objectives of the Company. The CSR Committee was initially constituted on March 7, 2018 and later re-constituted on August 5, 2021 with revised terms of reference.

As at March 31, 2022, 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 CSR Committee has met once during the financial year 2021-22 on June 11, 2021. The composition of the CSR Committee and attendance details is prescribed as under:

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

** Ms. Deepa Wadhwa and Mr. Sumeet Narang were appointed as Chairperson/Member of the Committee on August 5, 2021*

^ Mr. Vinod Nambiar was appointed as Member of the Committee on January 10, 2022.

Terms of Reference

The terms of reference of CSR 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 do such other acts, deeds and things as may be required to comply with the applicable laws; and

(e) 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.

The Board of Directors on recommendation of the CSR Committee has formulated the CSR policy of the Company. The Policy provides a broad framework with regards to implementation of CSR activities carried out by the Company in accordance with Schedule VII of the Act. 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. A report on CSR Activities as prescribed under the Act and Rules made thereunder is annexed to the Board's Report.

Operations Committee

The Operation Committee has been adequately constituted in accordance with the provisions of Companies Act, 2013 and Rules made thereunder, to the extent applicable. The Operations Committee was initially constituted on November 18, 2015 for sake of operational convenience. The Operations Committee was later re-constituted on August 5, 2021 with revised terms of reference.

As at March 31, 2022, 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.

The Operations Committee has met once during the financial year 2021-22 on November 8, 2021. The composition of the Operations Committee and attendance details is prescribed as under:

Name of the Member	Designation	Category	Number of Meetings	
			Eligible	Attended
Sanjay Purohit	Committee Chairman	WTD & Group CEO	1	1
Vikram Agarwal	Member	Non-Executive Nominee Director	1	1
Vinod Nambiar^	Member	Non-Executive Nominee Director	-	-
Kabir Thakur*	Member	Non-Executive Nominee Director	1	1

** Mr. Kabir Thakur was appointed as Member of the Committee on August 5, 2021*

^ Mr. Vinod Nambiar was appointed as Member of the Committee on January 10, 2022.

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 August 5, 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.

The IPO Committee met five (5) times during the financial year 2021-22 on August 10, 2021, October 12, 2021, October 28, 2021, November 8, 2021 and November 12, 2021. The composition of the IPO Committee and attendance details is prescribed as under:

Name of the Member	Designation	Category	Number of Meetings	
			Eligible	Attended
Sanjay Purohit	Committee Chairman	WTD & Group CEO	5	5
Vikram Agarwal	Member	Non-Executive Nominee Director	5	5
Kabir Thakur	Member	Non-Executive Nominee Director	5	5

Terms of Reference

The terms of reference of IPO Committee are as follows:

1. To decide, negotiate and finalize, in consultation with the book running lead managers appointed in relation to the Offer (the "BRLMs"), all matters regarding the Pre-IPO Placement, if any, out of the fresh issue of Equity Shares by the Company in the Offer, decided by the Board, including entering into discussions and execution of all relevant documents with Investors;

2. To decide on other matters in connection with or incidental to the Offer, including the pre-IPO placement, timing, pricing and terms of the Equity Shares, the Offer price, the price band, the size and all other terms and conditions of the Offer including the number of Equity Shares to be offered and transferred in the Offer, the bid / Offer opening and bid/Offer closing date, discount (if any), reservation, determining the anchor investor portion, issue price for anchor investors and allocating such number of Equity Shares to anchor investors in consultation with the BLRMs and in accordance with the SEBI ICDR Regulations and to do all such acts and things as may be necessary and expedient for, and incidental and ancillary to the Offer including to make any amendments, modifications, variations or alterations in relation to the Offer and to constitute such other committees of the Board, as may be required under Applicable Laws, including as provided in the SEBI Listing Regulations;

3. To make applications, seek clarifications, obtain approvals and seek exemptions from, where necessary, SEBI, the RoC and any other governmental or statutory authorities as may be required in connection with the Offer and accept on behalf of the Company such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions as may be required and wherever necessary, incorporate such modifications / amendments as may be required in the draft red herring prospectus (the "DRHP"), the red herring prospectus (the "RHP") and the Prospectus as applicable;

4. To finalize, settle, approve, adopt and file in consultation with the BRLMs where applicable, the DRHP, the RHP the Prospectus, the preliminary and final international wrap and any amendments (including dating of such documents), supplements, notices, addenda or corrigenda thereto, and take all such actions as may be necessary for the submission and filing of these documents including incorporating such alterations/corrections/ modifications as may be required by SEBI, the RoC or any other relevant governmental and statutory authorities or in accordance with Applicable Laws;

5. To appoint and enter into and terminate arrangements with the BRLMs, and appoint and enter into and terminate arrangement in consultation with the BRLMs with underwriters to the Offer, syndicate members to the Offer, brokers to the Offer, escrow collection bankers to the Offer, refund bankers to the Offer, registrars, public offer account bankers to the Offer, sponsor bank, legal advisors, auditors, independent chartered

accountants, advertising agency, registrar to the Offer, depositories, custodians, grading agency, monitoring agency, industry expert, credit rating agencies, printers, and any other agencies or persons or intermediaries whose appointment is required in relation to the Offer including any successors or replacements thereof, and to negotiate, finalise and amend the terms of their appointment, including but not limited to the execution of the mandate letter with the BRLMs and negotiation, finalization, execution and, if required, amendment or termination of the Offer agreement with the BRLMs;

6. To decide the total number of Equity Shares to be reserved for allocation to eligible categories of investors, if any, and on permitting existing shareholders to sell any Equity Shares held by them;

7. To negotiate, finalise and settle and to execute and deliver or arrange the delivery of the DRHP, the RHP, the Prospectus, Offer agreement, syndicate agreement, underwriting agreement, share escrow agreement, cash escrow and sponsor bank agreement, ad agency agreement, agreements with the registrar to the issue and all other documents, deeds, agreements and instruments whatsoever with the registrar to the Offer, legal advisors, auditors, stock exchange(s), BRLMs and any other agencies/intermediaries in connection with the Offer with the power to authorise one or more officers of the Company to execute all or any of the aforesaid documents or any amendments thereto as may be required or desirable in relation to the Offer;

8. To authorise the maintenance of a register of holders of the Equity Shares;

9. To seek, if required, the consent and/or waiver of the lenders of the Company, customers, suppliers, parties with whom the Company has entered into various commercial and other agreements, all concerned government and regulatory authorities in India or outside India, and any other consents and/or waivers that may be required in relation to the Offer or any actions connected therewith;

10. To open and operate bank accounts in terms of the escrow agreement and to authorize one or more officers of the Company to execute all documents/ deeds as may be necessary in this regard;

11. To open and operate bank accounts of the Company in terms of Section 40(3) of the Companies Act, 2013, as amended, and to authorize one or more officers of the Company to execute all documents/ deeds as may be necessary in this regard;

12. To authorize and approve incurring of expenditure and payment of fees, commissions, brokerage, remuneration and reimbursement of expenses in connection with the Offer;

13. To accept and appropriate the proceeds of the Offer in accordance with the Applicable Laws;

14. To approve code of conduct as may be considered necessary or as required under Applicable Laws, regulations or guidelines for the Board, officers of the Company and other employees of the Company;

15. To implement any corporate governance requirements that may be considered necessary by the Board or the any other committee or as may be required under the Applicable Laws, including the SEBI Listing Regulations and listing agreements to be entered into by the Company with the relevant stock exchanges, to the extent allowed under law;

16. To issue receipts/allotment letters/confirmation of allotment notes either in physical or electronic mode representing the underlying Equity Shares in the capital of the Company with such features and attributes as may be required and to provide for the tradability and free transferability thereof as per market practices and regulations, including listing on one or more stock exchanges, with power to authorize one or more officers of the Company or the Registrar to the Offer to sign all or any of the aforestated documents;

17. To authorize and approve notices, advertisements in relation to the Offer, in accordance with the SEBI ICDR Regulations and other Applicable Laws, in consultation with the relevant intermediaries appointed for the Offer;

18. To do all such acts, deeds, matters and things and execute all such other documents, etc., as may be deemed necessary or desirable for such purpose, including without limitation, to finalise the basis of allocation and to allot the shares to the successful allottees as permissible in law, issue of allotment letters/confirmation of allotment notes, share certificates in accordance with the relevant rules, in consultation with the BRLMs;

19. To do all such acts, deeds and things as may be required to dematerialise the Equity Shares and to sign and / or modify, as the case maybe, agreements and/or such other documents as may be required with the National Securities Depository Limited, the Central Depository Services (India) Limited, registrar and transfer agents and such other agencies, authorities or bodies as may be required in this connection and to authorize one or more officers of the Company to execute all or any of the afore-stated documents;

20. To make applications for listing of the Equity Shares in one or more stock exchanges for listing of the Equity Shares and to execute and to deliver or arrange the delivery of necessary documentation to the concerned stock exchanges in connection with obtaining such listing including without limitation, entering into listing agreements and affixing the common seal of the Company where necessary;

21. To settle all questions, difficulties or doubts that may arise in regard to the Offer, including such issues or allotment, terms of the IPO, utilisation of the IPO proceeds and matters incidental thereto as it may deem fit;

22. To submit undertaking/certificates or provide clarifications to the SEBI, the RoC and the relevant stock exchanges where the Equity Shares are to be listed;

23. To negotiate, finalize, settle, execute and deliver any and all other documents or instruments and to do or cause to be done any and all acts or things as the Board any other committee thereof may deem necessary, appropriate or advisable in order to carry out the purposes and intent of this

resolution or in connection with the Offer and any documents or instruments so executed and delivered or acts and things done or caused to be done by the Board or any other committee thereof shall be conclusive evidence of their authority in so doing;

24. To approve suitable policies on insider trading, whistle-blowing, risk management, and any other policies as may be required under the SEBI Listing Regulations or any other Applicable Laws;

25. To approve the list of 'group companies' of the Company, identified pursuant to the materiality policy adopted by the Board, for the purposes of disclosure in the DRHP, RHP and Prospectus;

26. To withdraw the DRHP or the RHP or to decide to not proceed with the Offer at any stage in accordance with Applicable Laws and in consultation with the BRLMs; and

27. To delegate any of its powers set out under (a) to (x) hereinabove, as may be deemed necessary and permissible under Applicable Laws to the officials of the Company.

Remuneration to Directors

Remuneration to Executive Director

Mr. Sanjay Purohit, Group CEO is designated as the Whole-time Director and was re-appointed by the Board of Directors and Shareholders of the Company on July 22, 2021 and July 23, 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 financial year 2021-22 are as under:

Sr. No.	Particulars of Remuneration*	Amount in Rs.
1.	Gross Salary	
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	3,61,15,246.00
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	36,07,31,132.00
(c)	Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-
2.	Stock Options	-
3.	Sweat Equity	-
4.	Commission	
	- as % of profit	-
	- others, specify	-
5.	Others, please specify	
	Total	39,68,46,378.00

* 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. *Perquisites and other benefits 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 July 23, 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.

Criteria of making payments to Non-Executive Directors

Non-executive Directors' including Independent Directors have higher responsibility for their meaningful engagement and participation in Board and Committee meetings and hence they should be rewarded adequately.

Your Board had appointed Independent Directors viz., Mr. Sunil Chandiramani, Ms. Anu Aggarwal and Ms. Deepa Wadhwa, with effect from August 5, 2021, as they will bring governance, transparency, independent and fair view on the Board. 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 brings their skills, expertise and experience to the Company. Hence your Board is of the view that Independent Directors should be appropriately compensated including 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, had 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 Rs.20 lakhs p.a. and Ms. Deepa Wadhwa & Ms. Anu Aggarwal shall be paid up to 15 lakhs p.a. for their services rendered to the Company. Ms. Anu Aggarwal, however, has opted for not to receive any remuneration from the Company. The aforesaid remuneration to the Independent Directors were approved by the Shareholders at their general meeting held on August 6, 2021.

The Non-Executive Non-Independent Nominee Directors, representing promoter shareholders on the Board of the Company, are not paid any remuneration by the Company.

No sitting fees is paid by your Company to any of the Directors including Independent Directors for attending meetings of the Board and its Committees.

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.

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

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 safeguard against victimization of employees or directors. In exceptional cases, there is a 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/policies

Policy on Material Subsidiary

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

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

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/policies

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/policies

Policy on Related Party Transactions

The Company has not entered into 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 (weblink: https://www.sapphirefoods.in/investors-relation/policies).

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

Policy on Dividend Distribution

In terms of Regulation 43A of Listing Regulations, it is mandatory for top 1000 listed companies based on their market capitalization (as on 31st day of every financial year), to formulate a Dividend Distribution Policy. The Company had listed its equity shares on the bourses of BSE Limited and National Stock Exchange of India Limited on November 18, 2021. As on March 31, 2022, the Company is ranked among one of the top 1000 companies, based on market capitalisation.

The Board of Directors at their meeting held on May 17, 2022 has 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 (weblink: https://www.sapphirefoods.in/investors-relation/policies).

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

The company has in place an anti-sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("POSH Act"). All employees (permanent, contractual, temporary, trainees) are covered under this policy.

The details of the complaints received during the financial year 2021-22 are as follows:

Particulars	No. of Complaints
Complaints pending as on start of the financial year i.e. April 1, 2021	NIL
Complaints received during the financial year under review	04
Complaints disposed off during the financial year under review	03
Complaints pending as on end of the financial year i.e. March 31, 2022*	01

** The Company has received complaint on 6th March, 2022. As on the date of this report, the Internal Complaints Committee has deliberated on the said complaint and disposed off.*

General Body Meetings

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

Financial Year	Date of AGM/EGM	Time of Meeting	Special Resolutions passed in the meeting	Location of the Meeting
2021-22	September 15, 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 (SBE SE) Regulations, 2021	702, Prism Tower, A Wing, Mindspace, Link Road, Goregaon (West), Mumbai – 400 062
2021-22	August 6, 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
2021-22	July 23, 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
2021-22	July 9, 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
2021-22	June 15, 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

Financial Year	Date of AGM/EGM	Time of Meeting	Special Resolutions passed in the meeting	Location of the Meeting
2021-22	June 9, 2021	03.00 P.M.	-	702, Prism Tower, A Wing, Mindspace, Link Road, Goregaon (West), Mumbai – 400 062
2021-22	May 18, 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	December 30, 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
2020-21	October 15, 2020	03.00 P.M.	-	702, Prism Tower, A Wing, Mindspace, Link Road, Goregaon (West), Mumbai – 400 062
2020-21	August 21, 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
2019-20	September 26, 2019	03.00 P.M	-	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: March 8, 2022

Date of Postal Ballot Notice: March 8, 2022

Voting Period: March 10, 2022, to April 8, 2022

Date of declaration of result: April 11, 2022

Date of Passing of Postal Ballot Resolutions: April 8, 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

Sr. No.	Name of Resolution	Type of Resolution	No. of votes	Votes cast in favor		Votes cast against	
				No. of votes	%	No. of votes	%
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.

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 Scrutinizer 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 scrutinizer then submits 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 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.

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

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 Company was listed on November 18, 2021 on the following recognized stock exchanges. The Company has paid annual listing fees for financial year 2022-23 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, September 2, 2022 at 11.30 a.m.
Financial Year	The Company follows the Financial Year starting from April 01 to March 31.
Day and Date of Book Closure	Not Applicable
Dividend Payment	Not Applicable
Ratings	[ICRA] BBB+ ; Positive
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 complied with all the applicable procedural requirements with respect to transfer, transmission and transposition of securities. An amendment effective from April 1, 2019, SEBI mandated that all the requests for effecting the transfer of securities shall not be processed unless the securities are held in dematerialized form.
Dematerialisation of Shares	As on March 31, 2022, 100% of the equity share capital of the Company was held in dematerialized 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: secretarial@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 2022-23

For the quarter ended June 30, 2022	On or before August 14, 2022
For the quarter and half year ended September 30, 2022	On or before November 14, 2022
For the quarter and nine months ended December 31, 2022	On or before February 14, 2023
For the quarter and year ended March 31, 2023	On or before May 30, 2023

Shareholding Pattern as on March 31, 2022*:

Category	No. of Shares	No. of Holders	% of holding
A. Promoter and Promoter Group			
Promoter	2,70,29,428	2	42.54
Promoter Group	55,40,502	2	8.72
B. Public			
Resident Individuals	36,45,499	63,327	5.74
HUF	79,618	1,343	0.13
Alternate Investment Funds	20,26,720	9	3.19
Mutual Funds	20,04,769	5	3.16
Foreign Portfolio Investors	91,11,568	36	14.34
Clearing Members	48,564	72	0.08
NBFC	232	1	0.00
Non-Resident Individuals (Repatriable)	47,875	535	0.08
Directors	-	-	-
Non-Resident (Non-Repatriable)	35,870	278	0.06
Other Bodies Corporates	83,10,509	171	13.08
Trusts	25,79,177	1	4.06
Insurance Companies	28,52,799	5	4.49
Others	2,29,411	3	0.33
Total	**6,35,42,541**	**65,790**	**100.00**

** PAN based*

Distribution of Shareholding*:

The distribution of shareholding as on March 31, 2022, are as follows:

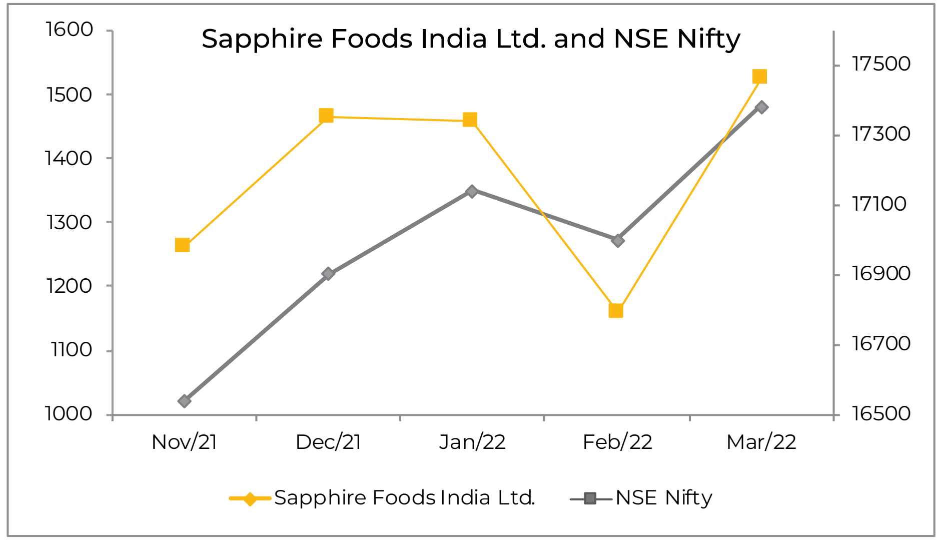
No. of shares	No. of Shareholders	% of Shareholders	No. of shares	% of Shares
1 - 500	65,529	99.1467	12,31,261	1.9377
501 - 1000	252	0.3813	1,83,160	0.2882
1001 - 2000	88	0.1331	1,25,523	0.1975
2001 - 3000	39	0.059	98,696	0.1553
3001 - 4000	15	0.0227	54,495	0.0858
4001 - 5000	20	0.0303	90,133	0.1418
5001 - 10000	35	0.053	2,50,176	0.3937
10001 - 99999999	115	0.174	6,15,09,097	96.7999
TOTAL	**66,093**	**100.00**	**6,35,42,541**	**100.00**

** Non-PAN based*

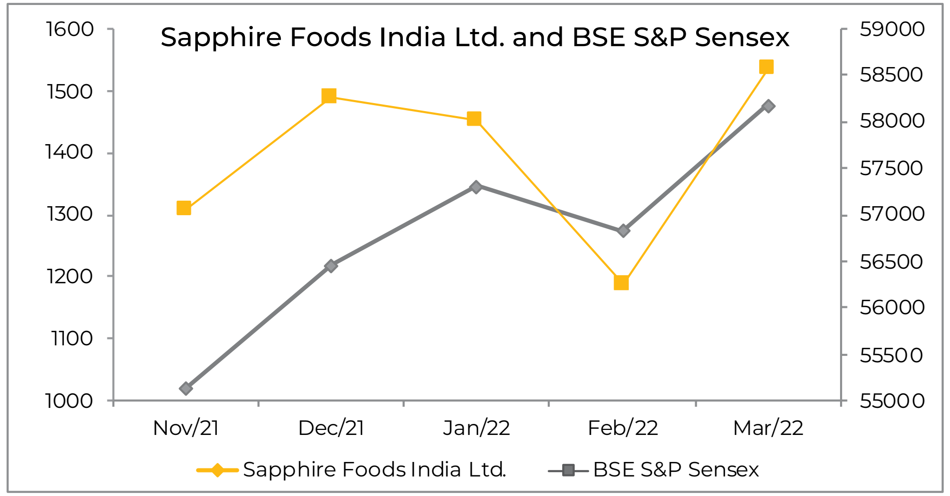
Market Price Data: High, Low during each month from date of Listing till March 31, 2022:

Month	BSE			NSE		
	High (in Rs.)	Low (in Rs.)	Volume	High (in Rs.)	Low (in Rs.)	Volume
Nov - 2021	1,383.60	973.70	12,26,437	1,380.05	974.45	161.54
Dec – 2021	1,265.45	1,000.85	4,85,838	1,264.95	1,000.10	55.84
Jan – 2022	1,490.40	1,182.60	3,49,973	1,490.00	1,185.75	41.32
Feb – 2022	1,535.00	1,240.00	2,82,853	1,540.00	1,239.15	38.50
Mar – 2022	1,497.60	1,131.45	1,48,431	1,499.00	1,131.40	21.42

Performance of the Equity Shares relative to NSE Nifty Indices during the Financial Year 2021-22



Performance of the Equity Shares relative to S&P BSE SENSEX during the Financial Year 2021-22



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 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 capital market during the last three years.

Investor and Education Protection Fund

As on March 31, 2022, 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 2021-22.

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.

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.

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.

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.

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.

Sanjay Purohit
Whole-time Director & Group CEO

Place: Mumbai
Date: May 17, 2022

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, 2022 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 quarter;
   2) That there are no significant changes in accounting policies during the quarter 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 Sapphire Foods India Limited

Sanjay Purohit
Whole Time Director & Group CEO
DIN: 00117676

Date: May 17, 2022
Place: Mumbai

For Sapphire Foods India Limited

Vijay Jain
Chief Financial Officer

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 period ended from 18th November, 2021 to 31st March, 2022, 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 : May 17, 2022

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 : F005559D000336857]

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 (W),
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, 2022** 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	31/08/2016
2	Sumeet Subhash Narang	01874599	Nominee Director	09/02/2015
3	Vikram Ranjan Agarwal	03038370	Nominee Director	09/02/2015
4	Kabir Kishin Thakur	08422362	Nominee Director	05/08/2021
5	Sunil Rewachand Chandiramani	00524035	Director	05/08/2021
6	Anu Ram Aggarwal	07301689	Director	05/08/2021
7	Deepa Gopalan Wadhwa	07862942	Director	05/08/2021
8	Vinod Nambiar	07290613	Nominee Director	10/01/2022
9	Paul Gratien Robine	07828525	Nominee Director	10/01/2022

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 : May 17, 2022

ALWYN JAY & Co.
Company Secretaries

Sd/-
[Alwyn D'Souza, FCS.5559]
[Partner]
[Certificate of Practice No.5137]
[UDIN : F005559D000336835]

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

Annexure II

Business Responsibility Report (BRR)

FY 2021-22- Sapphire Foods India Limited (SFIL)

Section A – General Information about the Company

1	Corporate Identity Number (CIN) of the company	L55204MH2009PLC197005
2	Name of the Company	Sapphire Foods India Limited (SFIL)
3	Year of Registration	2009
4	Registered Address	702, Prism Tower, A Wing, Mindspace, Link Road, Goregaon (West), Mumbai, MH 400062 IN
5	Website	www.sapphirefoods.in
6	Telephone Number	022-67522300
7	Email ID	info@sapphirefoods.in
8	Financial Year Reported	1st April 2021 to 31st March 2022
Products/Services		
9	Sector(s) that the Company is engaged in (industrial activity code-wise)	Division 56 - Food and beverage service activities
10	List three key products/services that the Company manufactures/provides (as in the balance sheet)	• KFC – Chicken, Burgers, and Beverages • Pizza Hut – Pizza, Pasta and Beverages
Operations		
11	Total number of international locations where business activity is undertaken by the Company	The Company operates in two international locations i.e. – Sri Lanka and Maldives which are operated by the subsidiaries of the Company.
12	Total number of National locations where business activity is undertaken by the Company	We have 212 Pizza hut stores in 50 cities and 263 KFC stores in 73 cities. Our registered office is in Goregaon (West), Mumbai.
13	Markets served by the Company – Local/State/ National/International	SFIL operates in India and in the international markets through its subsidiaries in Sri Lanka and Maldives.

Section B – Financial Details of the Company

	Parameter	Consolidated Financial Statements	Standalone Financial Statements
1	Paid up Capital (INR)	635,425,410	635,425,410
2	Total Turnover (INR)	17,215,719,943	13,981,541,362
3	Total Profit after Taxes (INR)	459,850,000	248,070,000
4	Total Spending on Corporate Social Responsibility (CSR) as a percentage of profit after tax (%)	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.	
5	List of activities in which expenditure in 4 above has been incurred: - a. ...b..... c...	Not Applicable	Not Applicable

Section C- Other Details

1	Does the Company have any Subsidiary Company/ Companies?	The Company has five subsidiaries as of 31st March 2022: Direct Subsidiary – • Gamma Pizzakraft (Overseas) Private Limited Indirect Subsidiaries – • Gamma Pizzakraft Private Limited • Gamma Pizzakraft (Lanka) Pvt. Ltd. • French Restaurants Pvt. Ltd. • Gamma Island Food Private Limited
2	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	Not Applicable (All the subsidiaries are excluded from the reporting boundary which is limited to company operations in India)
3	Do any other entity/entities (e.g., suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/ entities? [Less than 30%, 30-60%, More than 60%]	Currently, the suppliers/ vendors and distributors do not participate in our BR initiatives. However, some of the key principles of our business responsibility policies are included in supplier contracts. Further, the Company communicates its business responsibility policy through the company website and meetings, emails, and circulars to all relevant stakeholders.

Following is the list of Principles referred to in Section D and Section E:

Principle No.	Principles to assess compliance with Environmental, Social and Governance norms (NVG-SEE) Issued by Ministry of Corporate Affairs
Principle 1: (P1)	Businesses should conduct and govern themselves with Ethics, Transparency, and Accountability
Principle 2:(P2)	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
Principle 3: (P3)	Businesses should promote the well-being of all employees
Principle 4: (P4)	Businesses should respect the interests of, and be responsive to all stakeholders, especially those who are disadvantaged, vulnerable and, marginalized.
Principle 5: (P5)	Businesses should respect and promote human rights
Principle 6: (P6)	Businesses should respect, protect, and make efforts to restore the environment
Principle 7: (P7)	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
Principle 8: (P8)	Businesses should support inclusive growth and equitable development
Principle 9: (P9)	Businesses should engage with and provide value to their customers and consumers in a responsible manner

Section D- BR Information

1	Details of Director/Directors responsible for BR	The Board of Directors of the Company is responsible for sustainability-related initiatives at SFIL.
	Details of the Director/Directors responsible for the implementation of the BR policy/policies	
(i)	DIN Number	00117676
	Name	Sanjay Purohit
	Designation	Whole-time director and group CEO

2 Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)

	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/ policies for?	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		Yes, the policies are being formulated in consultation with all relevant stakeholders.								
3	Does the policy conform to any national/international standards?	Y	Y	Y	Y	Y	Y	Y	Y	Y
	If yes, specify? (50 words)	We implement robust policies that are globally benchmarked and aligned with industry best practices and approved by the Board.								
4	Has the policy been approved by the Board?	All policies have been approved by the Board of Directors.								
	If yes, has it been signed by MD/owner/ CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	All employee related policies are uploaded on the intranet portal of the Company for communication and implementation. Other policies are uploaded on the Company website www.sapphirefoods.in/investors-relation/policies								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		The Company communicates its policies through website, meetings, emails, and circulars to all relevant stakeholders.								
8	Does the company have an in-house structure to implement the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y

	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the company carried out an independent audit/evaluation of the working of this policy by an internal or external agency?	N	N	N	N	N	N	N	N	N

2a If the answer to S.No. 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The company has not understood the Principles	Not Applicable								
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The company does not have financial or manpower resources available for the task									
4	It is planned to be done within the next 6 months									
5	It is planned to be done within the next 1 year									
6	Any other reason (please specify)									

PART 3- GOVERNANCE RELATED TO BR

No.	Questions	Response by the Company
1	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assesses the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year	The number of meetings held for different committees is provided in the table below:

S. No.	Committees of the Board	Frequency/ Number of Meetings Held in FY 21-22
1	Audit Committee	5
2	CSR Committee	1
3	Risk Management Committee	1
4	Stakeholder Relationship Committee	4
5	Operations Committee	1
6	Nomination and Remuneration Committee	1

No.	Questions	Response by the Company
2	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently is it published?	The Company was listed on 18 November 2021 on (BSE Limited and National Stock Exchange of India Limited) and the provisions of BRR became applicable to the Company thereafter. The Company endeavors to publish its Sustainability Report and has initiated journey towards it.

Section E- Principle Wise Disclosures

Principle 1 - Businesses should conduct and govern themselves with Ethics, Transparency, and Accountability

1. **Does the policy relating to ethics, bribery, and corruption cover only the company? Yes/ No.**

   Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?

   The Company values of Excellence, Courage, Integrity, Empathy & Accountability form the bedrock of the work culture at SFIL. They shape the work environment and drive decisions, processes, and actions in the organization. We recognize the importance of laws that prohibit restraints of trade, predatory economic activities, and unfair or unethical business practices. The Code of Conduct sets forth policies and procedures regarding standards of conduct and ethical behaviour that are expected of employees. It provides guidance on identifying and reporting bribery-related practices and instances that employees may face in business dealings with customers, and suppliers. It establishes principles, procedures, and guidelines for employees to protect the business against bribery, corruption, and unethical practices.

The Whistleblower Policy enables staff and other members of SFIL to voice concerns. The policy is intended to cover issues related to financial malpractice, impropriety, fraud, procedural bypass for self-benefit, failure to comply with a legal obligation or statutes, dangers to health & safety or the environment, criminal activity, and improper conduct or unethical behavior. The policy applies to all employees and directors of Sapphire Foods India Limited.

The Company has a separate Code of Conduct for Suppliers that forms part of the supplier agreement. The policy ensures that all contractors, suppliers, and vendors commit to anti-bribery and corruption and conduct business ethically.

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

   The Company has not received any complaints in relation to ethics, bribery, and corruption. However, during the financial year, we received 327 investor complaints. These complaints were mostly in the nature of refund of application money/ non-allotment of equity shares after the IPO of the Company. 100% of these complaints were resolved by the Company at the end of the financial year as of 31 March 2022.

Principle 2 - Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks, and/or opportunities.**

   The Company offers chicken, burgers, and pizzas in the KFC and Pizza Hut restaurants. We continuously endeavor to provide quality and freshly made products in all restaurants. All restaurants uphold system-wide operating procedures and hygiene that are consistent with the global standards of KFC and Pizza Hut, with respect to product quality, taste parameters, food preparation methods, food safety, cleanliness and customer service standards. Few initiatives that showcase how we incorporate social and environmental concerns into our restaurants and products include:

   - Raw materials are sourced from suppliers who comply with the YUM global quality standards.
   - To start our journey towards renewable energy, we have installed solar panels in 3 of our KFC stores to reduce consumption of traditional electricity.
   - At all restaurants we ensure proper segregation and responsible disposal of waste.
   - We use highly efficient inverter compressors, specially designed outdoor and indoor units, and sophisticated electronics that are highly energy-efficient and reduce power consumption.

   We are considering our customer preferences and we aim to provide customers with more access to balanced food choices that meet their lifestyles.

2. **For each such product, provide the following details in respect of resource use (energy, water, raw material, etc.) per unit of product (optional):**

   (i) **Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?**

   The Company has undertaken initiatives to reduce our various energy, water, and material parameters across all our locations.

   (ii) **Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

   The Company monitors energy, gas, and water consumption daily and a record is maintained at the restaurant leve. All restaurants have an energy management system which has resulted in at least 4% energy savings.. We are switching from conventional fuels to renewable alternatives in many of our restaurants, which has resulted to a reduction in $CO2$ emissions. We also use energy-efficient equipment which reduces power consumption considerably

3. **Does the company have procedures in place for sustainable sourcing (including transportation)?**

   Yes, the Company has introduced the following provisions to procure energy-efficient and sustainable products:

   - Solar panels in 3 stores and in process of implementing the same in 12 other restaurants in India.
   - Greenguard gold certified wall cladding which is compliant with all the expected standards of VOCs, formalin, and other allied chemical constituents' emissions, is safe to use.
   - Elimination of single-use plastic in all restaurants.
   - Waste segregation and disposal to local government bodies in all restaurants.
   - Procurement of new lighting and lighting fixture of LED only.
   - Automatic switching off the light in the utility area to avoid extra consumption of power.

   To ensure sustainability in the supply chain, our supplier agreement incorporates a commitment to our Supplier Code of Conduct which covers ethically sourced materials and complying with our sustainability policies and standards with respect to the paper-based packaging, and ensures recycling, reuse, and management of waste, and others.

   (i) **If yes, what percentage of your inputs were sourced sustainably? Also, provide details thereof, in about 50 words or so.**

   Given our business operations, it is difficult to estimate the percentage of inputs sourced sustainably. T. However, all the suppliers are obligated to follow our Supplier Code of Conduct wherein they abide by all provisions relating to the impact on quality and food safety, sustainability, waste, and work environment which includes labor practices and human rights aspects. We conduct periodic reviews and audits of our vendor operations to ensure and enable the right quality standards in the materials purchased.

4. **Has the company taken any steps to procure goods and services from local and small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve the capacity and capability of local and small vendors?**

   Yes, the Company procures raw materials from MSME vendors and regional vendors. We work with local businesses and generate productive local employment by hiring talent from the vicinity of our locations to meet requirements for services like waste handling, housekeeping, and logistics.

5. **Does the company have a mechanism to recycle products and waste?**

   (i) **If yes, what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

   The Company is committed to the Swachh Bharat Abhiyan (Clean India Mission) to implement waste segregation practices. For example, dry waste (e.g., paper, plastic, metal, etc.) and wet waste (kitchen waste) are segregated at the source and responsibly discarded in accordance with applicable local regulations. Wherever possible we use recycled paper packaging ensuring the quality as per FSSAI standards. At KFC stores, discarded cooking oils are sent to authorized vendors for recycling. The Company currently does not have a process to quantify the recycling of post-consumer waste.

Principle 3 - Businesses should promote the well-being of all employees

1. **Please indicate the total number of employees.**

   The Company's workforce comprises 10,182 employees with 10,154 permanent employees and 28 contractual employees.

2. **Please indicate the total number of employees hired on a temporary/contractual/casual basis.**

   During the financial year, the Company employed 28 contractual employees.

3. **Please indicate the number of permanent women employees.**

   We have 2,849 permanent women employees working with us.

4. **Please indicate the number of permanent employees with disabilities.**

   The Company has employed 28 differently abled permanent employees. One of the restaurants is run by specially abled individuals with hearing disabilities.

5. **Do you have an employee association that is recognized by management?**

   No, we do not have any employee association.

6. **What percentage of your permanent employees are members of this recognized employee association?**

   Not Applicable. We do not have any employee association.

7. **Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, and sexual harassment in the last financial year and pending, as of the end of the financial year**

	Category	No. of complaints filed during the financial year	No. of complaints pending as of the end of the financial year
A	Child labour/ forced labour/ involuntary labour	Nil	Nil
B	Sexual harassment	4	1*
C	Discriminatory employment	Nil	Nil

*closed subsequently

8. **What percentage of your under-mentioned employees were given safety and skill up-gradation training in the last year?**

   At the store level, all employees are provided safety and skills training. At Restaurants Support Centres (RSC), the training and development needs of employees are identified based on their role and nomination by function heads.

   For corporate employees, we provide need based training in response to feedback received from employees and function heads. This year, we have conducted a series of workshops on software tools and communication skills.

We conduct Talent Edge and EnCap Program for High potential employees (HiPos) across all functions and few RSC employees who have been allocated assignments focusing on their analytical and problem-solving skills.

All store-level employees are provided access to online training modules and we track training hours on a monthly basis to enhance their functional knowledge.

At Pizza Hut and KFC we have a program - "The Internal Development Program (IDP) & Bench Planning Guide". IDP is a process that allows us to build an employee's career path within the organization, where we map, identify and develop potential leaders among current team members.

Our orientation and induction program at Pizza Hut and KFC is called "CHAMPS" which stands for Cleanliness, Hospitality, Accuracy, Maintenance, Product Quality, and Service. This induction program comprises an understanding of organizational structure and hierarchy, in-store operations, way of life, Growth Path, Value systems, Fire & Food Safety, and basic first aid knowledge. These are typically spread over 2 days in classroom sessions. Post attending this session, the employees also attend a web-based certification on Hut University (Learning Management System).

For the safety of employees, First Aid boxes are present in all stores and yearly fire safety training is provided to all employees.. Regular mock drills are also conducted at all stores.

Principle 4 - Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable, and marginalized.

1. **Has the company mapped its internal and external stakeholders? Yes/No**

   Yes, we have mapped our internal and external stakeholders. Our internal stakeholders comprise all the employees and temporary workers.The key external stakeholders include customers, investors, suppliers, local communities, NGOs, civil society, and media, Yum (licensor for KFC, Pizza Hut brands), and government authorities.

2. **Out of the above, has the company identified the disadvantaged, vulnerable, and marginalized stakeholders?**

   Yes, identification of the disadvantaged, vulnerable, and marginalized stakeholders is done according to the Corporate Social Responsibility (CSR) Policy of the company. The policy is in accordance with the provisions of Schedule VII- Section 135 of the Companies Act, 2013 and CSR Rules, thereof.

   All the CSR projects undertaken by the Company aim to improve the quality of life of the disadvantaged, vulnerable, and marginalized stakeholders.

3. **Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable, and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.**

   The Company through its CSR projects engages disadvantaged, vulnerable, and marginalized stakeholders. The projects have a special focus on areas of Hunger Management.

   We contribute a small portion of each bill that is voluntarily contributed by customers and deposited to the fund through YUM. Through this initiative, we are making an effort to contribute to world hunger relief.

   We try to promote diversity of thought and action in all our activities. We have an all-women KFC store in Mumbai and wish to celebrate many such moments of pride. Some of our restaurants are run by differently abled individuals to demonstrate our commitment to diversity and inclusion. All our restaurants are committed to our purpose & passion and share our vision.

Principle 5 - Businesses should respect and promote human rights

1. **Does the policy of the company on human rights cover only the company or extend to the Group/ Joint Ventures/ Suppliers /Contractors/NGOs/ Others?**

   The Company's human rights policy is embedded in the Code of Conduct(CoC). Our employees are treated with respect and dignity. We encourage our employees to raise any concerns they may have in relation to human rights . Under our Whistleblower Policy, a transparent mechanism has been provided to report any violation of our Code of Conduct.

   Our POSH policy enables our employees to work without fear of prejudice, gender bias and sexual harassment. We have an Internal Complaints Committee that is responsible for reviewing and investigating sexual harrasment complaints

2. **How many stakeholder complaints have been received in the past financial year and what percentage were satisfactorily resolved by the management?**

	Category	No. of complaints filed during the financial year	No. of complaints pending as of the end of the financial year
A	Child labour/ forced labour/ involuntary labour	Nil	Nil
B	Sexual harassment	4	1*
C	Discriminatory employment	Nil	Nil

*Resolved subsequently to the year end

Principle 6 - Businesses should respect, protect, and make efforts to restore the environment

1. **Does the policy related to Principle 6 cover only the company or extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/others?**

   Yes. We have our Business Responsibility Policy which extends to all stakeholders.

   At SFIL, not only do we ensure that we have happy and engaged customers and employees, but we also actively engage with the society to contribute towards broader development objectives.. In all our expressions towards society, we leave happy impressions.

   We ensure that our suppliers, vendors, and contractors follow sustainable practices. Our terms of contract with these stakeholders set an expectation of the sustainable practices to be adhered to

2. **Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.?**

   Yes. All our restaurants maintain a system of waste management where there are set procedures for certain types of waste. For instance, the used cooking oil is disposed of through authorized vendors, the e-waste generated is sold through bidding, and the other solid waste generated is collected through the respective Municipal Corporations / Third Party Vendors.

   Water and electricity are monitored,and analyzed to identify opportunities for efficiency improvements. . Water is recycled and reused in our washrooms and for cleaning purposes. We have started installing solar panels totranisiton towards clean energy. We have installed energy management systems at our facilities which has helped us save power and reduce emissions. Furthermore, inverter AC's are used in place of HVAC in a few stores. Diesel generators are well maintained and have minimal noise impacts..

3. **Does the company identify and assess potential environmental risks? Y/N.**

   Though the Company does not have a structured approach to monitoring environmental risks.

we continuously monitor and manage our environmental impacts.. Several initiatives are implemented to create a positive impact on the environment through our business operations. Going forward we will identify environment-related risks and integrate them into our operations.

4. **Does the company have any projects related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report filed?**

   No

5. **Has the Company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc. Y/N.**

   Yes. The Company has taken several environmental initiatives which showcases commitment to sustainable practices:

   1) We have initiated the installation of rooftop solar panels to provide renewable energy to nearly 15 stores which is nearly 3% of our total electricity consumption. Out of 15 stores, we have already installed and implemented solar panels in our 3 KFC stores located in T. Nagar-Chennai, Barnala-Punjab & Amritsar Haveli). Implementation is in progress at another 12 stores which we expect to be completed by September 2022. This initiative will avoid 9.81 tons of CO2 emissions each year.

   2) All air conditioners use eco-friendly gas and are certified environmentally friendly. We ensure to use moderate to high star rated air conditioners only.

   3) All diesel generators (DG's) used are soundproof with exhaust pipe left in 1.5 mtr in an open atmosphere to prevent noise pollution.

   4) We have a dedicated membrane RO system. We utilize rejected water from the RO systems in our washrooms.

   5) Most of the wall cladding materials used have a green guard label and are EN 16516 certified which ensures the highest standards of VOCs, formalin, and other allied chemical constituent's emissions. We also use discarded packaging wood materials for internal ambience.

6. **Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

   Yes.

7. **Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e., not resolved to satisfaction) as of the end of the Financial Year?**

   We have received one show-cause notice from the Punjab pollution control board (PPCB) which has been resolved during the financial year.

Principle 7 - Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

1. **Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

   Yes. Retailer Association of India (RAI) and National Restaurants Association of India (NRAI).

2. **Have you advocated/lobbied through the above associations for the advancement or improvement of the public good? Yes/No; if yes specify the broad areas (dropbox: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

   We have not directly lobbied but the association continuously takes up matters for public/industry good.

Principle 8 - Businesses should support inclusive growth and equitable development

1. **Does the company have specified programs/ initiatives/ projects in pursuit of the policy related to Principle 8? If yes details thereof.**

   Yes. As per our CSR policy, we focus on hunger management.

   Our passion to create a memorable experience for every consumer extends to the larger society as well. We provide food for underprivileged children across Maharashtra, Madhya Pradesh, Chhattisgarh, Gujarat & Delhi on an ongoing basis. During the COVID-19 pandemic, we expressed our gratitude to frontline workers such as doctors, health officials, and police officers with complimentary pizza. We invite less-privileged children to our restaurants on opening days and on special occasions such as World Down Syndrome Day. On an ongoing basis, our restaurants undertake cleanliness drives near our restaurants to build stronger community bonds and to maintain health and hygiene in the locations we operate.

2. **Are the programs/ projects undertaken through an in-house team/own foundation/ external NGO/ government structures/ any other organization?**

   Yes. The CSR projects are executed through various channels of SFIL and Yum together.

3. **Have you done any impact assessment of your initiative?**

   We have not conducted any impact assessment study.

4. **What is your company's direct contribution to community development projects – The amount in INR and the details of the projects undertaken?**

   The CSR activities that we do are partially quantifiable, and we have not recorded the same till now. Moving ahead, we plan to record the CSR data and have a quantifiable value.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words or so.**

   Yes. CSR at SFIL includes various initiatives such as: -

   - Conducting programs at restaurants for specially abled people.
   - Inviting less-privileged children to restaurants on opening days and on special occasions such as World Down Syndrome Day.
   - Providing food for the underprivileged and undertake cleanliness drives near our restaurants to build stronger community bonds.

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. However, the Company has formulated a CSR Committee.

Principle 9 - Businesses should engage with and provide value to their customers and consumers in a responsible manner

1. **What percentage of customer complaints/ consumer cases are pending as of the end of the financial year.**

   Our Pizza Hut facility had received 1,137 complaints and KFC had received 915 customer complaints. By the end of the year all customer complaints have been resolved.

Customer Complaints Received	Complaints Resolved	Complaints Pending
2,052	2,052	0

2. **Does the company display product information on the product label, over and above what is mandated as per local laws? Yes, / No/N. A. / Remarks (additional information)**

   No. The Company is complying with the local laws and regulations and printing only mandatory details as per Local regulations on packages/Label (such as):

   1. Veg/Non-Veg Logo
   2. Allergen declaration
   3. MSG Declaration
   4. Caffeine Declaration.

   Apart from that as per the new packaging and display regulation, a booklet is made available in stores for other detailed information like Nutritional information (NI), Per serve values, etc.

3. **Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising, and/or anti-competitive behavior during the last five years and pending as of the end of the financial year? If so, provide details thereof, in about 50 words or so.**

   The Company has not received any stakeholder complaints regarding unfair trade practices, irresponsible advertising, and anti competitive behaviour during the last five years.

4. **Did your company carry out any consumer survey/ consumer satisfaction trends?**

   Yes. We conduct Guest Experience Survey (GES) amongst customers through SMS link sent to them post receiving the services from our restaurants. This survey is based on customer experience in hospitality, cleaning, food and others. Further feedback given by the customer on social media is reviewed and closed as per customer satisfaction, also mystery audit is conducted to understand and improve customer experience.

Annexure III

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 March 31, 2022:**

Sr. No.	Name of the Director	Remuneration of Director for financial year 2021-22 (in Rs.)	Ratio of remuneration of each director to the median remuneration of employees for FY 2021-22
Executive Director:			
1.	Mr. Sanjay Purohit	39,68,46,378.00	2,348.26
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*	13,33,333.00	7.89
8.	Ms. Anu Aggarwal^	-	-
9.	Ms. Deepa Wadhwa*	10,00,000.00	5.92

** The remuneration payable to Mr. Sunil Chandiramani and Ms. Deepa Wadhwa for financial year 2021-22 will be paid during 2022-23*

^ Ms. Anu Aggarwal has opted not to take remuneration from the Company.

2. Percentage increase in remuneration of Director, CFO, CS or Manager if any for the financial year ending March 31, 2022:

Sr. No.	Name of the Directors and Key Managerial Personnels'	Percentage Increase in Remuneration (%)
Executive Director:		
1.	Mr. Sanjay Purohit	9.00
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	14.50
Company Secretary (CS):		
11.	Mr. Sachin Dudam	25.00

** Appointed as Independent Directors on August 5, 2021. The % increase in remuneration for FY22 is therefore not comparable*

3. Median Remuneration of Employees for FY 2021-22: **Rs.168,996/- p.a.**
4. The percentage increase in the median remuneration of employees in the financial year ending March 31, 2022: **6.5%**
5. The number of permanent employees on the rolls of the company as on March 31, 2022: **10,154 Employees as of March 2022**
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: **9.4 % in FY 2020-21**
7. Affirmation that the remuneration is as per the remuneration policy of the Company:

FORM No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2022

[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").

Subject to limitation of physical interaction and verification of records caused by COVID-19 Pandemic restrictions, 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 authorized 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, 2022** 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, 2022** 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 **for the period from 18th November, 2021 to 31st March, 2022;**

(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, for the period from 18th November, 2021 to 31st March, 2022: -

(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 **for the period from 18th November, 2021 to 31st March, 2022 as the Company got listed on National Stock Exchange of India Limited & BSE Ltd. on 18th November, 2021.**

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 at the Extra Ordinary General Meeting held on 18th May, 2021 for:

   (a) Approval of the amendments in the "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");

   (b) 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 Company;

2. The Company has obtained approval of the Shareholders of the Company at the Extra Ordinary General Meeting held on 15th June, 2021 for:

   (a) Approval of the Reclassification of the existing Authorised Share Capital of the Company from Rs. 431,68,20,000 consisting of 18,30,90,000 Equity Shares of Face Value of Rs.10 each, 2,50,000 8% Compulsorily Convertible Preference Shares of Face Value of Rs.100 each and 68,00,000 Compulsorily Convertible Preference Shares of Face Value of Rs. 361.90 each to Rs. 431,68,20,000 comprising of 43,16,82,000 Equity Shares of Rs.10 each and for consequent Alteration of Clause V of the Memorandum of Association of the Company;

   (b) Approval of the 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". Fresh

Certificate of Incorporation consequent upon the Conversion of the Company into the Public Limited Company was issued by Registrar of Companies, Mumbai, Maharashtra on 8th July, 2021;

(c) Amendment of Existing Clause I & Clause V of the Memorandum of Association of the Company;

(d) Adoption of new set of Articles of Association of the Company;

3. The Company has obtained approval of the Shareholders of the Company at the Extra Ordinary General Meeting held on 9th July, 2021 for:

(a) Approval of the amendments in the "Sapphire Foods Employee Stock Options Scheme 2019 – Scheme IV – CEO" – ("ESOP Scheme IV");

(b) Creation of charges/mortgage under Section 180(1)(a) of the Companies Act, 2013 on the immovable and movable properties of the Company, both tangible and intangible, in respect of borrowings not exceeding the overall borrowing limits fixed pursuant to Section 180(1)(c) of the Companies Act, 2013;

4. The Company has obtained approval of the Shareholders of the Company at the Extra Ordinary General Meeting held on 23rd July, 2021 for:

(a) Creation, Issue, Offer and Allotment of 91,89,789 Equity Shares of Face Value of Rs.10/- each at a premium of Rs.495.13 per share on Preferential Allotment basis to Arinjaya (Mauritius) Limited and Sapphire Foods Mauritius Limited;

(b) Creation, Issue, Offer and Allotment of 1,83,682 Equity Shares of Face Value of Rs.10/- each at a premium of Rs. 534.42 per share on Preferential Allotment basis to Edelweiss Alternate Investment Opportunities Trust – Edelweiss Crossover Opportunities Fund – Series II;

(c) Amendment of Sapphire Foods Employees Stock Option Plan, 2017 ("ESOP 2017") to create, grant, offer, issue and allot, at any time, additional 8,07,784 stock options convertible into equivalent number of equity shares of the Company;

5. Issue and allotment of 91,89,789 Equity Shares of the Company of face value of Rs.10 each fully paid up, at a price of Rs. 505.13/- per Equity Share (inclusive of securities premium of Rs. 495.13/- per equity share), on preferential allotment basis to Arinjaya (Mauritius) Limited and Sapphire Foods Mauritius Limited on 5th August, 2021.

6. Issue and allotment of 1,83,682 Equity Shares of the Company of face value of Rs.10 each fully paid up, at a price of Rs. 544.42/- per Equity Share (inclusive of securities premium of Rs. 534.42/- per equity share), on preferential allotment basis to Edelweiss Alternate Investment Opportunities Trust – Edelweiss Crossover Opportunities Fund – Series II on 5th August, 2021.

7. The Company has obtained approval of the Shareholders of the Company at the Extra Ordinary General Meeting held on 6th August, 2021 for Amendment and Adoption of new set of Articles of Association of the Company;

8. Approval of the Board of Directors of the Company at its meeting held on 6th August, 2021 was obtained to undertake an initial public offering upto 1,75,69,941 Equity Shares by way of an offer for sale (Initial Public Offer) by certain existing shareholders of the Company for such number of equity shares held by them which are eligible for offer for sale in accordance with the SEBI ICDR Regulations and at such price as may be determined in accordance with the Book Building Process under the SEBI ICDR Regulations (at par, premium or discount) and as decided by the Company in consultation with the book running lead managers to the Initial Public Offer.

9. Issue and allotment of 13,78,661 Equity Shares of the Company of face value of Rs.10 each fully paid up under Sapphire Foods Employees Stock Option Plan, 2017 on 10th September, 2021.

10. The Company has obtained approval of the Shareholders of the Company at the Annual General Meeting held on 15th September, 2021 for approve alignment of "Sapphire Foods Employee Stock Option Scheme 2019 – Scheme III –Management other than CEO" ("ESOP Scheme III") and "Sapphire Foods Employee Stock Option Scheme 2019 – Scheme IV – CEO" ("ESOP Scheme IV") read with "Sapphire Foods Employee Stock Option Plan 2017" ("ESOP 2017") in accordance with new SEBI Employee Benefits and Sweat Equity) Regulations, 2021;

11. Approval of the Board of Directors of the Company at its meeting held on 27th October, 2021 was obtained for filing Draft Red Herring Prospectus with Securities Exchange Board of India and the Stock Exchanges i.e. The National Stock Exchange of India and BSE Limited. The Company got listed on The National Stock Exchange of India and BSE Limited w.e.f. 18th November, 2021.

12. Pursuant to the application filed by the Company on 21st July, 2021, an order was passed by Reserve Bank of India, Foreign Exchange Department, Mumbai compounding the violation of Regulation 14(6)(e) of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 notified vide Notification No. FEMA 20/2000-RB dated 3rd May, 2000 pertaining to not obtaining Statutory Auditor's Certificate on an annual basis regarding the downstream investment made in an Indian Company between September, 2015 and July, 2018. The said violation was compounded by payment of a sum of Rs. 80,55,960/- with Reserve Bank of India, Foreign Exchange Department, Mumbai.

13. The Board of Directors of the Company at its meeting held on 11th February, 2022 had approved the Scheme of Merger under Sections 230 to 232 of Companies Act, 2013 by absorption of Gamma Pizzakraft Private Limited and Pizzacraft (Overseas) Private Limited with the Company and their respective shareholders.

Place : Mumbai	**ALWYN JAY & Co.**
Date : May 17, 2022	Company Secretaries

Office Address :	
Annex-103,	Sd/-
Dimple Arcade,	**[Alwyn D'Souza, FCS.5559]**
Asha Nagar,	[Partner]
Kandivali (East),	[Certificate of Practice No.5137]
Mumbai 400101.	[UDIN : F005559D000336791]

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 due to COVID-19 Pandemic restrictions 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
Date : May 17, 2022

ALWYN JAY & Co.
Company Secretaries

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

Sd/-
[Alwyn D'Souza, FCS.5559]
[Partner]
[Certificate of Practice No.5137]
[UDIN : F005559D000336791]

Annexure V

Annual Report on CSR Activities

1. Brief outline on CSR Policy of the Company:

Sapphire Foods India Limited (SFIL/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 January 22, 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 Committee at the beginning of each year. The Committee is authorized 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 Committee:

During the financial year 2021-22, the CSR Committee was re-constituted on August 5, 2021. The Composition of CSR Committee of the Board of Directors of Sapphire Foods India Limited is 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	-	-
2.	Mr. Sanjay Purohit	Member	1	1
3.	Mr. Sumeet Narang*	Member	-	-
4.	Mr. Vinod Nambiar*	Member	-	-

** Ms. Deepa Wadhwa, Mr. Sumeet Narang and Mr. Vinod Nambiar was appointed as Chairperson / Member of the Committee with effect from August 5, 2021*

3. Provide the web-link where Composition of CSR 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 Committee and Policy, and approved CSR Projects in compliance with the provisions of section 135 of the Companies Act, 2013 and the same has been placed on the website of the Company, the weblink for:

A. the Composition of CSR Committee is https://www.sapphirefoods.in/investors-relation/corporate-governance

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

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.

Mr. Sanjay Purohit
Whole Time Director & Group CEO
DIN: 00117676

Ms. Deepa Wadhwa
Independent Director & Chairperson of CSR Committee
DIN: 07862942

Place: Mumbai
Date: May 17, 2022

Financial Statements

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 2022, 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, 2022 , 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, 2022. 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, 2022, 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, 2022. 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 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 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. • Tested the arithmetical accuracy of the computation of recoverable amounts of cash generating units • 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 1,685.99 million and inter-corporate deposit (ICD) amounting to 120.00 million as at 31 March 2022 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 macroeconomic challenges currently faced by Sri Lanka on account of rising prices, 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 to support the recoverable amounts of its Investment based on value-in-use computation 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 controls related to the Company's process relating to impairment review. • Evaluated the objectivity, competency and independence of the specialist engaged by the Company and reviewed the valuation reports issued by such specialist. • 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. • 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 macroeconomic challenges faced by Sri Lanka • Assessed the disclosures made in the standalone financial statements

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, 2022 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,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, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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, 2022 has been paid / provided 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 46 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 person or entity, 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.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Vikram Mehta
Partner
Membership Number: 105938
UDIN: 22105938AJBYGB6944

Place of Signature: Mumbai
Date: May 17, 2022

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.

(a) (B) The Company has maintained proper records showing full particulars of intangible assets.

(b) All Property, Plant and Equipment have not been physically verified by the management during the year but there is a regular programme of verification of all assets once in three years. The programme for physical verification in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed 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 9 lease agreements of immovable properties as indicated below as at March 31, 2022 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.

(Rs. In million)

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 name of company
Leasehold improvements	82.53	NA	NA	3 months to 2 years	The original term has expired and these contracts are in the process of getting renewed

(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, 2022.

(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 Rs. 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:

	Loans (Rs. Million)
Aggregate amount granted/ provided during the year	
- Subsidiaries	120
Balance outstanding as at balance sheet date in respect of above cases	
- Subsidiaries	120

(b) During the year the investments made and the terms and conditions of the grant of all loans are not prejudicial to the Company's interest. During the year the Company has not provided guarantees or provided security and granted advances in the nature of loans to any company.

(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 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) 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 have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. 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, 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 (Rs. 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
Professional Tax Act	Professional Tax	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
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

(b) The dues of goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, 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 (Rs. in million)	Period	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	58.79	2011-12 to 2019-20	CIT (Appeals)
CST Act, 1956	Sales Tax	5.31	2013-14 to 2014-15	Joint Commissioner of Sales Tax
Mvat Act, 2002	Sales Tax	4.01	2013-14 to 2014-15	Joint Commissioner of Sales Tax
The Employees' State Insurance Act, 1948	ESI Act	3.79	2015 to 2019	ESIC Officer
Gujarat Vat Act	Sales Tax	3.19	2014-15 to 2017-18	Deputy Commissioner of State tax
Employees' Provident Funds and Miscellaneous Provisions Act, 1952	EPF Act	1.17	2014-15	Provident Fund officer
The Employees' State Insurance Act, 1948	ESI Act	0.86	01-07-2017 to 01-01-2020	Provident Fund officer
Madhya Pradesh VAT	Sales Tax	0.49	2016-17	Assistant Commissioner
Madhya Pradesh Entry Tax	Sales Tax	0.22	2015-16	Commercial Tax Officer
Professional Tax Act	Professional Tax Act	0.15	FY-20-21 & FY-21-22	Professional Tax Officer
Entry Tax	Sales Tax	0.13	2015-16 to 2016-17	Assistant Commissioner
Professional Tax Act	Professional Tax Act	0.10	FY-15-16 to till date	Professional Tax Officer
Employees' Provident Funds and Miscellaneous Provisions Act, 1952	EPF Act	0.06	2000-2008 & 2010-2014	Provident Fund officer

*Net of amounts paid under protest.

(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, joint ventures or associate companies. Hence, the requirement to report on clause (ix)(f) of the Order is not applicable to the Company.

(x) (a) Monies raised during the year by the Company by way of initial public offer (IPO) were applied for the purpose for which they were raised except for funds held in escrow account which are yet to be paid to the selling shareholders on account of IPO expenses. Considering the monies raised by way of IPO was an offer for sale and held in escrow on behalf of the shareholders, reporting regarding the maximum amount of idle/surplus funds under this clause is not applicable.

(b) The Company has complied with provisions of sections 42 and 62 of the Companies Act, 2013 in respect of the private placement of shares during the year. The funds raised, have been used for the purposes for which the funds were raised.

(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) 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.

(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.

(b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtained a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

(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.

(d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.

(xvii) The Company has not incurred cash losses in the current 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 47 to the financial statements, ageing and expected dates of realization 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) (a) The provisions of Section 135 to the Companies Act, 2013 in relation to Corporate Social Responsibility is not applicable to the Company. 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: 22105938AJBYGB6944

Place of Signature: Mumbai
Date: May 17, 2022

Annexure 2 to the Independent Auditor's Report of even date on the financial statements of Sapphire Foods India Limited

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, 2022 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 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, 2022, 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: 22105938AJBYGB6944

Place of Signature: Mumbai
Date: May 17, 2022

Standalone Balance Sheet as at March 31, 2022

(Rs. in million)

Particulars	Note	As at March 31, 2022	As at March 31, 2021
ASSETS			
Non-current assets			
Property, Plant and Equipment	3	4,741.99	3,192.17
Capital work-in-progress	3	265.18	160.21
Goodwill	4	1,058.61	1,058.61
Other Intangible assets	4	307.22	212.02
Right of use assets	42	5,784.45	4,247.23
Intangible assets under development	4	4.76	91.40
Financial assets			
i) Investment in subsidiary	5	1,685.85	1,605.95
ii) Other financial assets	5	1,213.31	703.96
Other non-current assets	6	313.78	139.46
Income tax assets (net)		48.93	29.34
Total non-current assets		**15,424.08**	**11,440.35**
Current assets			
Inventories	7	489.37	331.44
Financial assets			
i) Investments	5	1,525.22	267.41
ii) Trade receivables	8	118.35	59.84
iii) Cash and cash equivalents	9	342.34	311.85
iv) Bank balances other than cash and cash equivalents	10	1,954.20	49.47
v) Other financial assets	5	861.21	29.78
Other current assets	11	86.16	51.44
Total current assets		**5,376.85**	**1,101.23**
Total Assets		**20,800.93**	**12,541.58**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	12	635.43	527.90
Other equity	13	9,780.88	4,621.26
Total equity		**10,416.31**	**5,149.16**
Liabilities			
Non-current liabilities			
Financial liabilities			
i) Borrowings	14	377.73	408.16
ii) Lease Liabilities	16	6,005.89	4,400.35
Long term provisions	20	76.34	60.33
Total non-current liabilities		**6,459.96**	**4,868.84**
Current liabilities			
Financial liabilities			
i) Borrowings	14	166.51	208.78
ii) Lease Liabilities	16	707.78	681.94
iii) Trade payables	17		
(a) total outstanding dues of micro enterprises and small enterprises		35.06	15.07
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		1,623.30	1,114.17
iv) Other financial liabilities	18	1,172.21	327.72
Other current liabilities	19	165.53	125.57
Short term provisions	20	54.27	50.33
Total current liabilities		**3,924.66**	**2,523.58**
Total Equity and Liabilities		**20,800.93**	**12,541.58**

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

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 17, 2022

Place: Mumbai
Date: May 17, 2022

Standalone Statement of Profit and Loss for the year ended March 31, 2022

(Rs. in million)

Particulars	Note	Year ended March 31, 2022	Year ended March 31, 2021
Income			
Revenue from operations	21	13,981.54	8,051.74
Other income	22	340.93	532.45
Total income		**14,322.47**	**8,584.19**
Expenses			
Cost of materials consumed	23	4,189.06	2,425.02
Employee benefits expense	24	2,116.83	1,483.90
Finance costs	25	667.33	657.12
Depreciation, impairment and amortization expense	26	1,801.48	1,744.53
Other expenses	27	5,299.70	3,240.64
Total expenses		**14,074.40**	**9,551.21**
Profit/ (loss) before tax		**248.07**	**(967.02)**
Tax expense			
Current tax	15	-	-
Deferred tax	15	-	-
Profit/ (loss) for the year after tax		**248.07**	**(967.02)**
Other comprehensive loss			
Items that will not be reclassified to profit or loss in subsequent periods			
Remeasurements losses of net defined benefit plan		(16.25)	(10.25)
Tax effect on remeasurements losses of net defined benefit plan	15	-	-
Other comprehensive loss for the year, net of tax		**(16.25)**	**(10.25)**
Total comprehensive income/ (loss) for the year, net of tax		**231.82**	**(977.27)**
Earnings per equity share of Rs. 10 each:			
Basic earnings per share (Rs.)	28	4.16	(18.70)
Diluted earnings per share (Rs.)		4.12	(18.70)

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

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 17, 2022

Place: Mumbai
Date: May 17, 2022

Standalone Statement of Cash Flows for the year ended March 31, 2022

(Rs. in million)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Cash flow from operating activities		
Profit/ (loss) before tax	**248.07**	**(967.02)**
Adjustments for:		
Depreciation, impairment and amortisation expense	1,801.48	1,744.53
Finance cost	667.33	657.12
Interest income	(105.20)	(56.67)
Rental waiver due to COVID	(131.67)	(412.47)
Share based payment expense	383.43	146.24
Provision for slow moving inventories	7.02	4.08
Provision for doubtful deposits	4.05	19.04
Provision for doubtful debts written back (net of bad debts written off)	-	(3.58)
Gain on fair value/sale of mutual funds	(74.23)	(9.83)
Gain on sale/ discard of property, plant and equipment	(4.42)	(0.41)
Gain on termination of lease contract	(25.11)	(49.50)
Operating profit before working capital changes	**2,770.75**	**1,071.53**
Changes in Working Capital		
Increase in Trade Payables	529.12	104.68
Increase in Other liabilities	578.76	20.50
Increase in Provisions	3.71	2.32
Increase in Inventories	(164.95)	(7.76)
Increase in Trade and Other Receivables	(62.56)	(16.77)
Increase in Financial assets	(1,190.32)	(27.15)
(Increase)/ Decrease in Other assets	(47.92)	9.01
Cash generated from operations	**2,416.59**	**1,156.36**
Income tax paid (net of refund)	(19.59)	(5.33)
Net Cash from Operating Activities (A)	**2,397.00**	**1,151.03**
Cash flow from investing activities		
Purchase of property, plant and equipment and other intangible assets	(2,466.26)	(617.48)
Proceeds from Sale of property, plant and equipment	7.65	3.02
Investment in subsidiary	(75.50)	(42.53)
Inter corporate deposit placed with Subsidiary	(120.00)	-
Repayment of inter corporate deposit given to Subsidiary	19.00	-
Purchase of current investments	(6,566.79)	(642.34)
Proceeds from sale of current Investments	5,383.21	539.97
Interest received	8.10	6.55
Fixed deposits with banks (placed)/ realised	(1,975.56)	47.73
Net cash used in investing activities (B)	**(5,786.15)**	**(705.08)**

Standalone Statement of Cash Flows for the year ended March 31, 2022

(Rs. in million)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
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	443.82
Proceeds from long-term borrowings	266.64	627.46
Repayment of borrowings	(339.79)	(521.25)
Payment of principal portion of lease liabilities	(531.30)	(193.99)
Interest paid on lease liabilities	(581.85)	(553.73)
Finance cost paid	(84.11)	(104.42)
Net cash generated from/ (used in) financing activities (C)	**3,419.64**	**(302.11)**
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	**30.49**	**143.83**
Cash and cash equivalents at the beginning of the year	311.85	168.01
Cash and cash equivalents at the end of the year	342.34	311.85
Cash and cash equivalents comprise (refer note 9)		
Balances with banks		
In current accounts	298.63	278.37
Term deposits with maturity of less than 3 months	-	0.12
Cash on hand	43.71	33.36
Total cash and cash equivalents at the end of the year	**342.34**	**311.85**

Note :

i. Significant non-cash movement in financing activities includes lease liabilities arising due to implementation of Ind AS 116 amounting to Rs 2,406.64 million (March 31, 2021 Rs 886.23 million) (Refer Note 42).

ii. The above cash flow excludes the proceeds received in the share escrow account amounting to Rs 20,732.52 million on account of Offer for Sale made by the selling shareholders. Book running lead manager disbursed Rs 20,191.54 (Net of issue expenses) to its selling shareholders and the remaining funds amounting to Rs 540.98 million which are yet to be paid to the selling shareholders on account of IPO expenses is 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 17, 2022

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 17, 2022

Standalone Statement of Changes in Equity for the year ended March 31, 2022

A. Equity share capital

Particulars	Note	As at March 31, 2022		As at March 31, 2021	
		No. of shares	Amount (Rs. in million)	No. of shares	Amount (Rs. in million)
Balance at the beginning of the year		5,27,90,409	527.90	5,02,43,968	502.44
Add: Shares issued during the year	12	1,07,52,132	107.53	25,46,441	25.46
Balance as at the end of the year		**6,35,42,541**	**635.43**	**5,27,90,409**	**527.90**

B. Other equity

For the year ended March 31, 2022

(Rs. 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	-	-	248.07	-	248.07
Other comprehensive loss for the year	-	-	(16.25)	-	(16.25)
Balance as at March 31, 2022	**356.10**	**14,305.02**	**(4,936.32)**	**56.09**	**9,780.89**

Standalone Statement of Changes in Equity for the year ended March 31, 2022

For the year ended March 31, 2021

(Rs. in million)

Particulars	Reserves and surplus			Share based payment reserve	Total
	Capital reserve	Securities premium	Retained earnings		
Balance as at April 01, 2020	**356.10**	**8,766.11**	**(4,190.87)**	**111.05**	**5,042.39**
Issue of Share Capital	-	418.77	-	-	418.77
Exercise of stock options		62.21		(62.21)	-
Share issue related expenses		(0.41)			(0.41)
Recognition of share based payment	-	-	-	137.78	137.78
Loss for the year	-	-	(967.02)	-	(967.02)
Other comprehensive loss for the year	-	-	(10.25)	-	(10.25)
Balance as at March 31, 2021	**356.10**	**9,246.68**	**(5,168.14)**	**186.62**	**4,621.26**

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 17, 2022

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 17, 2022

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 17 May 2022.

2. Significant accounting policies

2.1 Basis of preparation

The Financial statements of the Company as at and for the year ended March 31, 2022 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. The company has adopted the Revised Schedule III as issued by MCA and

accordingly numbers of comparative period has been reclassed as required. Considering the reclassification is not significant, a third balance sheet has not been given.

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 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 new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized 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 recognized 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 recognized at its fair value. Transaction costs directly attributable to the acquisition or issue of financial instruments are recognized 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. 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 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 (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 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
- 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

Notes to the standalone financial statements for the year ended March 31, 2022

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 amortized cost**

After initial recognition, financial liabilities are subsequently measured at amortized 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 recognized 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 recognized 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 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 fair value of the consideration received or receivable, taking into account contractually defined terms of payment 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 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 point in time 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 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 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.

Income from sale of service

Revenue from sale of services is recognized 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) when the service is performed.

Incentive

The Company is eligible for certain benefits basis the development agreement with franchisor. These benefits are recognised 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 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 that 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:

- 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:

Notes to the standalone financial statements for the year ended March 31, 2022

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 or estimated useful life whichever is shorter

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 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.

- Stores and Buildings - 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 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 recognize 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 recognized 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 recognized in Other Income (Note 22) and corresponding impact has been recognized 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 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.

Notes to the standalone financial statements for the year ended March 31, 2022

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. Compulsorily Convertible Preference Shares (CCPSs)

Convertible preference shares are separated into liability and equity components based on the terms of the contract.

On issuance of the convertible preference shares, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity since conversion option meets Ind AS 32 criteria for fixed-to-fixed classification.

Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible preference shares based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

m. 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 recognized 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 recognized as an asset, if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

n. 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 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 utilized 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.

o. 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.

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.

p. 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.

q. 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.

r. 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.

s. 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.

t. 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.

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.

u. 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.

v. 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.

w. 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.

x. Recent accounting pronouncements

The Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements.

3 Property, Plant and Equipment and Capital work-in-progress

i) Property, Plant and Equipment

Particulars	Plant and machinery	Furniture and fixtures	Vehicles	Office equipments	Computers	Leasehold improvements	Total
Gross Carrying Amount							
Balance as at April 01, 2020	2,178.81	209.43	41.98	134.43	317.45	2,521.91	5,404.01
Additions	215.12	16.28	2.14	12.88	73.86	206.71	526.99
Disposals	(69.21)	(7.76)	(0.83)	(1.69)	(1.14)	(71.09)	(151.72)
Balance as at March 31, 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)
Balance as at March 31, 2022	3,139.87	269.06	62.33	192.55	573.10	3,658.59	7,895.50
Accumulated depreciation							
Balance as at April 01, 2020	579.72	79.45	20.85	73.72	153.69	992.84	1,900.27
Depreciation for the year	213.43	27.98	3.60	22.98	82.97	339.59	690.55
Disposals	(67.09)	(7.48)	(0.77)	(1.60)	(1.14)	(71.03)	(149.11)
Balance as at March 31, 2021	726.06	99.95	23.68	95.10	235.52	1,261.40	2,441.71
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)
Balance as at March 31, 2022	757.75	112.18	26.06	113.57	334.15	1,664.40	3,008.11
Accumulated impairment							
Balance as at April 01, 2020	-	-	-	-	-	-	-
Impairment loss for the year	133.92	1.01	0.48	0.46	1.43	8.10	145.40

3 Property, Plant and Equipment and Capital work-in-progress (contd.)

Particulars	Plant and machinery	Furniture and fixtures	Vehicles	Office equipments	Computers	Leasehold improvements	Total
Balance as at March 31, 2021	133.92	1.01	0.48	0.46	1.43	8.10	145.40
Impairment loss for the year	-	-	-	-	-	-	-
Balance as at March 31, 2022	133.92	1.01	0.48	0.46	1.43	8.10	145.40
Net Carrying Amount							
Balance as at March 31, 2022	2,248.20	155.87	35.79	78.52	237.52	1,986.09	4,741.99
Balance as at March 31, 2021	1,464.74	116.99	19.13	50.06	153.22	1,388.03	3,192.17
ii) Capital work-in-progress*							
Balance as at March 31, 2022							265.18
Balance as at March 31, 2021							160.21

* Capital work-in-progress represents expenditure for stores under construction.

Note:

a) Ageing for capital work-in-progress

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, 2022	260.30	2.17	0.84	1.87	265.18
Projects in progress	March 31, 2021	133.07	23.04	1.60	2.50	160.21

* 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. Also there are no projects as on each reporting period which has exceeded cost as compared to its original plan or where completion is overdue.

3 Property, Plant and Equipment and Capital work-in-progress (contd.)

c) The impairment for the year ended March 31, 2022 is Nil (March 31, 2021: 145.40 million) has been included in "Depreciation, impairment and amortisation expenses" in the statement of profit and loss (Note 26).

4 Intangible assets and Intangible assets under development

i) Intangible assets

Particulars	Computer Softwares	License fees	Franchisee fees	Total	Goodwill
Gross Carrying Amount Balance as at April 01, 2020	123.33	31.93	358.51	513.77	1,835.22
Additions	1.53	6.16	4.28	11.97	-
Disposals	(1.52)	(1.14)	(5.42)	(8.08)	-
Balance as at March 31, 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)	-
Balance as at March 31, 2022	155.37	168.33	376.11	699.81	1,835.22
Accumulated amortisation Balance as at April 01, 2020	98.80	10.73	132.62	242.15	-
Charge for the year	20.20	10.95	40.42	71.57	-
Disposals	(1.52)	(1.14)	(5.42)	(8.08)	-
Balance as at March 31, 2021	117.48	20.54	167.62	305.64	-
Charge for the year	11.03	36.56	39.39	86.99	-
Disposals	(0.04)	-	-	(0.04)	-
Balance as at March 31, 2022	128.47	57.10	207.01	392.59	-
Accumulated impairment Balance as at April 01, 2020	-	-	-	-	776.61
Impairment loss for the year	-	-	-	-	-
Balance as at March 31, 2021	-	-	-	-	776.61
Impairment loss for the year	-	-	-	-	-

4 Intangible assets and Intangible assets under development (contd.)

Particulars	Computer Softwares	License fees	Franchisee fees	Total	Goodwill
Balance as at March 31, 2022	-	-	-	-	776.61
Net Carrying Amount					
Balance as at March 31, 2022	26.90	111.23	169.10	307.22	1,058.61
Balance as at March 31, 2021	5.86	16.41	189.75	212.02	1,058.61
ii) Intangible assets under development					
Balance as at March 31, 2022				4.76	
Balance as at March 31, 2021				91.40	

Note:

a) Ageing for Intangible assets under development

Particulars	Less than 1	1-2 years	2-3 years	More than 3	Total
Projects in progress (As At March 31, 2022)	4.76	-	-	-	4.76
Projects in progress (As At March 31, 2021)	60.90	30.50	-	-	91.40

b) There are no projects as on each reporting period where activity had been suspended. Further, there are no projects as at each reporting year which has exceeded cost as compared to its original plan or where completion is overdue.

5 Financial assets

i) Investments

(Rs. in million)

Particulars	As at March 31, 2022	As at March 31, 2021
a) Investments in subsidiary measured at Cost - Unquoted equity shares		
1,88,61,538 (March 31, 2021: 1,82,85,169) Equity shares of Rs. 10 each fully paid-up in Gamma Pizzakraft (Overseas) Private Limited (refer note 47)	1,681.45	1,605.95
b) Quoted mutual fund		
Investment in Mutual Fund measured at fair value through profit or loss (FVTPL) (Refer below note)	1,525.22	267.41
c) Others		
Deemed Investment in subsidiaries (share based payment) (refer note 36)	4.40	-
Total investments	**3,211.07**	**1,873.36**
Current	1,525.22	267.41
Non-current	1,685.85	1,605.95

Note: Investment in quoted mutual fund *

Particulars	As at March 31, 2022		As at March 31, 2021	
	Number of unit	Amount (Rs. In million)	Number of unit	Amount (Rs. In million)
Aditya Birla Sun Life Floating Rate Fund- Regular Plan-Growth	12,90,325.14	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	-	-

5 Financial assets (contd.)

Particulars	As at March 31, 2022		As at March 31, 2021	
	Number of unit	Amount (Rs. In million)	Number of unit	Amount (Rs. In million)
L&T Liquid Fund - Direct Plan -Growth	18,311.94	53.38	-	-
Nippon India Floating Rate Fund- Direct Plan Growth Plan - Growth Option	81,40,175.42	307.25	-	-
Axis Overnight Fund- Direct	89,281.44	100.34	-	-
HDFC Overnight Fund - Direct Plan - Growth Option	-	-	4,202.84	12.85
ICICI Overnight Fund – Direct Plan – Growth Option	-	-	13,78,174.33	152.95
ICICI Liquid Fund – Direct Plan – Growth Option	-	-	3,33,418.09	101.61
Total		**1,525.22**		**267.41**

* Investments in mutual funds have been fair valued at closing net asset value (NAV).

ii) Other financial assets (unsecured)

(Rs. In million)

Particulars	As at March 31, 2022	As at March 31, 2021
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 47)		
-Subsidiary	120.00	-
Margin money/ deposits with banks (placed as security with government body and banks) (refer note c below)	156.24	85.42
Security Deposits		
Considered good	558.87	618.55
Credit impaired	26.89	22.83
Less: Allowance for expected credit losses	(26.89)	(22.83)

5 Financial assets (contd.)

(Rs. In million)

Particulars	As at March 31, 2022	As at March 31, 2021
Total Non-current financial assets	**1,213.31**	**703.96**
Current		
Inter Corporate Deposit placed with related party (Refer note a below and note 36 and 47)		
-Subsidiary	-	19.00
Security Deposits		
Considered good	158.05	2.65
Margin money with banks (for IPO escrow account) (refer note e below)	540.98	-
Share issue expenses (Receivable from shareholders - Unbilled) (Refer note b below)	-	3.39
Interest accrued on fixed deposits and loan		
- Related party (Note 36)	2.70	0.19
- Others	43.98	1.43
Other receivables (Considered good)		
- Related party (Note 36) (Refer note d below)	2.83	-
- Unbilled (Refer note g below)	99.96	-
- Others	12.71	3.12
Total current financial assets	**861.21**	**29.78**

Note:

a) Loan to subsidiary carries an interest rate of 12% p.a. and is given for a period of 2 years for business purposes and does not include interest receivable of Rs 2.70 million which is included above as ''interest accrued on fixed deposits and loan'' (Mar 2021 : Rs 0.19 million).

b) The Company has incurred share issue expenses in connection with proposed public offer of equity shares for various services received for Initial Public Offering (IPO). As per the Offer Agreement entered between the Company and the selling shareholders namely WWD Ruby Limited, Amethyst Private Limited, Aparajita Jethy Ahuja (Trustee of AAJV Investment Trust), Edelweiss Crossover Opportunities Fund - Series I, Edelweiss Crossover Opportunities Fund - Series II, shall reimburse the share issue expenses in proportion to the

5 Financial assets (contd.)

respective shares offered for sale. Accordingly, during the year ended March 31, 2022, Company has recovered the expenses incurred in connection with the Issue on completion of IPO and as at the year ended March 31, 2021 the same has been disclosed under the head "Other financial assets - Share issue expenses (Receivable from shareholders - Unbilled)"

c) Amount includes Rs 75.27 million as at March 31, 2022 (March 31, 2021: 50.27 million) is restricted balance in current account and hence, restricted from current use of the Company.

d) These are receivable towards sales 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.

e) This money is held in escrow account towards IPO related expenses and will be settled as and when invoices are raised by vendors.

f) Movements in allowance for credit losses of receivables is as below:

(Rs. In million)

Particulars	As at March 31, 2022	As at March 31, 2021
Balance as at the beginning of the year	22.83	7.45
Charge during the year	4.06	19.04
Utilised during the year	-	(3.66)
Balance at the end of the year	**26.89**	**22.83**

For explanation on the credit risk management process, refer Note 39 (b)

g) 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.

6 Other non-current assets (unsecured)

(Rs. In million)

Particulars	As at March 31, 2022	As at March 31, 2021
Capital advances		
Considered good	211.71	50.59
Considered doubtful	28.66	28.66
Less : Allowance for doubtful balances	(28.66)	(28.66)
	211.71	50.59
Balances with government authorities		
Considered good	102.07	88.87
Considered doubtful	23.97	26.90
Less: Allowance for doubtful balances	(23.97)	(26.90)
	102.07	88.87
Total other non-current assets	**313.78**	**139.46**

7 Inventories

(Rs. In million)

Particulars	As at March 31, 2022	As at March 31, 2021
(At lower of cost or net realisable value)		
Raw materials	374.29	226.42
Packing materials	68.28	37.36
Small wares, cleaning, uniform and operating supplies	49.62	41.99
Less : Provision for slow moving inventories	(7.02)	(4.08)
Goods in transit of raw materials	4.20	29.75
Total inventories	**489.37**	**331.44**

Notes to the standalone financial statements for the year ended March 31, 2022

8 Trade receivables

(Rs. In million)

Particulars	As at March 31, 2022	As at March 31, 2021
Unsecured, considered good	118.35	59.84
Unsecured, credit impaired	0.10	0.10
	118.45	59.94
Less : Allowance for expected credit losses	(0.10)	(0.10)
Total trade receivables	**118.35**	**59.84**

Movements in allowance for credit losses of receivables is as below:

(Rs. In million)

Particulars	As at March 31, 2022	As at March 31, 2021
Balance as at the beginning of the year	0.10	3.98
Charge/(release) during the year	-	(3.88)
Balance at the end of the year	**0.10**	**0.10**

Ageing as on March 31, 2022

(Rs. In million)

Particulars	Outstanding for following periods from due date of payment				
	Unbilled	Not due	Less than 6 months	6 months to 1 year	Total
Undisputed Trade receivables – considered good	-	106.69	11.65	-	118.35
Undisputed Trade Receivables – credit impaired	-	-	0.10	-	0.10
Disputed Trade receivables – considered good	-	-	-	-	-
Disputed Trade Receivables – credit impaired	-	-	-	-	-
Total	**-**	**106.69**	**11.75**	**-**	**118.45**

8 Trade receivables (contd.)

No amount is due which fall under the category of 1 to 2 year, 2 to 3 year and more than 3 year

Ageing as on March 31, 2021

(Rs. In million)

Particulars	Outstanding for following periods from due date of payment				
	Unbilled	Not due	Less than 6 months	6 months to 1 year	Total
Undisputed Trade receivables – considered good	-	58.85	0.99	-	59.84
Undisputed Trade Receivables – credit impaired	-	-	0.10	-	0.10
Disputed Trade receivables – considered good	-	-	-	-	-
Disputed Trade Receivables – credit impaired	-	-	-	-	-
Total	**-**	**58.85**	**1.09**	**-**	**59.94**

No amount is due which fall under the category of 1 to 2 year, 2 to 3 year and more than 3 year

Trade Receivables are non interest bearing and are generally on terms of 7 - 30 days

For explanation on the credit risk management process, refer Note 39 (b)

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.

9 Cash and cash equivalents

(Rs. In million)

Particulars	As at March 31, 2022	As at March 31, 2021
Balances with banks		
In current accounts	298.63	278.37
Cash on hand	43.71	33.36
Term deposits with original maturity of less than three months	-	0.12
Total cash and cash equivalents	**342.34**	**311.85**

10 Bank balances other than cash and cash equivalents

(Rs. In million)

Particulars	As at March 31, 2022	As at March 31, 2021
Term deposits with original maturity more than 3 months but less than 12 months	1,954.20	49.47
Total bank balances other than cash and cash equivalents	**1,954.20**	**49.47**

11 Other current assets (unsecured)

(Rs. In million)

Particulars	As at March 31, 2022	As at March 31, 2021
Prepaid expenses	51.94	26.36
Advances to suppliers:		
Considered good	30.63	22.14
Considered doubtful	0.77	0.77
Less : Allowance for doubtful balances	(0.77)	(0.77)
	30.63	22.14
Employee advances	3.59	2.94
Total other current assets	**86.16**	**51.44**

12 Share capital

(Rs. In million)

Particulars	As at March 31, 2022	As at March 31, 2021
a. Authorised shares:		
43,16,82,000 (March 31, 2021: 18,30,90,000) Equity shares of Rs.10 each	4,316.82	1,830.90
Nil (March 31, 2021: 2,50,000) 8% Compulsorily convertible preference Shares of Rs.100 each	-	25.00
Nil (March 31, 2021: 68,00,000) 0.001% Compulsorily convertible preference Shares of Rs. 361.90 each	-	2,460.92
	4,316.82	**4,316.82**

12 Share capital (contd.)

(Rs. In million)

Particulars	As at March 31, 2022	As at March 31, 2021
b. Issued, subscribed and fully paid-up shares:		
6,35,42,541 (March 31, 2021: 5,27,90,409) Equity shares of Rs.10 each fully paid up	635.43	527.90
	635.43	**527.90**
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	5,27,90,409	5,02,43,968
Issued during the year (Note h)	1,07,52,132	25,46,441
Outstanding at the end of the year	**6,35,42,541**	**5,27,90,409**

d. Rights, preferences and restrictions attached to equity shares

The Company has one class of equity share having par value of Rs. 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

(Rs. In million)

Particulars	As at March 31, 2022		As at March 31, 2021	
	% holding	No. of Shares	% holding	No. of Shares
Equity shares				
Sapphire Foods Mauritius Limited	38.04%	2,41,70,043	33.10%	1,74,71,576
WWD Ruby Limited	9.77%	62,07,342	31.60%	1,66,79,505
Arinjaya (Mauritius) Limited	8.01%	50,90,503	-	-
Amethyst Private Limited	-	-	16.62%	87,71,411
QSR Management Trust through trustee Sagista Realty Advisors Private Limited	4.50%	28,59,385	7.01%	36,98,869
Edelweiss Crossover Opportunities Fund	4.06%	25,79,177	8.05%	42,48,730

12 Share capital (contd.)

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.

f. Promoters share holding

(Rs. In million)

Particulars	As at March 31, 2022			As at March 31, 2021		
	% holding	No. of Shares	% of change	% holding	No. of Shares	% of change
Equity shares						
Sapphire Foods Mauritius Limited	38.04%	2,41,70,043	38.34%	33.10%	1,74,71,576	3.85%
QSR Management Trust through trustee Sagista Realty Advisors Private Limited	4.50%	28,59,385	-22.70%	7.01%	36,98,869	5.16%
Arinjaya (Mauritius) Limited	8.01%	50,90,503	100.00%	-	-	-
Samara Capital Partners Fund II Limited	0.71%	4,49,999	100.00%	-	-	-
	51.26%	3,25,69,930		40.10%	2,11,70,445	

g. Shares reserved for issue under options

Information relating to Sapphire Foods Employee Stock Option Plan 2017 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. Shares issued during the year ended March 31, 2022 includes :

i) Exercise of stock options 13,78,661 shares

ii) Preferential allotment of 93,73,471 shares

Shares issued during the previous year ended March 31, 2021 includes :

i) Right issue of 23,65,930 shares

ii) Exercise of stock options 1,80,511 shares

i. Bonus shares issued during the period of five years immediately preceding the reporting date : The Company had allotted 4,10,88,390 fully paid-up Equity Shares of face value Rs. 10/- each during the year ended 31st March, 2017, pursuant to bonus issue approved by the Shareholders in the meeting held on February 23, 2017. The book closure date fixed by the Board was February 23, 2017. The Bonus shares were issued in the proportion of 70 new fully paid-up equity shares for every 1 Equity Share.

13 Other equity

(Rs. In million)

Particulars	As at March 31, 2022	As at March 31, 2021
Securities premium		
Balance at the beginning of the year	9,246.68	8,766.11
Add: Premium on issue of equity shares	4,648.29	418.77
Add: Shares issued on account of employee stock options	550.68	62.21
Less: Share issued related expenses	(140.63)	(0.41)
Balance as at the end of the year	**14,305.02**	**9,246.68**
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	186.62	111.05
Employee stock option expense (refer Note 24)	340.88	137.78
Deemed Investment in subsidiaries (share based payment)	4.40	-
Exercise of employee stock options	(475.81)	(62.21)
Balance as at the end of the year	**56.09**	**186.62**
Retained earnings		
Balance at the beginning of the year	(5,168.14)	(4,190.87)
Profit/ (Loss) for the year	248.07	(967.02)
Re-measurement gains/ (losses) on defined benefit plans [net of deferred tax]	(16.25)	(10.25)
Balance as at the end of the year	**(4,936.32)**	**(5,168.14)**
Total other equity	**9,780.88**	**4,621.26**

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.

13 Other equity (contd.)

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.

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)

(Rs. In million)

Particulars	As at March 31, 2022	As at March 31, 2021
Non-current borrowings (secured)		
Secured Term Loan (At amortised cost)		
(i) from banks	544.24	429.82
(ii) from Non Banking Financial Institutions	-	187.12
	544.24	616.94
Less:- current maturities (shown as current borrowings)	(166.51)	(208.78)
Total non-current borrowings	**377.73**	**408.16**

(a) Term Loan from HDFC Bank - RTL 1

(Rs. In million)

Interest Rate	Repayment term	Security	As at March 31, 2022	As at March 31, 2021
The interest rate ranged from 8.30% p.a to 6.5% 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.	282.48	429.82

14 Borrowings (measured at amortised cost) (contd.)

Term Loan from HDFC Bank - RTL 2

(Rs. In million)

Interest Rate	Repayment term	Security	As at March 31, 2022	As at March 31, 2021
The interest rate ranged from 8.30% p.a to 6.5% 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.	168.27	-

Term Loan from HDFC Bank - RTL 4

(Rs. In million)

Interest Rate	Repayment term	Security	As at March 31, 2022	As at March 31, 2021
The interest rate ranged from 8.00% p.a to 6.5% 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	93.49	-

(b) Term Loan from Non Banking Financial Institution : Vivriti Capital

(Rs. In million)

Interest Rate	Repayment term	Security	As at March 31, 2022	As at March 31, 2021
The interest rate is 14% p.a.	Repayable in 33 monthly instalments after moratorium of three months from the date of first disbursement.	Pari passu charge on current and movable fixed assets and 10% of the loan amount as FD	-	187.12

The above loan has been repaid during the year.

15 Income tax

The major components of income tax expense for the respective year ended:

(Rs. In million)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Current income tax	-	-
Deferred tax		
Relating to originating and reversal of temporary differences	-	-
Income tax expense/(income) reported in the statement of total comprehensive income/ (loss)	-	-
- Income tax expense/(income) reported in the statement of profit/ (loss)	-	-
- Income tax expense/(income) reported in the statement of other comprehensive income/ (loss)	-	-

A reconciliation between the statutory income tax rate applicable to the Company and the effective income tax rate of the Company is as follows :

(Rs. In million)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Profit/ (loss) before taxes	**248.07**	**(967.02)**
Statutory income tax rate	31.20%	31.20%
Expected income tax expense	**77.40**	**(301.71)**
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense :-		
Deferred tax assets not recognised for unused tax losses to the extent of deferred tax liabilities	-	(296.64)
Utilization of tax losses against taxable profits	78.21	-
Expenses not deductible for tax purpose	(0.81)	(5.07)
	77.40	(301.71)
Total income tax expense/ (income)	-	-

15 Income tax (contd.)

Deferred tax

Deferred tax relates to the following:

(Rs. in million)

Particulars	Balance Sheet		Profit and Loss	
	As at March 31, 2022	As at March 31, 2021	Year ended March 31, 2022	Year ended March 31, 2021
Deferred tax liabilities				
Goodwill	292.71	292.71	-	102.42
Mutual Funds	14.23	1.50	12.73	0.22
	306.94	**294.21**	**12.73**	**102.64**
Deferred tax assets				
Property, plant and equipment/ Intangible assets	376.34	373.00	3.34	64.90
Employee benefits payable	47.15	43.95	3.20	(1.29)
Long term/ Short term provisions	28.41	21.78	6.63	3.54
Provision for slow moving inventories	2.19	1.27	0.92	(8.03)
Lease Liabilities (net of ROU assets)	500.66	450.56	50.10	185.26
Provisions for doubtful advances	21.66	20.40	1.26	7.19
Disallowance under section 40(a)(i) of Income Tax Act,1961	59.24	33.14	26.10	19.41
Unabsorbed business losses (income recognised in statement of profit or loss for the year to the extent of expenses recorded)*	1,158.23	1,181.66	(78.82)	(168.34)
	2,193.88	**2,125.76**	**12.73**	**102.64**
Deferred tax expense/ (income)	-	-	-	-
Net deferred tax assets/ (liabilities) #	**1,886.94**	**1,831.55**	-	-

* The difference of tax computed on unabsorbed losses appearing in Balance Sheet is not considered in Statement of Profit and loss since the amount considered in Profit and Loss is restricted to the extent of deferred tax liability available since Company creates deferred tax assets only to the extent that it is probable that taxable profit will be available against which the deductible temporary difference could be utilised.

Deferred tax assets are recognised to the extent of deferred tax liabilities and hence, net deferred tax assets in the Balance Sheet is Nil.

Notes to the standalone financial statements for the year ended March 31, 2022

15 Income tax (contd.)

The Company has carried forward tax losses of Rs. 565.37 million (March 31, 2021 Rs. 974.90 million), unabsorbed depreciation of Rs. 3,123.97 million (March 31, 2021 Rs. 3,177.42 million) and Short Term Capital Loss of Rs. 22.92 million (March 31, 2021 Rs. 56.37 million)

Expiry schedule of losses on which deferred tax assets is not recognised is as under :

(Rs. in million)

Expiry of losses financial year wise	Business losses	Unabsorbed depreciation	Short term capital loss
FY 2022 - 23	161.90	-	-
FY 2023 - 24	403.47	-	-
FY 2024 - 25	-	-	22.92
Indefinite		3,123.97	
Total	**565.37**	**3,123.97**	**22.92**

16 Lease Liabilities

(Rs. In million)

Particulars	As at March 31, 2022	As at March 31, 2021
Carried at amortised cost (unsecured)		
Lease Liabilities (Refer Note 42)	6,713.67	5,082.29
Total Lease Liabilities	**6,713.67**	**5,082.29**
Current	707.78	681.94
Non-current	6,005.89	4,400.35

17 Trade payables

(Rs. In million)

Particulars	As at March 31, 2022	As at March 31, 2021
Total outstanding dues of micro enterprises and small enterprises (Note 34) (MSME)	35.06	15.07
Total outstanding dues of creditors other than micro enterprises and small enterprises :		
- Related parties (Note 36)	0.97	0.07
- Others	1,622.33	1,114.10
Total trade payables	**1,658.36**	**1,129.24**

17 Trade payables (contd.)

Ageing as on March 31, 2022

(Rs. 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**

Ageing as on March 31, 2021

(Rs. 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	9.90	-	4.03	0.77	0.15	0.22	15.07
Others	610.53	211.18	233.06	11.19	11.61	29.22	1,106.79
Disputed dues - MSME	-	-	-	-	-	-	-
Disputed dues - Others	-	-	5.82	1.56	-	-	7.38
Total	**620.43**	**211.18**	**242.91**	**13.52**	**11.76**	**29.44**	**1,129.24**

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.

Notes to the standalone financial statements for the year ended March 31, 2022

18 Other current financial liabilities

(Rs. In million)

Particulars	As at March 31, 2022	As at March 31, 2021
Employees benefits payables	222.62	171.69
Capital creditors	401.92	139.64
Other payables :		
- Related party (Note 36)	0.38	11.46
- Others (refer note below)	547.29	4.92
Total other current financial liabilities	**1,172.21**	**327.72**

During November, 2021, the company has completed its initial public offering (IPO) of its equity shares, comprising an offer for sale of 17,569,941 equity shares by its existing shareholder at an offer price of Rs. 1,180/- each aggregating to Rs. 20,732.53 million. Pursuant to the IPO, the equity shares of the Company have got listed on the NSE Limited and BSE Limited on 18 November 2021. Other payable include balance of Rs 540.98 million towards amounts refundable to shareholders.

19 Other current liabilities

(Rs. In million)

Particulars	As at March 31, 2022	As at March 31, 2021
Advance from customers (contract liabilities under Ind AS 115)	3.58	3.37
Statutory dues	161.95	122.20
Total other current liabilities	**165.53**	**125.57**

20 Provisions

(Rs. In million)

Particulars	Non- Current		Current	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Gratuity (Note 35)	76.34	60.33	4.31	3.02
Leave encashment	-	-	10.42	6.44
Others (refer note below)	-	-	39.54	40.87
Total provisions	**76.34**	**60.33**	**54.27**	**50.33**

20 Provisions (contd.)

Movement for provision others

(Rs. In million)

Particulars	As at March 31, 2022	As at March 31, 2021
Balance at the beginning of the year	40.87	39.63
Provision during the year	1.50	1.97
Reversal during the year	(2.83)	(0.73)
Balance as at the end of the year	**39.54**	**40.87**

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 current year 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)

(Rs. In million)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Revenue from contract with customers		
Restaurants sales	13,920.29	8,015.31
Other operating income		
- Sale to Airport dealers/ franchisees	38.94	21.08
- Alliance Income	4.78	3.24
- Scrap sales and others	17.53	12.11
Total	13,981.54	8,051.74

Notes to the standalone financial statements for the year ended March 31, 2022

22 Other income

(Rs. In million)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Interest on fixed deposits and loan	53.16	5.73
Interest income from security deposit at amortised cost	52.05	50.28
Fair value gain on financial instruments at fair value through profit or loss	74.23	9.83
Rent waiver due to COVID (Refer note below and 42)	131.67	412.47
Provision for doubtful debts written back (net of bad debts written off)	-	3.58
Profit on sale/ discard of property, plant and equipment	4.42	0.41
Gain on termination of lease contract (Note 42)	25.11	49.50
Miscellaneous income *	0.29	0.65
Total	340.93	532.45

* Represents interest on income tax refund.

Note: During the current period consequential to COVID 19 pandemic the Company has negotiated several rent concessions. In view of recent 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 recognized 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). Accordingly an amount of Rs 131.67 million (March 31, 2021: 412.47 million) related to rent concessions has been recognised as other income.

23 Cost of materials consumed (raw material and packing material)

(Rs. In million)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Inventory as at the beginning of the year (excluding Small wares, cleaning, uniform and operating supplies)	293.53	317.29
Add: Purchases	4,335.28	2,401.26
Less: Inventory at the end of the year (excluding Small wares, cleaning, uniform and operating supplies)	439.75	293.53
Total	4,189.06	2,425.02

24 Employee benefits expense

(Rs. In million)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Salaries, wages and bonus	1,558.16	1,215.17
Contribution to provident fund and other funds (refer Note a below and Note 35)	119.83	78.28
Gratuity (refer Note 35)	13.70	11.85
Employee stock option scheme (refer Note 40 and note b below)	383.43	146.24
Staff welfare expenses	41.71	32.36
Total	**2,116.83**	**1,483.90**

(a) Net off refund claim under Provident Fund scheme namely Pradhan Mantri Protsahan Rojgar Yojana ('PMPRY') of Rs 1.18 million (March 31, 2021: Rs 4.53 million)

(b) Expenses on employee stock option scheme includes Rs 42.55 million (March 31, 2021 Rs 8.47 million) towards long term incentive plan for the specified employees as per the scheme.

25 Finance costs

(Rs. In million)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Interest on loans from banks	72.94	84.52
Interest - others	8.11	11.94
Interest on lease liabilities (Note 42)	581.85	553.73
Other borrowing cost	4.43	6.93
Total	**667.33**	**657.12**

26 Depreciation, impairment and amortisation expense

(Rs. In million)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Depreciation on property, plant and equipment (Note 3)	813.79	690.55
Impairment on property, plant and equipment (Note 3)	-	145.40
Amortisation on intangible assets (Note 4)	86.99	71.57
Depreciation on right of use asset (Note 42)	900.70	837.01
Total	**1,801.48**	**1,744.53**

27 Other expenses

(Rs. In million)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Rent (Note 42)	500.28	228.01
Electricity and utilities charges	834.29	564.37
Royalty (Refer note (ii) below)	740.37	526.09
Marketing and advertisement expenses	538.88	280.23
Commission on aggregators and meal coupons	1,205.46	620.37
Common area maintenance expenses	248.80	204.81
Distribution and warehousing charges	246.19	187.86
Repairs and maintenance:		
- Plant and machinery	89.60	53.66
- Others	204.48	141.77
Professional fees	198.75	103.47
Small wares, cleaning, operating and other supplies	145.49	103.07
Home delivery charges	49.93	41.11
Travelling and conveyance	80.90	26.02
Payment to auditors (Refer note (i) below)		
Audit fees	7.08	6.40
Limited Review fees	0.59	-
Other Service	0.25	0.30
Reimbursement of expenses	0.07	0.05
Provision for doubtful deposits	4.05	19.04
Sundry balances written off	-	4.00
Miscellaneous expenses	204.24	130.02
Total	**5,299.70**	**3,240.64**

Note :

i. The above expenses excludes fees in respect of Initial Public Offer (IPO) Rs 16.56 million (March 31, 2021 Rs 1.77 million) including reimbursement of expenses and taxes, which is borne by promoters

ii. The Company is eligible for incentive basis the agreement with the franchisor. these have been netted off against the royalty expenses.

28 Earnings Per Share (EPS)

Basic EPS amounts are calculated by dividing the profit/ (loss) 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/ (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/ (loss) and share data used in the basic and diluted EPS computations:

(Rs. In million)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Profit/ (loss) attributable to the equity holders of the Company (Rs. in million)	248.07	(967.02)
Profit/ (loss) attributable to equity holders adjusted for the effect of dilution		
Weighted average number of Equity shares outstanding during the year	5,96,98,646	5,17,11,080
Effect of dilution:		
Share options under ESOP	4,45,825	16,11,594
Basic Earning Per Share (Face value of Rs. 10 per share)	4.16	(18.70)
Diluted Earning Per Share (Face value of Rs. 10 per share)	4.12	(18.70)

Note: Share options have not been considered above for the year ended March 31, 2021 being anti-dilutive in nature (Refer Note 40).

29 Contingent liabilities

(Rs. In million)

Particulars	As at March 31, 2022	As at March 31, 2021
i) Claims against the Company (excluding Interest) not acknowledged as debts in respect of		
- Sales Tax	22.56	75.86
- Income Tax	69.57	69.57
- Statutory dues	5.35	-
- Other matters	24.43	14.72
Total	**121.91**	**160.15**

There are several other cases which has been determined as remote by the Company and hence not been disclosed above.

29 Contingent liabilities (contd.)

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 Company and SHRPL, Hansazone, Pizzeria, KFCH. Aggrieved by this, 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. Subsequently 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 an 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. Subsequently 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 orders and judgment.

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.

29 Contingent liabilities (contd.)

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.

30 Commitments

(a) Estimated amount of contracts to be executed on capital account and not provided for (net of advances)

(Rs. In million)

Particulars	As at March 31, 2022	As at March 31, 2021
Estimated amount of contracts to be executed on capital account and not provided for (net of advances)	696.13	258.13

(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 and Tier 1 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 Rs 326.28 million for the year 2022. 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.

31 Segment Reporting (contd.)

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 binding 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 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
- Material Price inflation
- Growth rate
- Rent expense
- Salaries and wages
- Royalty and marketing fees

32 Significant accounting judgements, estimates and assumptions (contd.)

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 increase/decrease in the above factors may result in impairment.

(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.

Even though there is profit during the year but considering the history of losses, the Company has not recognised deferred tax assets on the losses in excess of deferred tax liabilities.

(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 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 life and residual value of property, plant and equipment

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 3 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.

32 Significant accounting judgements, estimates and assumptions (contd.)

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 significant negative effect on the revenue. The renewal periods for leases of stores with longer non-cancellable 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.

Refer to Note 39(c) for information on potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

(h) Provision for inventories

The Company has calculated the provision for inventory basis the percentage as per historical experience for inventory lying from the last inventory count date to the reporting date.

(i) 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.

(j) 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 the incentive is recognised pro-rata basis the number of stores opened.

Notes to the standalone financial statements for the year ended March 31, 2022

33 a) Impairment Testing of Goodwill

Carrying amount of Goodwill as on March 31, 2022 is Rs. 1,058.61 million pertain to single CGU i:e KFC brand (March 31, 2021 ; Rs. 1,058.61 million)

Goodwill acquired through business combinations is not amortized 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, 2022. The Company performed its impairment test for the year ended March 31, 2022 on March 31, 2022.

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 2026. The pre-tax discount rate is applied to cash flow projections. The Company has estimated a perpetuity growth rate to arrive at perpetual value post 2026. As a result of this analysis there is no impairment charge as at March 31, 2022 and March 31, 2021.

The key assumptions have been disclosed in Note 32(a)

Sensitivity to change in assumptions

Key assumptions	As at March 31, 2022	As at March 31, 2021
Discount rate	14%	17%
Sales growth rate	11%-29%	8%-17%

Discount rate assumption

A change in discount rate by 100 basis points will result in change in the recoverable value by :-

(Rs. In million)

Particulars	As at March 31, 2022	As at March 31, 2021
Increase in 100 basis points and its impact on the recoverable value	(1,187.99)	(934.66)
Decrease in 100 basis points and its impact on the recoverable value	1,456.54	1,098.56

33 a) **Impairment Testing of Goodwill** (contd.)

Sales growth rate assumption

A change in sales rate by 100 basis points will result in change in the recoverable value by :-

(Rs. In million)

Particulars	As at March 31, 2022	As at March 31, 2021
Increase in 100 basis points and its impact on the recoverable value	1,176.13	863.50
Decrease in 100 basis points and its impact on the recoverable value	(962.29)	(740.14)

b) **Impairment Testing of Investment**

The Company has gross investment amounting to Rs1,685.99 million and inter-corporate deposit (ICD) amounting to Rs120.00 million as at 31 March 2022 in its wholly owned subsidiary Gamma Pizzakraft (Overseas) Private Limited (GPOPL) who has further invested in its subsidiary Gamma Pizzakraft (Lanka) Private Limited (GPLPL). GPLPL 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, 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 to support the recoverable amounts of its Investment based on value-in-use computation after taking into consideration potential impact of ongoing 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

(Rs. In million)

Particulars	As at March 31, 2022	As at March 31, 2021
Opening balance	1,605.95	1,563.42
Add: Investment during the year	75.50	42.53
Less: Provision for diminution	-	-
Closing balance	1,681.45	1,605.95

33 b) **Impairment Testing of Investment** (contd.)

Sensitivity to change in assumptions

Key assumptions	As at March 31, 2022	As at March 31, 2021
Discount rate	18%	17%
Sales growth rate	15%-24%	17%-19%

Discount rate assumption

A change in Sales growth rate by 100 basis points will result in change in the recoverable value by :-

(Rs. In million)

Particulars	As at March 31, 2022	As at March 31, 2021
Increase in 100 basis points and impact on the recoverable value	(260.63)	(313.55)
Decrease in 100 basis points and impact on the recoverable value	305.30	367.22

Sales growth rate assumption

A change in discount rate by 100 basis points will result in change in the recoverable value by :-

(Rs. In million)

Particulars	As at March 31, 2022	As at March 31, 2021
Increase in 100 basis points and impact on the recoverable value	208.23	250.02
Decrease in 100 basis points and impact on the recoverable value	(178.36)	(214.30)

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.

34 Details of dues to micro and small enterprises as defined under the MSMED Act, 2006 :

(Rs. In million)

Particulars	March 31, 2022	March 31, 2021
a) The principal amount and the interest due thereon remaining unpaid to suppliers		
i) Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at the end of accounting year	22.78	5.19
ii) Interest due to suppliers registered under the MSMED Act and remaining unpaid as at the end of accounting year	12.28	9.88
Total	35.06	15.07
b) The amount of interest paid by the company in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during the accounting year	-	-
c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006	62.09	266.33
d) The amount of interest accrued and remaining unpaid at the end of the accounting year	2.40	7.13
e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	12.28	9.88

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 Rs. 119.83 million (31 March 2021: Rs. 78.28 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

(Rs. In million)

Particulars	Defined benefit plans	
	As at March 31, 2022	As at March 31, 2021
Present value of plan liabilities	81.46	64.11
Fair value of plan assets	0.81	0.76
Net plan liability / (asset)	80.65	63.35

B. Movements in plan assets and plan liabilities

(Rs. In million)

Particulars	Year ended March 31, 2022			Year ended March 31, 2021		
	Plan Asset	Plan Liability	Total	Plan Asset	Plan Liability	Total
As at the beginning of the year	0.76	64.11	63.35	0.71	54.16	53.45
Current service cost	-	10.26	10.26	-	8.84	8.84
Interest cost	-	3.48	3.48	-	3.06	3.06
Return on plan assets less expected interest on plan assets	0.04	-	(0.04)	0.04	-	(0.04)

35 Disclosure as per IND-AS 19, "Employee Benefits" (contd.)

(Rs. In million)

Particulars	Year ended March 31, 2022			Year ended March 31, 2021		
	Plan Asset	Plan Liability	Total	Plan Asset	Plan Liability	Total
Actuarial (gain)/loss on plan assets	0.01	-	(0.01)	0.01	-	(0.01)
Actuarial (gain)/loss arising from changes in demographic assumptions	-	-	-	-	-	-
Actuarial (gain)/loss arising from changes in financial assumptions	-	(2.62)	(2.62)	-	1.62	1.62
Actuarial (gain)/loss arising from experience adjustments	-	18.89	18.89	-	8.63	8.63
Benefit payments	-	(12.66)	(12.66)	-	(12.20)	(12.20)
As at the end of the year	**0.81**	**81.46**	**80.65**	**0.76**	**64.11**	**63.35**

C. Statement of Profit and Loss

(Rs. In million)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Employee benefit expenses:		
Current service cost	10.26	8.84
Finance cost (net of income on plan assets)	3.44	3.01
Net impact on the Profit/ (loss) before tax for the year (refer note 24)	**13.70**	**11.85**
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 financial assumptions	(2.62)	1.62
Actuarial loss arising from experience adjustments	18.88	8.64
Net impact on the Other Comprehensive Income/ (Loss) before tax for the year	**16.25**	**10.25**

35 Disclosure as per IND-AS 19, "Employee Benefits" (contd.)

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, 2022	Year ended March 31, 2021
Financial Assumptions		
Discount rate	5.85%	5.60%
Salary Escalation Rate	For Corporate : 8% For Stores : 5%	For Corporate : 8% For Stores : 5%

Particulars	As at March 31, 2022	As at March 31, 2021
Demographic Assumptions		
Mortality Rate	IALM (2012-14) Ultimate	IALM (2012-14) Ultimate
Withdrawal rate	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%	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)	3.93	4.56

35 Disclosure as per IND-AS 19, "Employee Benefits" (contd.)

E. Sensitivity

The sensitivity of the overall plan liabilities to changes in the weighted key assumptions are:

(Rs. In million)

Particulars	Year ended March 31, 2022			Year ended March 31, 2021		
	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%	(8.41)	12.21	+/-1%	(6.71)	10.03
Salary Escalation Rate	+/-1%	12.69	(8.95)	+/-1%	9.56	(6.49)

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:

(Rs. In million)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
1st following year	5.12	3.78
2nd following year	5.41	3.98
3rd following year	5.42	4.08
4th following year	6.51	4.08
5th following year	4.99	4.99
6th to10th year	23.66	18.04

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:

35 Disclosure as per IND-AS 19, "Employee Benefits" (contd.)

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.

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

36 Related Party Disclosures (contd.)

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)
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

36 Related Party Disclosures (contd.)

(Rs. 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
	-	-	-	-	(0.07)
Other Receivable					
KFCH Restaurants Private Limited	-	2.83	-	-	-
	-	(-)	-	-	-
Other Payables					
KFCH Restaurants Private Limited	-	-	-	-	-
	-	(11.19)	-	-	-
Gamma Pizzakraft Lanka Private Limited	-				
	(0.17)	-	-	-	-
Gamma Pizzakraft Private Limited	0.38	-	-	-	-
	(0.10)	-	-	-	-
Inter-Corporate Deposits as at (including accrued interest)					
Gamma Pizzakraft (Overseas) Private Limited	122.70	-	-	-	-
	(19.19)	-	-	-	-
Transactions for the year ended:					
Sale of material					
KFCH Restaurants Private Limited	-	14.59	-	-	-
	-	(14.41)	-	-	-

36 Related Party Disclosures (contd.)

(Rs. in million)

Particulars	Subsidiaries	Entities under Common Control	Key Managerial personnel/ Independent Directors and their relatives	Company having Significant Influence	Enterprises under Significant Influence
Purchase of assets					
KFCH Restaurants Private Limited	-	1.11	-	-	-
	-	(-)	-	-	-
Call Centre Charges (inclusive of taxes)					
KFCH Restaurants Private Limited	-	5.08	-	-	-
	-	(4.67)	-	-	-
Reimbursement of expenses					
KFCH Restaurants Private Limited	-	0.03	-	-	-
	-	(0.05)	-	-	-
Gamma Pizzakraft Private Limited	0.13	-	-	-	-
	(0.10)	-	-	-	-
Samara India Advisors Private Limited	-	-	-	-	0.90
	-	-	-	-	(0.33)
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	-
	-	-	-	(-)	-

36 Related Party Disclosures (contd.)

(Rs. in million)

Particulars	Subsidiaries	Entities under Common Control	Key Managerial personnel/ Independent Directors and their relatives	Company having Significant Influence	Enterprises under Significant Influence
AAJV Investment Trust	-	-	-	1.09	-
	-	-	-	(-)	-
Edelweiss Crossover Opportunities Fund	-	-	-	21.87	-
	-	-	-	(-)	-
Edelweiss Crossover Opportunities Fund- Series II	-	-	-	8.75	-
	-	-	-	(-)	-
Interest Income on Inter-Corporate Deposits					
Gamma Pizzakraft (Overseas) Private Limited	4.82	-	-	-	-
	(2.28)	-	-	-	-
Inter-Corporate Deposits given					
Gamma Pizzakraft (Overseas) Private Limited	120.00	-	-	-	-
	(-)	-	-	-	-
Inter-Corporate Deposits repaid					
Gamma Pizzakraft (Overseas) Private Limited	19.00	-	-	-	-
	(-)	-	-	-	-
Issuance of Equity Shares (including securities premium)					
WWD Ruby Limited	-	-	-	-	-
	-	-	-	(210.00)	-
Edelweiss Crossover Opportunities Fund	-	-	-	100.00	-
	-	-	-	(37.50)	-

36 Related Party Disclosures (contd.)

(Rs. in million)

Particulars	Subsidiaries	Entities under Common Control	Key Managerial personnel/ Independent Directors and their relatives	Company having Significant Influence	Enterprises under Significant Influence
Edelweiss Crossover Opportunities Fund – Series II	-	-	-	-	-
	-	-	-	(39.87)	-
Sagista Realty Advisors Private Limited, Trustee of QSR Management Trust	-	-	-	-	-
	-	-	-	(33.92)	-
Sapphire Foods Mauritius Limited	-	-	-	2,070.67	-
	-	-	-	(121.14)	-
Arinjaya (Mauritius) Limited	-	-	-	2,571.37	-
	-	-	-	(-)	-
Sanjay Purohit	-	-	-	295.72	-
	-	-	-	(64.02)	-
Vijay Jain	-	-	-	60.06	-
	-	-	-	(-)	-
Amar Raj Singh	-	-	-	30.03	-
	-	-	-	(-)	-
Purchase of Equity Shares of					
Gamma Pizzakraft (Overseas) Private Limited					
Gamma Pizzakraft (Overseas) Private Limited	75.50	-	-	-	-
	(21.00)	-	-	-	-
Mr. Amar Raj Singh	-	-	-	-	-
	(21.53)	-	-	-	-

36 Related Party Disclosures (contd.)

(Rs. in million)

Particulars	Subsidiaries	Entities under Common Control	Key Managerial personnel/ Independent Directors and their relatives	Company having Significant Influence	Enterprises under Significant Influence
Deemed Investment in subsidiaries (share based payment)					
Gamma Pizzakraft Lanka Private Limited issued to subsidiary employees	4.19	-	-	-	-
	(-)	-	-	-	-
Gamma Pizzakraft Private Limited issued to subsidiary employees	0.21	-	-	-	-
	(-)	-	-	-	-
Settlement of liabilities on behalf of the entity					
KFCH Restaurants Private Limited	-	0.37	-	-	-
	-	(1.65)	-	-	-
Remuneration to Independent Directors	-	-	2.33	-	-
	-	-	(-)	-	-
Remuneration to Key Managerial Personnel *#					
Short Term Employee Benefits	-	-	469.59	-	-
	-	-	(111.27)	-	-
Share based payments	-	-	274.36	-	-
	-	-	(96.85)	-	-

* Excludes provision for compensated absence and gratuity for Key Managerial Personnel as separate actuarial valuation is not available.

Employee Stock Option Plan exercised for 8,68,969 shares is included as perquisites in the above remuneration.

(Previous year's figures have been shown within the brackets).

36 Related Party Disclosures (contd.)

Note:

i) During the year ended 31 March 2022 and year ending March 31, 2021, the Company has incurred share issue expenses in connection with proposed public offer of equity shares of which Rs. 237.81 million is accounted for various services received for Initial Public Offering (IPO). As per the Offer Agreement entered between the Company and the selling shareholders namely WWD Ruby Limited, Amethyst Private Limited, Aparajita Jethy Ahuja (Trustee of AAJV Investment Trust), Edelweiss Crossover Opportunities Fund - Series I, Edelweiss Crossover Opportunities Fund - Series II, shall reimburse the share issue expenses in proportion to the respective shares offered for sale. Accordingly, the Company has recovered the expenses incurred in connection with the Issue on completion of IPO and therefore, as at year ended March 31, 2022 no amount is recoverable and same has been disclosed under the head ""Other financial assets - Share issue expenses (Receivable from shareholders - Unbilled)"

Further, the Company has a balance in Escrow account of Rs 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 operationalized, 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 to Rs. Nil (March 31, 2021: Rs 5.68 million) were received by KFCH on behalf of SFIL from its customers and collections amount to Rs. 0.23 million (March 31, 2021: Nil) 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 debt mutual funds which are not quoted in the active market. These debt mutual funds are 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 unrealized gain or loss on fair valuation is recorded in profit and loss account under other income. Accordingly, such debt mutual funds fall under fair value hierarchy level 1.

37 Fair Values and Fair Value hierarchy (contd.)

Fair value measurement hierarchy

(Rs. In million)

Particulars	As at March 31, 2022					As at March 31, 2021				
	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	1,685.85				**1,685.85**	1,605.95				**1,605.95**
Trade receivables (Note 8)	118.35	-	-	-	**118.35**	59.84	-	-	-	**59.84**
Cash and cash equivalents (Note 9)	342.34	-	-	-	**342.34**	311.85	-	-	-	**311.85**
Bank balances other than cash and cash equivalents (Note 10)	1,954.20	-	-	-	**1,954.20**	49.47	-	-	-	**49.47**
Other financial assets (Note 5)	2,074.52	-	-	-	**2,074.52**	733.74	-	-	-	**733.74**
At Fair value through profit or loss										
Investments (Note 5)	-	1,525.22	-	-	**1,525.22**	-	267.41	-	-	**267.41**
Financial Liabilities										
At Amortised Cost										
Borrowings (Note 14)	544.24	-	-	-	**544.24**	616.94	-	-	-	**616.94**
Lease liabilities (Note 16)	6,713.67	-	-	-	**6,713.67**	5,082.29	-	-	-	**5,082.29**
Trade payables (Note 17)	1,658.36	-	-	-	**1,658.36**	1,129.24	-	-	-	**1,129.24**
Other current financial liabilities (Note 18)	1,172.21	-	-	-	**1,172.21**	327.72	-	-	-	**327.72**

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 funding requirements are met through equity infusions, internal accruals and borrowings. The Company raises long term loans mainly for its expansion requirements. 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, 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.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarized as below:

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 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, 2022.

39 Financial risk management objectives and policies (contd.)

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.

(Rs. In million)

Particulars	As at March 31, 2022	As at March 31, 2021
Borrowings bearing variable rate of interest	544.24	616.94

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 loss 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/ (loss) before tax:

(Rs. In million)

Change	Year ended March 31, 2022	Year ended March 31, 2021
50 bps increase would increase the loss before tax by	(2.72)	(3.08)
50 bps decrease would decrease the loss before tax by	2.72	3.08

ii Foreign Currency risk

The Company has not entered into any derivative transaction during the year.

Unhedged Foreign currency exposure as at each reporting period is as below:

Particulars	Year ended March 31, 2022 Foreign currency (in million)	Currency	Closing Exchange Rate	Year ended March 31, 2022 Indian currency (in million)	Year ended March 31, 2021 Foreign currency (in million)	Currency	Closing Exchange Rate	Year ended March 31, 2021 Indian currency (in million)
Other Payables	-	-	-	-	0.47	LKR	0.37	0.17

39 Financial risk management objectives and policies (contd.)

Foreign currency sensitivity

A change of 50 bps in exchange rate would have following impact on loss before tax:

(Rs. In million)

Change	Year ended March 31, 2022	Year ended March 31, 2021
50 bps increase would increase the profit/ (loss) before tax by	-	0.00
50 bps decrease would decrease the profit/ (loss) before tax by	-	(0.00)

b Credit risk

Credit risk is the risk that counterparty will not meet 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.

39 Financial risk management objectives and policies (contd.)

The table below analyses the Company's financial liabilities into relevant maturity groupings based on their contractual maturities.

(Rs. in million)

Particulars	Year	< 1 Year	1 - 5 Years	More than 5 year	Total
Financial Liabilities					
Trade Payable	March 31, 2022	1,658.36	-	-	1,658.36
	March 31, 2021	1,129.24	-	-	1,129.24
Borrowings	March 31, 2022	198.38	414.33	-	612.72
	March 31, 2021	231.57	420.13	-	651.70
Lease liabilities	March 31, 2022	1,380.30	7,483.42	2,354.02	11,217.74
	March 31, 2021	1,142.45	3,597.84	3,492.33	8,232.62
Other Financial Liabilities					
Payable on Capital goods purchased	March 31, 2022	401.92	-	-	401.92
	March 31, 2021	139.64	-	-	139.64
Payable to employees	March 31, 2022	222.62	-	-	222.62
	March 31, 2021	171.69	-	-	171.69
Other payables	March 31, 2022	547.67	-	-	547.67
	March 31, 2021	16.38	-	-	16.38

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. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

40 Share-based payments

The Company had received approval of the Board and Shareholders for issuance of 20,31,249 Equity Shares of Rs.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 a+B17nd aligning the shareholders interest.

During the previous year 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.

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 Company has also vested 13,78,661 options under the Sapphire Foods Employee Stock Option Scheme 2019 and accordingly has recorded ESOP charge of Rs 233.99 million and such options were exercised by the employees.

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 Company.

There are no cash settlement alternatives for the employees. The Company does not have a past practice of cash settlement for these awards.

Notes to the standalone financial statements for the year ended March 31, 2022

40 Share-based payments (contd.)

The Company has granted the following options:

Particulars	Loyalty				New Loyalty	
	Scheme IV	Scheme IV	Scheme III	Scheme III	Scheme IV	Scheme IV
No. of options	2,25,694	1,12,848	1,73,031	37,615	2,30,767	5,59,411
Method of accounting	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value
Vesting period (in years)	2.5	2.2	2.2	2.2	1.5	3.02
Grant Date	04-Jun-18	21-Aug-20	04-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	30-06-2023	30-06-2023
Exercise Price (Rs.)	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 (Rs.)	344.65	376.70	344.75	376.70	147.90	209.30

40 Share-based payments (contd.)

Particulars	Performance						
	Scheme IV			Scheme III			
	Gold Options	Platinum	Ruby Options	Gold Options (A)	Gold Options (B)	Platinum	Ruby Options
No. of options	3,38,542	2,25,694	1,38,889	2,10,649	2,10,648	52,663	1,05,325
Method of accounting	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value
Vesting period (in years)	2.2	2.6	3.5	2.2	2.5	3.5	3.2
Grant Date	04-Jun-18	21-Aug-20	30-Dec-20	04-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 (Rs.)	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 (Rs.)	376.80	377.00	377.50	238.10	237.90	251.80	248.60

(Rs. In million)

No. of Options	Loyalty		Performance	
	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2022	Year ended March 31, 2021
Outstanding at the beginning of the year	3,68,680	3,98,728	12,42,914	2,18,493
Granted during the year	7,90,178	1,50,463	-	10,63,917
Exercised during the year	(3,68,680)	(1,80,511)	(10,09,981)	-
Lapsed/ Expired during the year	(1,02,512)	-	-	(39,496)
Outstanding at the end of the year	6,87,666	3,68,680	2,32,933	12,42,914
Exercisable at the end of the year	-	-	-	-

40 Share-based payments (contd.)

The value of the underlying shares has been determined by an independent valuer. The following assumptions were used for calculation of fair value of grants in accordance with Black Scholes model:

Date of grant	15 September 2021	15 September 2021	30 December 2020	21 August 2020	3 September 2018	4 June 2018
Risk free interest rate	4.06%	4.96%	4.00%	4.69%	8.10%	7.90%
Expected life (in years)	1.8	3.3	2.2-3.5	2.6	7.4	5.4
Expected volatility	50%	50%	55%	50%	45%	40%
Dividend yield	0%	0%	0%	0%	0%	0%
Price of the underlying share in the market at the time of option grant (Rs.)	537	537	386	291	351	351

Incremental fair value of options was based on the above factors

Weighted average remaining contractual life of the share option outstanding at the end of year is as below :

Particulars	31-Mar-22	31-Mar-21	31-Mar-20	31-Mar-19
Remaining contractual life Loyalty (years)	1.75	0.88	1.54	2.31
Remaining contractual life Performance (years)	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

(Rs. In million)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Total employee compensation cost pertaining to stock option plan	340.88	137.78
Liability for employee stock option plan outstanding as at the year/period end	56.09	186.62

41 Ind AS 115: Revenue from Contracts with Customers

1. **Disaggregated revenue information:**

Set out below is the disaggregation of the Company's revenue from contracts with customers:

(Rs. In million)

Type of goods or service	Year ended March 31, 2022	Year ended March 31, 2021
Restaurant sales	13,920.29	8,015.31
Other operating income	61.25	36.43
Total revenue from contract with customers	**13,981.54**	**8,051.74**
India	13,981.54	8,051.74
Outside India	-	-
Total revenue from contract with customers	**13,981.54**	**8,051.74**
Timing of revenue recognition		
Goods transferred at a point in time	13,976.76	8,048.50
Services transferred over time (included in other operating income)	4.78	3.24
Total revenue from contract with customers	**13,981.54**	**8,051.74**

2. **Contract balances:**

(Rs. In million)

	31st March, 2022	31st March, 2021
Trade receivables	118.35	59.84
Contract liabilities	3.58	3.37

42 Leases – Ind AS 116

Leases where the Company is a Lessee

(a) The Company incurred Rs.36.22 million for the year ended March 31, 2022 (March 2021: Rs 17.89 million) towards expenses relating to short-term leases and leases of low-value assets. The total cash outflow for leases is Rs.1,149.37 million for the year ended March 31, 2022 (March 2021: Rs 765.61 million, including cash outflow of short-term leases and leases of low-value assets. Interest on lease liabilities is Rs. 581.85 millions for the year ended March 31, 2022. (March 2021: Rs 553.73 million).

(b) The Company's leases mainly comprise of stores and buildings. The Company leases buildings for the purpose of business operations.

42 Leases – Ind AS 116 (contd.)

Leases are shown as follows in the Company's balance sheet and profit & loss account

Right-of-Use Assets

(Rs. In million)

Particulars	As at 31st March,2022	As at 31st March,2021
Cost	8,284.55	5,844.44
Accumulated depreciation	(2,497.91)	(1,597.21)
Net carrying amount	**5,784.46**	**4,247.23**

The movement of Right-of-Use Assets is as follows :

(Rs. In million)

Particulars	As at 31st March,2022 Building	As at 31st March,2021 Building
As at beginning of the year	4,247.23	4,352.34
Additions	2,538.50	909.81
Disposals	(100.57)	(177.91)
Depreciation	(900.70)	(837.01)
As at the end of the year	**5,784.46**	**4,247.23**

Set out below are the carrying amounts of lease liabilities (included under financial liabilities) and the movements during the year:

(Rs. In million)

Particulars	As at 31st March,2022	As at 31st March,2021
As at beginning of the year	5,082.29	5,029.93
Additions	2,406.64	886.23
Accretion of Interest	581.85	553.73
Termination	(112.29)	(227.41)
Rent waiver due to COVID	(131.67)	(412.47)
Payments	(1,113.15)	(747.72)
As at the end of the year	**6,713.67**	**5,082.29**

42 Leases – Ind AS 116 (contd.)

(Rs. In million)

Particulars	As at 31st March,2022	As at 31st March,2021
Lease liabilities		
Current	707.78	681.94
Non-current	6,005.89	4,400.35
Total lease liabilities	**6,713.67**	**5,082.29**

As at 31st March, 2022

(Rs. In million)

Maturity analysis of contractual undiscounted cash flow	Less than 1 year	1 - 5 years	More than 5 years	Total
Lease of Buildings	1,380.30	7,483.42	2,354.02	11,217.74
Total undiscounted lease liabilities	**1,380.30**	**7,483.42**	**2,354.02**	**11,217.74**

As at 31st March, 2021

(Rs. In million)

Maturity analysis of contractual undiscounted cash flow	Less than 1 year	1 - 5 years	More than 5 years	Total
Lease of Buildings	1,142.45	3,597.84	3,492.33	8,232.62
Total undiscounted lease liabilities	**1,142.45**	**3,597.84**	**3,492.33**	**8,232.62**

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.

(Rs. In million)

Amounts recognized in the Statement of Profit and Loss	Year ended March 31, 2022	Year ended March 31, 2021
Other income		
Gain on termination of lease contract	25.11	49.50
Rent waiver due to COVID	131.67	412.47
Other expenses		
Short-term lease rent expense	31.38	13.11
Low value asset lease rent expense	4.84	4.78

42 Leases – Ind AS 116 (contd.)

(Rs. In million)

Amounts recognized in the Statement of Profit and Loss	Year ended March 31, 2022	Year ended March 31, 2021
Variable lease rent expense	226.78	79.62
GST on rent	237.28	130.50
Depreciation and impairment losses		
Depreciation of right of use lease asset	900.70	837.01
Finance cost		
Interest expense on lease liability	581.85	553.73

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:

(Rs. In million)

Particulars	Year ended March 31, 2022			Year ended March 31, 2021		
	Fixed Payments	Variable Payments	Total	Fixed Payments	Variable Payments	Total
Fixed Rent	467.96	-	467.96	286.10	-	286.10
Variable rent with minimum payment	675.39	164.48	839.87	449.52	41.90	491.42
Variable rent only	-	62.30	62.30	-	37.72	37.72
	1,143.35	**226.78**	**1,370.13**	**735.62**	**79.62**	**815.24**

A 5% increase in revenue for the relevant stores would increase total lease payments by 5%.

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 9 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 (Rs. 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	82.53	Landlord	Not applicable	3 months to 2 years	The original term has expired and these contracts are in the process of getting renewed

44 During the year in November, 2021, the company has completed its initial public offering (IPO) of its equity shares, comprising an offer for sale of 17,569,941 equity shares by its existing shareholder at an offer price of Rs. 1,180/- each aggregating to Rs. 20,732.53 million. Pursuant to the IPO, the equity shares of the Company have got listed on the NSE Limited and BSE Limited on 18 November 2021.

45 a) 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 year the Company has regularised these filings and made good the non-compliance by paying a fees of Rs 9.54 million. Further, the Company has received RBI approval on 17 January 2022.

46 Utilisation of borrowed funds and share premium

During the year, the Company has made further investments and advanced loan to its subsidiary company Gamma Pizzakraft (Overseas) Private Limited who has further advanced such amounts to its subsidiary Gamma Pizzakraft Lanka Private Limited. Gamma Pizzakraft (Overseas) Private Limited is a company registered in India and GPLPL is a company registered in Sri Lanka.

Details of the same are as follows:

Name of the Company amount invested	Type	Date of Payment	Rs. (In Million)
Gamma Pizzakraft (Overseas) Private Limited	Equity Investment	20-05-2021	8.50
Gamma Pizzakraft (Overseas) Private Limited	Equity Investment	20-08-2021	33.00
Gamma Pizzakraft (Overseas) Private Limited	Equity Investment	28-02-2022	34.00
Gamma Pizzakraft (Overseas) Private Limited	Inter corporate deposits	24-01-2022	120.00
Total			**195.50**

Further, Gamma Pizzakraft (Overseas) Private Limited has given loan to sub-subsidiary Gamma Pizzakraft Private Limited and Gamma Pizzakraft Lanka Private Limited of Rs 11.5 million and USD 1.77 million (equivalent INR 134.34 million) during the year ended March 31, 2022, for the purpose of business expansion.

Inter corporate deposits:

Name of the Company amount invested	Date of Payment	USD (In Million)	Equivalent INR (In Million)
Gamma Pizzakraft Lanka Private Limited	22-10-2021	0.27	20.49
Gamma Pizzakraft Lanka Private Limited	02-02-2022	0.75	56.93
Gamma Pizzakraft Lanka Private Limited	03-02-2022	0.75	56.93
Gamma Pizzakraft Private Limited	24-05-2021	NA*	8.50
Gamma Pizzakraft Private Limited	22-02-2022	NA*	3.00
Total			**145.84**

*Not applicable as Inter corporate deposit given in Indian Rupee

47 Analytical Ratios

1. **Current ratio= Current Assets/ Current Liabilities**

(Rs. In million)

Particulars	Mar-22	Mar-21
Current assets	5,376.85	1,101.23
Current liabilities	3,924.66	2,523.58
Ratio (Number of times)	1.37	0.44
% change from previous year	**211%**	

Reason for change more than 25%:

The ratio has increased during March 31, 2022, as a result of improvement in business operations post COVID pandemic unlock measures by the government and better working capital management and monies raised through private placement during the year parked in bank account.

2. **Debt Equity ratio = Total debt/ Shareholders equity**

Total debt = sum of current and non current borrowings

(Rs. In million)

Particulars	Mar-22	Mar-21
Total debt	544.24	616.94
Shareholders equity (Total equity)	10,416.31	5,149.16
Ratio (Number of times)	0.05	0.12
% change from previous year	**-56%**	

The ratio has decreased during March 31, 2022, due to increase in equity capital through private placement during the year ended March 31, 2022.

3. **Debt Service Coverage Ratio= Earnings available for debt service/ Debt service**

Earnings available for debt service = Net profit/(loss) before taxes + Non-cash operating expenses like Depreciation, impairment and amortisation expense + Finance cost - Other income (Non-operating)

(Rs. In million)

Particulars	Mar-22	Mar-21
Profit/ (loss) before tax	248.07	(967.02)
Add: Depreciation, impairment and amortisation expense	1,801.48	1,744.53
Add: Finance cost (excluding Finance cost on lease liabilities)	85.48	103.39
Less: Other income (excluding rent waiver due to COVID)	(209.26)	(119.98)
Net operating income (A)	**1,925.77**	**760.92**

47 Analytical Ratios (contd.)

(Rs. In million)

Particulars	Mar-22	Mar-21
Interest cost on borrowings and leases	84.11	104.42
Principal repayments of borrowings	339.79	521.25
Total interest and principal repayments (B)	423.90	625.68
Ratio (A/B) (Number of times)	4.54	1.22
% change from previous year	274%	

Reason for change more than 25%:

The ratio has increased during March 31, 2022, due to increase in operating activities and better performance for the year ended March 31, 2022.

4. **Return on Equity (ROE) Ratio= Net profit/ (loss) after tax / Average shareholder's equity**

(Rs. In million)

Particulars	Mar-22	Mar-21
Net profit/ (loss) after tax	248.07	(967.02)
Average shareholder's equity	7,782.73	5,347.00
Ratio (%)	3.19%	-18.09%
% change from previous year	**118%**	

Reason for change more than 25%:

The ratio has increased during March 31, 2022, due to improvement in business operations and as result the Company has generated profit in current year.

5. **Inventory turnover ratio = Cost of goods sold/ Average Inventory**

(Rs. In million)

Particulars	Mar-22	Mar-21
Cost of materials consumed for the year	4,189.06	2,425.02
Average inventory (excluding Small wares, cleaning, uniform and operating supplies)	366.64	305.41
Ratio (Number of times)	11.43	7.94
% change from previous year	**44%**	

Reason for change more than 25%:

The ratio has increased during March 31, 2022, as a result of improvement in business operations post COVID pandemic unlock measures by the government and better working capital management.

47 Analytical Ratios (contd.)

6. **Trade receivables turnover ratio = Credit sales/ Average trade receivables**

(Rs. In million)

Particulars	Mar-22	Mar-21
Credit sales for the year	10,376.10	5,621.81
Average trade receivables	89.10	48.21
Ratio (Number of times)	116.46	116.62
% change from previous year	**0%**	

7. **Trade payables turnover ratio = Net Credit Purchases and operating expenses/ Average trade payables**

(Rs. In million)

Particulars	Mar-22	Mar-21
Net Credit Purchases and Operating Expenses*	11,751.81	7,125.80
Average trade payables	1,393.80	1,076.90
Ratio	8.43	6.62
% change from previous year	**-27%**	

* Operating expenses include employee benefits and other expenses

Reason for change more than 25%:

The ratio has increased during March 31, 2022, as a result of improvement in business operations post COVID pandemic unlock measures by the government and leveraging on our cash flows for payment to vendors.

8. **Net capital turnover ratio= Revenue from operations/ Net Working Capital**

Net working capital= Current assets- current liabilities

(Rs. In million)

Particulars	Mar-22	Mar-21
Sales for the year	13,981.54	8,051.74
Net working capital	1,452.19	(1,422.35)
Ratio (Number of times)	9.63	(5.66)
% change from previous year	**270%**	

Reason for change more than 25%:

The ratio has increased during March 31, 2022, as a result of improvement in business operations post COVID pandemic unlock measures by the government and better working capital management.

Notes to the standalone financial statements for the year ended March 31, 2022

47 Analytical Ratios (contd.)

9. **Net profit ratio= Net profit/(loss) after tax/ Revenue from operations**

(Rs. In million)

Particulars	Mar-22	Mar-21
Net Profit/ (loss) after tax	248.07	(967.02)
Sales for the year	13,981.54	8,051.74
Ratio (Number of times)	0.02	-0.12
% change from previous year	**115%**	

Reason for change more than 25%:

The ratio has increased during March 31, 2022, as a result of improvement in business operations.

10. **Return on capital employed ratio= Earnings before interest and tax / Capital employed**

(Rs. In million)

Particulars	Mar-22	Mar-21
Net profit/ (loss) before tax	248.07	(967.02)
Finance cost	667.33	657.12
Other income (excluding rent waiver due to COVID)	(209.26)	(119.98)
Earnings before interest and tax (A)	706.15	(429.89)
Tangible Net Worth	9,045.72	3,787.13
Total Debt	7,257.91	5,699.24
Capital employed (B)	16,303.63	9,486.36
Ratio (A/B)	0.04	-0.05
% change from previous year	**180%**	

Reason for change more than 25%:

The ratio has increased during March 31, 2022, due to increase in profit after tax which is due to increase in business volume and better profitability margins.

11. **Return on investment ratio= Gain on Investment / Cost of Average Investment**

(Rs. In million)

Particulars	Mar-22	Mar-21
Interest income on FD and Gain/loss on MF	122.39	13.28
Average Investment in fixed deposits and mutual fund	2,764.13	375.33
Ratio	0.04	0.04
% change from previous year	**0%**	

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 charges or satisfaction 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(s) or entity(ies), 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(s) or entity(ies) (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 (NCL T), 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.

51 Events after the reporting period

The Company has evaluated subsequent events from the balance sheet date through May 17, 2022, 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 17, 2022

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 17, 2022

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, 2022, 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, 2022, 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, 2022. 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, 2022, 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, 2022. 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.	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 controls related to the Group's process relating to review of the annual impairment analysis. • Assessed the reasonableness of identification of cash generating units and the assumptions based on our knowledge of the Company and Industry, including comparing past forecasts to actual results achieved. • In respect of Pizza Hut cash generating unit in Sri Lanka; - Evaluated the objectivity, competency and independence of the specialist engaged by the Company and reviewed the valuation reports issued by such specialist.

Key audit matters	How our audit addressed the key audit matter
Further considering the macroeconomic challenges currently faced by Sri Lanka on account of rising prices, 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.	- 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 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

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 the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 the Group 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 responsible for overseeing the financial reporting process of the Group.

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, 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, 2022 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

We did not audit the financial statements and other financial information, in respect of five subsidiaries, whose financial statements include total assets of Rs 1,377.32 million as at March 31, 2022, and total revenues of Rs 3,234.18 million and net cash inflows of Rs 110.75 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 matter with respect to our reliance on the work done and the reports of the other auditors.

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 as required by law relating to preparation of 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, 2022 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, 2022 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, 2022 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, 2022;

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, 2022.

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, incorporated in India.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Vikram Mehta
Partner
Membership Number: 109538
UDIN: 22105938AJBYFB2017

Place of Signature: Mumbai
Date: May 17, 2022

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF SAPPHIRE FOODS INDIA LIMITED

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: 109538
UDIN: 22105938AJBYFB2017

Place of Signature: Mumbai
Date: May 17, 2022

ANNEXURE 2 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, 2022, 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, 2022, 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: 109538
UDIN: 22105938AJBYFB2017

Place of Signature: Mumbai
Date: May 17, 2022

Consolidated Balance Sheet as at March 31, 2022

(Rs. in million)

Particulars	Note	As at March 31, 2022	As at March 31, 2021
ASSETS			
Non-current assets			
Property, Plant and Equipment	3	5,461.53	3,931.65
Capital work-in-progress	3	319.73	213.04
Goodwill	4	1,621.59	1,621.59
Other Intangible assets	4	566.07	550.96
Right of use assets	42	6,248.57	4,739.45
Intangibles under development	4	6.81	91.40
Financial assets			
Other financial assets	5	1,130.50	722.12
Other non-current assets	6	313.94	139.66
Income tax assets (net)		64.14	43.79
Total non-current assets		**15,732.88**	**12,053.66**
Current assets			
Inventories	7	651.64	473.91
Financial assets			
i) Investments	5	1,525.22	267.41
ii) Trade receivables	8	140.71	77.75
iii) Cash and cash equivalents	9	591.73	450.50
iv) Bank balances other than cash and cash equivalents	10	1,954.43	49.70
v) Other financial assets	5	936.13	48.74
Other current assets	11	106.51	67.70
Total current assets		**5,906.37**	**1,435.71**
Total Assets		**21,639.25**	**13,489.37**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	12	635.43	527.90
Other equity	13	9,436.04	4,271.13
Non controlling interests		(16.98)	(11.71)
Total equity		**10,054.49**	**4,787.32**
Liabilities			
Non-current liabilities			
Financial liabilities			
i) Borrowings	14	419.84	489.91
ii) Lease Liabilities	16	6,496.39	4,905.02
Deferred tax liabilities (net)	15	87.27	106.73
Provisions	20	109.74	98.84
Total non-current liabilities		**7,113.24**	**5,600.50**
Current liabilities			
Financial liabilities			
i) Borrowings	14	192.37	266.65
ii) Lease Liabilities	16	784.08	787.19
iii) Trade payables	17		
(a) total outstanding dues of micro enterprises and small enterprises		36.28	16.02
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		1,954.87	1,423.68
iv) Other financial liabilities	18	1,223.75	385.76
Other current liabilities	19	214.17	157.87
Provisions	20	66.00	64.38
Total current liabilities		**4,471.52**	**3,101.55**
Total Equity and Liabilities		**21,639.25**	**13,489.37**

See accompanying notes to the consolidated financial statements 1 to 50
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 17, 2022

Place: Mumbai
Date: May 17, 2022

Consolidated Statement of Profit and Loss for the year ended March 31, 2022

(Rs. in million)

Particulars	Note	Year ended March 31, 2022	Year ended March 31, 2021
Income			
Revenue from operations	21	17,215.72	10,196.19
Other income	22	379.78	616.16
Total income		**17,595.50**	**10,812.35**
Expenses			
Cost of materials consumed	23	5,277.97	3,099.26
Employee benefits expense	24	2,739.94	1,956.00
Finance costs	25	780.93	755.65
Depreciation, impairment and amortization expense	26	2,135.21	2,091.45
Other expenses	27	6,147.60	3,896.93
Total expenses		**17,081.65**	**11,799.29**
Profit/ (Loss) before tax		**513.85**	**(986.94)**
Tax expense			
Current tax	15		
Current period		63.54	23.40
Adjustment of tax relating to earlier periods		0.88	0.44
Deferred tax	15	(10.42)	(11.81)
Total tax expense		**54.00**	**12.03**
Profit/ (loss) for the year after tax		**459.85**	**(998.97)**
Other comprehensive income/ (loss)			
Items that will not be reclassified to profit or loss in subsequent year			
Remeasurements losses of net defined benefit plan		(20.16)	(5.57)
Tax effect on remeasurements losses of net defined benefit plan	15	0.76	(1.27)
Items that will be reclassified to profit or loss in subsequent year			
Exchange difference on translation of foreign operations		(208.61)	(35.69)
Other comprehensive loss for the year, net of tax		**(228.01)**	**(42.53)**
Total comprehensive Income/ (loss) for the year, net of tax		**231.84**	**(1,041.50)**
Profit/ (loss) for the year			
Attributable to:			
Equity holders of the parent		464.60	(984.63)
Non-controlling interests		(4.75)	(14.34)
Other comprehensive Income/ (loss) for the year			
Attributable to -			
Equity holders of the parent		(227.49)	(42.67)
Non-controlling interests		(0.52)	0.14
Total comprehensive Income/ (loss) for the year			
Attributable to:			
Equity holders of the parent		237.11	(1,027.29)
Non-controlling interests		(5.27)	(14.21)
Earnings per equity share of Rs. 10 each:			
Basic earnings per share (Rs.)	28	7.78	(19.04)
Diluted earnings per share (Rs.)		7.72	(19.04)

See accompanying notes to the consolidated Financial Statements 1 to 50
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 17, 2022

Place: Mumbai
Date: May 17, 2022

Consolidated Statement of Cash Flows for the year ended March 31, 2022

(Rs. in million)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Cash flow from operating activities		
Profit/ (Loss) before tax	513.85	(986.94)
Adjustments for:		
Depreciation, impairment and amortisation expenses	2,135.21	2,091.45
Finance cost	780.93	755.65
Interest income	(104.20)	(58.81)
Rental waiver due to COVID	(166.58)	(489.46)
Share based payment expense	387.88	146.24
Provision no longer required written back	-	(3.69)
Provision for doubtful deposits written back (net of bad debts written off)	4.05	19.04
Provision for slow moving inventories	-	4.08
Gain on fair value/sale of mutual funds	(74.23)	(9.83)
Gain on sale/discard of property, plant and equipment	(3.24)	9.29
Gain on termination of lease contract	(30.75)	(53.94)
Operating profit before working capital changes	3,442.92	1,423.08
Changes in Working Capital		
Increase in Trade Payables	551.44	133.03
Increase in Other financial and non-financial liabilities	611.56	40.19
(Decrease)/ Increase in provisions	(7.63)	7.06
Increase in Inventories	(237.08)	(34.14)
Increase in Trade Receivables	(62.96)	(28.01)
(Increase)/ Decrease in Financial assets	(211.83)	3.90
(Increase)/ Decrease in Other assets	(51.96)	25.35
Cash generated from operations	4,034.46	1,570.46
Income tax paid (net of refunds)	(85.56)	(29.72)
Net Cash from Operating Activities (A)	3,948.90	1,540.74
Cash flow from investing activities		
Purchase of property, plant and equipment and other intangible assets	(2,852.73)	(739.82)
Proceeds from Sale of property, plant and equipment	8.73	5.86
Purchase of current Investments	(6,566.79)	(539.97)
Proceeds from sales of current Investments	5,383.21	437.60
Interest received	6.22	9.36
Fixed/restricted deposits with banks realised	(2,894.74)	47.73
Net cash used in investing activities (B)	(6,916.10)	(779.24)
Cash flow from financing activities		
Proceeds from issuance of equity share capital(including securities premium) (net of share issue expenses)	4,690.05	443.82
Acquisition of non-controlling interests	-	(21.53)
Proceeds from long-term borrowings	266.64	627.46

Consolidated Statement of Cash Flows for the year ended March 31, 2022

(Rs. in million)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Repayment of long-term borrowings	(389.67)	(561.71)
Repayment of short-term borrowings	(53.18)	(4.42)
Payment of principal portion of lease liabilities (refer Note 42)	(604.27)	(241.11)
Interest paid on lease liabilities (refer Note 42)	(654.58)	(635.63)
Finance cost paid	(125.45)	(122.16)
Net cash generated from /(used) in financing activities (C)	3,129.54	(515.28)
Net increase in cash and cash equivalents (A+B+C)	162.34	246.22
Cash and cash equivalents at the beginning of the year	420.16	173.94
Cash and cash equivalents at the end of the year	582.50	420.16
Cash and cash equivalents comprise		
Balances with banks (Note 9)		
In current accounts	448.11	400.99
Term deposits with maturity of less than 3 months (Note 9)	97.05	12.12
Cash on hand (Note 9)	46.57	37.39
Bank Overdraft (Note 14)	(9.23)	(30.34)
Total cash and cash equivalents at the end of the year	582.50	420.16

Note :

i) Significant non cash movement in financing activities includes lease liabilities arising due to implementation of Ind AS 116 amounting to Rs. 2,637.38 million (March 31, 2021: Rs. 955.08 million) (Refer Note 42).

ii) The above cash flow excludes the proceeds received in the share escrow account amounting to Rs 20,732.52 million on account of Offer for Sale made by the selling shareholders. Book running lead manager disbursed Rs 20,191.54 (Net of issue expenses) to its selling shareholders and the remaining funds amounting to Rs 540.98 million which are yet to be paid to the selling shareholders on account of IPO expenses is 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 17, 2022

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 17, 2022

Consolidated Statement of Changes in Equity for the year ended March 31, 2022

A. Equity Share Capital

Particulars	Note	As at March 31, 2022		As at March 31, 2021	
		No. of shares	Amount (Rs. in million)	No. of shares	Amount (Rs. in million)
Balance at the beginning of the year		5,27,90,409	527.90	5,02,43,968	502.44
Add: Equity shares issued during the year	12	1,07,52,132	107.52	25,46,441	25.46
Balance as at the end of the year		**6,35,42,541**	**635.42**	**5,27,90,409**	**527.90**

B. Other Equity

For the year ended March 31, 2022

(Rs. in million)

Particulars	Attributable to the equity holders of the parent					Attributable to the equity holders of the parent (Total)	Non-controlling interests	Total Equity
	Capital reserve	Foreign currency translation reserve	Securities premium	Retained earnings	Share based payment reserve			
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
Profit/ (loss) for the year	-	-	-	464.60	-	464.60	(4.76)	459.84
Other comprehensive (loss) for the year	-	(208.10)	-	(19.40)	-	(227.50)	(0.51)	(228.01)
Recognition of share based payment (Note 40)	-	-	-	-	345.28	345.28	-	345.28
Exercise of stock options	-	-	550.68	-	(475.81)	74.87	-	74.87
Share issue related expenses	-	-	(140.63)	-	-	(140.63)	-	(140.63)
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**

Consolidated Statement of Changes in Equity for the year ended March 31, 2022

For the year ended March 31, 2021

(Rs. in million)

Particulars	Attributable to the equity holders of the parent					Attributable to the equity holders of the parent (Total)	Non-controlling interests	Total Equity
	Capital reserve	Foreign currency translation reserve	Securities premium	Retained earnings	Share based payment reserve			
Balance as at April 01, 2020	**356.10**	**(33.54)**	**8,766.11**	**(4,457.44)**	**111.05**	**4,742.28**	**2.50**	**4,744.78**
Issue of Share Capital	-	-	418.77	-	-	418.77	-	418.77
Loss for the year	-	-	-	(984.63)	-	(984.63)	(14.34)	(998.97)
Other comprehensive income/(loss) for the year	-	(35.82)	-	(6.84)	-	(42.66)	0.13	(42.53)
Recognition of share based payment (Note 40)	-	-	-	-	137.78	137.78	-	137.78
Exercise of stock options	-	-	62.21	-	(62.21)	-	-	-
Share issue expenses	-	-	(0.41)	-	-	(0.41)	-	(0.41)
Balance as at March 31, 2021	**356.10**	**(69.36)**	**9,246.68**	**(5,448.91)**	**186.62**	**4,271.13**	**(11.71)**	**4,259.42**

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 17, 2022

Place: Mumbai
Date: May 17, 2022

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 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 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 17 May 2022.

2. Significant accounting policies

2.1 Basis of preparation

The Consolidated Financial statements of the Group as at and for year ended March 31, 2022 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. The company has adopted the Revised Schedule III as issued

by MCA and accordingly numbers of comparative period has been reclassed as required. Considering the reclassification is not significant, a third balance sheet has not been given.

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%

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 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 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 recognized 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.

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.

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 recognized at its fair value. Transaction costs directly attributable to the acquisition or issue of financial instruments are recognized 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. 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 amortized cost

After initial recognition, financial liabilities are subsequently measured at amortized 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 recognized 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 recognized 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 fair value of the consideration received or receivable, taking into account contractually defined terms of payment 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:

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 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 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.

Income from sale of service

Revenue from sale of services is recognized 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) when the service is performed.

Incentive

The Group is eligible for certain benefits basis the development agreement with franchisor. These benefits are recognised 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 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 that 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, 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 utilized. 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 or estimated useful life whichever is shorter

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.

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 as follows:

- Buildings and motor vehicle - 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 recognize 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 recognized 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 recognized in Other Income (Note 22) and corresponding impact has been recognized 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.

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. Compulsorily Convertible Preference Shares (CCPSs)

Convertible preference shares are separated into liability and equity components based on the terms of the contract.

On issuance of the convertible preference shares, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity since conversion option meets Ind AS 32 criteria for fixed-to-fixed classification.

Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible preference shares based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised

m. 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.

The amount recognized 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 recognized as an asset, if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

n. 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 utilized 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.

o. 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. 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.

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 Group'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 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.

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 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.

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 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.

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 Group. The Managing Director assesses the financial performance and position of the Group as a whole, and makes strategic decisions.

u. 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.

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. There is no new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group’s financial statements.

3 Property, Plant and Equipment and Capital work-in-progress

(Rs. 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 April 01, 2020	11.39	300.78	2,636.56	271.64	52.94	195.57	386.95	2,711.23	6,567.06
Additions	-	0.21	243.28	21.51	2.14	27.35	81.88	239.48	615.85
Disposals	-	-	(81.72)	(8.91)	(1.19)	(3.62)	(2.49)	(83.11)	(181.04)
Translation Difference	(0.47)	(0.15)	(39.01)	(4.24)	(0.17)	(7.73)	(7.64)	(37.11)	(96.52)
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**
Accumulated depreciation									
Balance as at April 01, 2020	-	89.34	690.66	91.69	21.76	103.50	192.97	1,031.02	2,220.94
Charge for the year	-	0.04	244.97	33.33	5.20	35.55	96.96	398.96	815.01
Disposals	-	-	(73.96)	(8.04)	(0.84)	(3.00)	(2.38)	(79.50)	(167.72)
Translation Difference	-	(0.05)	(14.25)	(1.08)	0.19	(4.21)	(6.41)	(14.12)	(39.93)
Balance as at March 31, 2021	**-**	**89.33**	**847.42**	**115.90**	**26.31**	**131.84**	**281.14**	**1,336.36**	**2,828.30**
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)
Balance as at March 31, 2022	**-**	**89.17**	**851.09**	**125.33**	**29.77**	**145.68**	**369.17**	**1,731.19**	**3,341.40**
Accumulated impairment									
Balance as at April 01, 2020	-	-	-	-	-	-	-	-	-

(Rs. in million)

Particulars	Freehold land	Building	Plant and machinery	Furniture and fixtures	Vehicles	Office equipments	Computers	Leasehold improvements	Total
Impairment loss for the year	-	-	133.92	1.01	0.48	0.46	1.43	8.10	145.40
Balance as at March 31, 2021	**-**	**-**	**133.92**	**1.01**	**0.48**	**0.46**	**1.43**	**8.10**	**145.40**
Impairment loss for the year	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2022	**-**	**-**	**133.92**	**1.01**	**0.48**	**0.46**	**1.43**	**8.10**	**145.40**
Net Carrying Amount									
Balance 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
Balance as at March 31, 2021	10.92	211.52	1,777.77	163.09	26.93	79.27	176.13	1,486.02	3,931.65
Capital work-in-progress									
Balance as at March 31, 2022									319.73
Balance as at March 31, 2021									213.04

Note

a) Ageing for Capital work-in-progress

As at		Less than 1 year	1-2 years	2-3 years*	More than 3 years*	Total
Projects in progress	March 31, 2022	311.84	2.66	1.39	3.84	319.73
Projects in progress	March 31, 2021	180.91	27.74	1.89	2.50	213.04

* 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 year where activity had been suspended. Also there are no projects as on each reporting year which has exceeded cost as compared to its original plan or where completion is overdue.

c) The impairment for the year ended March 31, 2022 is Nil (March 31, 2021 : 145.40 million) has been included in "Depreciation, impairment and amortisation expenses" in the consolidated statement of profit and loss (Note 26).

4 Intangible assets and Intangible assets under development

(Rs. in million)

Particulars	Computer softwares	License fees	Franchisee fees	Total	Goodwill
Gross Carrying Amount					
Balance as at April 01, 2020	135.72	31.93	1,086.10	1,253.75	2,539.35
Additions	3.10	6.16	9.95	19.21	-
Disposals	(1.92)	(1.14)	(8.44)	(11.50)	-
Translation Difference	(1.35)	-	(8.05)	(9.40)	-
Balance 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)	-
Balance as at March 31, 2022	165.14	168.33	1,074.35	1,407.82	2,539.35
Accumulated amortisation					
Balance as at April 01, 2020	97.65	10.45	457.75	565.85	
Charge for the year	22.50	10.95	116.27	149.72	-
Disposals	(1.91)	(1.14)	(6.62)	(9.67)	-
Translation Difference	(0.90)	-	(3.90)	(4.80)	-
Balance as at March 31, 2021	117.34	20.26	563.50	701.10	-
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)	-
Balance as at March 31, 2022	126.97	56.82	657.96	841.75	-
Accumulated impairment					
Balance as at April 01, 2020	-	-	-	-	917.76
Impairment loss for the year	-	-	-	-	-
Balance as at March 31, 2021	-	-	-	-	917.76
Impairment loss for the year	-	-	-	-	-
Balance as at March 31, 2022	-	-	-	-	917.76
Net Carrying Amount					

4 Intangible assets and Intangible assets under development (contd.)

(Rs. in million)

Particulars	Computer softwares	License fees	Franchisee fees	Total	Goodwill
Balance as at March 31, 2022	38.17	111.51	416.39	566.07	1,621.59
Balance as at March 31, 2021	18.21	16.69	516.06	550.96	1,621.59
Intangible assets under development					
Balance as at March 31, 2022				6.81	
Balance as at March 31, 2021				91.40	

Note

a) Ageing for Intangible assets under development

As at	Less than 1 year	1-2 years	Total
March 31, 2022	6.81	-	6.81
March 31, 2021	60.90	30.50	91.40

b) There are no projects as on each reporting year where activity had been suspended. Further, there are no projects as on each reporting year which has exceeded cost as compared to its original plan or where completion is overdue.

5 Financial assets

i) Investments

(Rs. in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Quoted mutual fund		
Investment in Mutual Fund measured at fair value through profit or loss (FVTPL) (Refer Note (a))	1,525.22	267.41
Total investments	1,525.22	267.41
Current	1,525.22	267.41
Non-current	-	-

5 Financial assets (contd.)

Note: Investment in quoted mutual fund

Particulars	As at March 31, 2022		As at March 31, 2021	
	Number of unit	Amount (Rs. In million)	Number of unit	Amount (Rs. In million)
Aditya Birla Sun Life Floating Rate Fund-Regular Plan-Growth	12,90,325.14	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	81,40,175.42	307.25	-	-
Axis Overnight Fund- Direct	89,281.44	100.34	-	-
HDFC Overnight Fund - Direct Plan - Growth Option	-	-	4,202.84	12.85
ICICI Overnight Fund – Direct Plan – Growth Option	-	-	13,78,174.33	152.95
ICICI Liquid Fund – Direct Plan – Growth Option	-	-	3,33,418.09	101.61
Total		1,525.22		267.41

5 Financial assets (contd.)

ii) Other financial assets (unsecured)

(Rs. In million)

Particulars	As at March 31, 2022	As at March 31, 2021
Non-current		
Security Deposits		
Considered good	591.68	629.99
Credit impaired	26.89	22.83
Less: Allowance for expected credit losses	(26.89)	(22.83)
	591.68	629.99
Term deposits with maturity of more than 12 months	378.20	-
Margin money/ deposits with banks (placed as security with government body and banks) (Refer note a below)	156.24	85.42
Loans to employees		
Unsecured, considered good	4.38	6.71
Total Non current other financial assets	**1,130.50**	**722.12**
Current		
Security Deposits		
Considered good	165.36	31.38
Margin money with banks (for IPO escrow account) (Refer note b below)	540.98	-
Share issue expenses (Receivable from shareholders - Unbilled) (Refer note c below)	-	3.39
Interest accrued on fixed deposits and loan		
- Others	44.31	1.71
Other receivables		
Considered good		
- Related party (Refer note 34)	2.83	-
- Unbilled (Refer note d)	99.96	-
- Others	82.46	12.26
Loans to employees		
Unsecured, considered good	0.23	-
Total current other financial assets	**936.13**	**48.74**

5 Financial assets (contd.)

a) Amount includes Rs 75.27 million (March 31, 2021: 50.27) 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) The Group has incurred share issue expenses in connection with proposed public offer of equity shares for various services received for Initial Public Offering (IPO). As per the Offer Agreement entered between the Group and the selling shareholders namely WWD Ruby Limited, Amethyst Private Limited, Aparajita Jethy Ahuja (Trustee of AAJV Investment Trust), Edelweiss Crossover Opportunities Fund - Series I, Edelweiss Crossover Opportunities Fund - Series II, shall reimburse the share issue expenses in proportion to the respective shares offered for sale. Accordingly, during the year ended March 31, 2022, Group has recovered the expenses incurred in connection with the Issue on completion of IPO and as at the year ended March 31, 2021 the same has been disclosed under the head “Other financial assets - Share issue expenses (Receivable from shareholders - Unbilled)”

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 receivables is as below:

(Rs. In million)

Particulars	As at March 31, 2022	As at March 31, 2021
Balance as at the beginning of the year	22.83	7.45
Charge during the year	4.06	19.04
Utilised during the year	-	(3.66)
Balance at the end of the year	**26.89**	**22.83**

For explanation on the credit risk management process, refer Note 39 (b)

6 Other non-current assets (unsecured)

(Rs. In million)

Particulars	As at March 31, 2022	As at March 31, 2021
Capital advances		
Considered good	211.71	50.59
Considered doubtful	28.66	28.66
Less: Allowance for expected credit losses	(28.66)	(28.66)
	211.71	50.59
Prepaid expenses	0.16	0.20
Balances with government authorities		
Considered good	102.07	88.87
Considered doubtful	23.97	26.90
Less: Allowance for expected credit losses	(23.97)	(26.90)
	102.07	88.87
Total other non-current assets	313.94	139.66

7 Inventories

(Rs. In million)

Particulars	As at March 31, 2022	As at March 31, 2021
(At lower of cost or net realisable value)		
Raw materials	459.69	307.69
Packing material	69.34	38.03
Small wares, cleaning, uniform and operating supplies	125.43	102.52
Less: Provision for slow moving inventories	(7.02)	(4.08)
Goods in transit of raw materials	4.20	29.75
Total inventories	651.64	473.91

8 Trade receivables

(Rs. In million)

Particulars	As at March 31, 2022	As at March 31, 2021
Unsecured, considered good	140.71	77.75
Unsecured, credit impaired	0.10	0.10
	140.81	**77.85**
Less : Allowance for expected credit losses	(0.10)	(0.10)
Total Trade receivables	**140.71**	**77.75**

Ageing as on March 31, 2022

(Rs. In million)

Particulars	Outstanding for following periods from due date of payment					
	Unbilled	Not due	Less than 6 months	6 months to 1 year	2 to 3 years	Total
Undisputed Trade receivables – considered good	-	120.01	19.32	-	1.37	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**	**-**	**1.37**	**140.81**

No amount is due which fall under the category of 1 to 2 year, and more than 3 year.

Ageing as on March 31, 2021

(Rs. 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	More than 3 years	Total
Undisputed Trade receivables – considered good	-	62.77	9.62	2.42	2.73	0.21	77.75
Undisputed Trade Receivables – credit impaired	-	-	0.10	-	-	-	0.10

Notes to the Consolidated financial statements for the year ended March 31, 2022

8 Trade receivables (contd.)

(Rs. 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	More than 3 years	Total
Disputed Trade receivables – considered good	-	-	-	-	-	-	-
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Total	**-**	**62.77**	**9.72**	**2.42**	**2.73**	**0.21**	**77.85**

No amount is due which fall under the category of 2 to 3 year.

Movements in allowance for credit losses of receivables is as below:

(Rs. In million)

Particulars	As at March 31, 2022	As at March 31, 2021
Balance as at the beginning of the year	0.10	3.98
Charge/(release) during the year	-	(0.39)
Utilised during the year	-	(3.49)
Balance at the end of the year	**0.10**	**0.10**

Trade Receivables are non interest bearing and are generally on terms of 7 - 30 days

For explanation on the credit risk management process, refer Note 39 (b)

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.

9 Cash and cash equivalents

(Rs. In million)

Particulars	As at March 31, 2022	As at March 31, 2021
Balances with banks		
In current accounts	448.11	400.99
Cash on hand	46.57	37.39
Term deposits with original maturity of less than three months	97.05	12.12
Total cash and cash equivalents	**591.73**	**450.50**

10 Bank balances other than cash and cash equivalents

(Rs. In million)

Particulars	As at March 31, 2022	As at March 31, 2021
Term deposits with maturity more than 3 months but less than 12 months	1,954.23	49.50
Margin money deposit (placed as security with government body and bank)	0.20	0.20
Total bank balances other than cash and cash equivalents	**1,954.43**	**49.70**

11 Other current assets (unsecured)

(Rs. In million)

Particulars	As at March 31, 2022	As at March 31, 2021
Balance with government authorities	1.89	1.78
Employee advances	3.59	3.73
Advances to suppliers:		
Considered good	48.91	35.50
Credit impaired	0.77	0.77
Less : Allowance for expected credit losses	(0.77)	(0.77)
	48.91	35.50
Prepaid expenses	52.12	26.69
Total other current assets	**106.51**	**67.70**

12 Share capital

(Rs. In million)

Particulars	As at March 31, 2022	As at March 31, 2021
a. Authorised shares:		
43,16,82,000 (March 31, 2021: 18,30,90,000) Equity shares of Rs.10 each	4,316.82	1,830.90
Nil (March 31, 2021: 2,50,000) 8% Compulsorily Convertible Preference Shares of Rs.100 each	-	25.00
Nil (March 31, 2021: 68,00,000) 0.001% Compulsorily convertible preference Shares of Rs. 361.90 each	-	2,460.92
	4,316.82	**4,316.82**
b. Issued, subscribed and fully paid-up shares:		
6,35,42,541 (March 31, 2021: 5,27,90,409) Equity shares of Rs.10 each fully paid up	635.43	527.90
	635.43	**527.90**
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	5,27,90,409	5,02,43,968
Issued during the year (Note h)	1,07,52,132	25,46,441
Outstanding at the end of the year	**6,35,42,541**	**5,27,90,409**

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.

12 Share capital (contd.)

e. Shareholders holding more than 5% shares in the Parent Company

(Rs. In million)

Particulars	As at March 31, 2022		As at March 31, 2021	
	% holding	No. of Shares	% holding	No. of Shares
Equity shares				
Sapphire Foods Mauritius Limited	38.04%	2,41,70,043	33.10%	1,74,71,576
WWD Ruby Limited	9.77%	62,07,342	31.60%	1,66,79,505
Arinjaya (Mauritius) Limited	8.01%	50,90,503	-	-
Amethyst Private Limited	-	-	16.62%	87,71,411
QSR Management Trust through trustee Sagista Realty Advisors Private Limited	4.50%	28,59,385	7.01%	36,98,869
Edelweiss Crossover Opportunities Fund	4.06%	25,79,177	8.05%	42,48,730

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

(Rs. In million)

Particulars	As at March 31, 2022			As at March 31, 2021		
	% holding	No. of Shares	% of change	% holding	No. of Shares	% of change
Equity shares						
Sapphire Foods Mauritius Limited	38.04%	2,41,70,043	38%	33.10%	1,74,71,576	3.85%
QSR Management Trust through trustee Sagista Realty Advisors Private Limited	4.50%	28,59,385	-23%	7.01%	36,98,869	5.16%
Arinjaya (Mauritius) Limited	8.01%	50,90,503	100%	-	-	0.00%
Samara Capital Partners Fund II Limited	0.71%	4,49,999	100%	-	-	0.00%
Total	**51.26%**	**3,25,69,930**		**40.10%**	**2,11,70,445**	

12 Share capital (contd.)

g. **Shares reserved for issue under options**

Information relating to Sapphire Foods Employee Stock Option Plan 2017, including details of options granted, exercised and lapsed during the current year/ period and options outstanding at the end of reporting period, is set out in note 40.

h. **Shares issued during the year ended March 31, 2022 includes :**

i) Exercise of stock options 13,78,661 shares

ii) Preferential allotment of 93,73,471 shares

Shares issued during the previous year ended March 31, 2021 includes :

i) Right issue of 23,65,930 shares

ii) Exercise of stock options 1,80,511 shares

i. **Bonus shares issued during the year of five years immediately preceding the reporting date :** The Parent Company had allotted 4,10,88,390 fully paid-up Equity Shares of face value Rs. 10/- each during the year ended 31st March, 2017, pursuant to bonus issue approved by the Shareholders in the meeting held on February 23, 2017. The book closure date fixed by the Board was February 23, 2017. The Bonus shares were issued in the proportion of 70 new fully paid-up equity shares for every 1 Equity Share.

13 Other equity

(Rs. In million)

Particulars	As at March 31, 2022	As at March 31, 2021
Securities premium		
Balance at the beginning of the year	9,246.68	8,766.11
Add: Premium on issue of equity shares	4,648.29	418.77
Add: Shares issued on account of employee stock options	550.68	62.21
Less: Share issued related expenses	(140.63)	(0.41)
Balance as at the end of the year	**14,305.02**	**9,246.68**
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	186.62	111.05

13 Other equity (contd.)

(Rs. In million)

Particulars	As at March 31, 2022	As at March 31, 2021
Employee stock option expense (Note 40)	345.28	137.78
Exercise of employee stock options	(475.81)	(62.21)
Balance as at the end of the year	**56.09**	**186.62**
Foreign currency translation reserve		
Balance at the beginning of the year	(69.36)	(33.54)
Add: Additions during the year	(208.10)	(35.82)
Balance as at the end of the year	**(277.46)**	**(69.36)**
Retained earnings		
Balance at the beginning of the year	(5,448.91)	(4,457.44)
Less: Profit/ (Loss) for the year	464.60	(984.63)
Other comprehensive loss for the year	(19.40)	(6.84)
Balance as at the end of the year	**(5,003.71)**	**(5,448.91)**
Total other equity	**9,436.04**	**4,271.13**

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.

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.

13 Other equity (contd.)

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)

(Rs. In million)

Particulars	As at March 31, 2022	As at March 31, 2021
Non-current borrowings		
Secured Term Loan (At amortised cost)		
(i) from banks	598.99	534.16
(ii) from Non Banking Financial Institutions	-	187.12
(iii) from others	3.99	4.95
	602.98	726.22
Less : Current maturities (shown as current borrowings)	(183.14)	(236.31)
Total non-current borrowings	**419.84**	**489.91**

(a) Term Loan from HDFC Bank

(Rs. In million)

Interest Rate	Repayment term	Security	As at March 31, 2022	As at March 31, 2021
The interest rate ranged from 8.30% p.a to 6.5% 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.	282.48	429.82

14 Borrowings (measured at amortised cost) (contd.)

Term Loan from HDFC Bank - RTL 2

(Rs. In million)

Interest Rate	Repayment term	Security	As at March 31, 2022	As at March 31, 2021
The interest rate ranged from 8.30% p.a to 6.5% 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.	168.27	-

Term Loan from HDFC Bank - RTL 4

(Rs. In million)

Interest Rate	Repayment term	Security	As at March 31, 2022	As at March 31, 2021
The interest rate ranged from 8.00% p.a to 6.5% 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	93.49	-

Term Loan from Non Banking Financial Institution : Vivriti Capital*

(Rs. In million)

Interest Rate	Repayment term	Security	As at March 31, 2022	As at March 31, 2021
The interest rate is 14% p.a.	Repayable in 33 monthly instalments after a grace period of three months from the date of first disbursement.	Pari passu charge on current and movable fixed assets and 10% of the loan amount as FD	-	187.12

Notes to the Consolidated financial statements for the year ended March 31, 2022

14 Borrowings (measured at amortised cost) (contd.)

(b) Term Loan from Development Finance Corporation of Ceylon (DFCC) Bank

(Rs. In million)

Interest Rate	Repayment term	Security	As at March 31, 2022	As at March 31, 2021
Term Loan-1 *				
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 48 monthly instalments (capital) after a grace period of twelve months from the date of first disbursement.	Primary mortgage bond No.295 over lot 192 situated at Dedigamuwa together with the right of way over lot 2 and lot 15 belonging to the group.	-	1.53
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	4.89
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.	53.89	97.91
			54.75	104.33

14 Borrowings (measured at amortised cost) (contd.)

(c) Term Loan from Daimler Financial Services India Pvt Ltd

(Rs. In million)

Interest Rate	Repayment term	Security	As at March 31, 2022	As at March 31, 2021
The rate of interest is 10.75% p.a.	Repayable in 36 monthly instalment, ending November 2022	Against vehicle Mercedez Benz E-220	3.99	4.95

* Loans have been repaid during the year

(Rs. In million)

Particulars	As at March 31, 2022	As at March 31, 2021
Current borrowings		
Bank Overdraft (Unsecured) **	9.23	30.34
Current maturities of non-current borrowings	183.14	236.31
Total current borrowings	**192.37**	**266.65**

** 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:

(Rs. In million)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Current income tax		
Current period	63.54	23.40
Earlier year	0.88	0.44
Deferred tax		
Relating to originating and reversal of temporary differences		

15 Income tax (contd.)

(Rs. In million)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Current period	(10.42)	(10.55)
Income tax expense/ (income) reported in the consolidated statement of profit/(loss)	**54.00**	**13.29**
Relating to originating and reversal of temporary differences	(0.76)	1.27
Income tax expense/ (income) reported in the consolidated statement of total comprehensive income/(loss)	**53.24**	**14.55**
- Income tax expense/(income) reported in the consolidated statement of profit/ (loss)	45.73	12.02
- Income tax expense/(income) reported in the consolidated statement of other comprehensive income/ (loss)	(0.76)	1.27

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 :

(Rs. In million)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Profit/(Loss) before taxes	**513.85**	**(987.03)**
Average Statutory Income tax rate as applicable to group companies	23.65%	31.86%
Expected income tax expense (a) *	**121.51**	**(314.45)**
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense (b) :-		
Impact of change in provisional and actual tax liability at the time of filing of ITR	-	(0.44)
Deferred tax assets not recognised for unused tax losses	**(4.61)**	**(329.29)**
Utilization of tax losses against taxable profits	78.21	-
Expenses not deductible for tax purpose	2.17	3.25
	75.78	(326.48)
Total income tax expense (a - b)	**45.73**	**12.02**

* The income tax liability is NIL being loss incurred during the year

For the above disclosure, the Group and its Indian Subsidiaries 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

15 Income tax (contd.)

(AY 2020 - 21) to provide an option for a concessional tax at the rate of 22% but the Parent Company and its Indian Subsidiary Company has opted to continue with the existing tax rate as these Company's have brought forward losses and unabsorbed depreciation. The Parent Company might continue under the existing tax rate till Company does not have tax liability.

c. Deferred tax

Deferred tax relates to the following:

(Rs. in million)

Particulars	Balance Sheet		Profit & Loss (including OCI)	
	As at March 31, 2022	As at March 31, 2021	Year ended March 31, 2022	Year ended March 31, 2021
Deferred tax liabilities				
Goodwill	292.71	292.71	-	102.34
Mutual Funds	14.23	1.50	12.73	0.22
	306.94	**294.21**	**12.73**	**102.56**
Deferred tax assets				
Property, plant and equipment/ Intangible assets	321.47	237.94	83.53	100.73
Employee benefits payable	47.15	43.95	3.20	(1.29)
Long term/ Short term provisions *	35.79	28.38	7.40	(13.07)
Provision for slow moving inventories	2.19	1.27	0.92	(8.03)
Lease Liabilities (net of ROU assets)	513.29	463.19	50.10	177.88
Provisions for doubtful advances	21.66	20.40	1.26	7.19
Disallowance under section 40(a)(i) of Income Tax Act,1961	69.25	42.23	27.02	29.23
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**	(791.13)	(649.88)	(141.26)	(178.27)
	219.67	**187.48**	**32.17**	**114.37**
Deferred tax expense/ (income)			**19.44**	**11.81**
Net deferred tax assets/ (liabilities)	**(87.27)**	**(106.73)**		

15 Income tax (contd.)

d. Group has assessed entity wise and as a result deferred tax assets has recognised to the extent of deferred tax liabilities.

f. 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.

g. Expiry schedule of losses on which deferred tax assets is not recognised is as under :

(Rs. in million)

Expiry of losses financial year wise	Business losses	Unabsorbed depreciation	Short term capital loss
FY 2022 - 23	161.90	-	-
FY 2023 - 24	508.08	-	-
FY 2024 - 25	18.14	-	22.92
FY 2025 - 26	11.24	-	-
FY 2026 - 27	8.26	-	11.07
FY 2027 - 28	7.71	-	-
FY 2028 - 29	22.13	-	-
FY 2029 - 30	3.27	-	-
Indefinite		3,201.98	
Total	**740.73**	**3,201.98**	**33.99**

16 Lease Liabilities

(Rs. In million)

Particulars	As at March 31, 2022	As at March 31, 2021
Lease Liabilities (Refer Note 42)	7,280.47	5,692.21
Total Lease Liabilities	**7,280.47**	**5,692.21**
Current	784.08	787.19
Non-current	6,496.39	4,905.02

17 Trade payables

(Rs. In million)

Particulars	As at March 31, 2022	As at March 31, 2021
Total outstanding dues of Micro enterprises and small enterprises	36.28	16.02
Total outstanding dues of creditors other than micro enterprises and small enterprises :		
- Related Parties (Note 34)	0.97	0.07
- Others	1,953.90	1,423.61
Total Trade payables	**1,991.15**	**1,439.70**

Ageing as on March 31, 2022

(Rs. 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	18.53	50.10	1,947.28
Disputed dues - MSME	-	-	-	-	-	-	-
Disputed dues - Others	-	-	-	5.55	2.04	-	7.59
Total	**1,132.73**	**315.06**	**446.95**	**22.91**	**21.66**	**51.83**	**1,991.15**

Ageing as on March 31, 2021

(Rs. 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	9.90	0.95	4.03	0.77	0.15	0.22	16.02
Others	610.53	454.12	253.62	31.73	20.88	45.42	1,416.30
Disputed dues - MSME	-	-	-	-	-	-	-
Disputed dues - Others	-	-	5.82	1.56	-	-	7.38
Total	**620.43**	**455.07**	**263.47**	**34.06**	**21.03**	**45.64**	**1,439.70**

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

(Rs. In million)

Particulars	As at March 31, 2022	As at March 31, 2021
Employees benefits payables	254.02	196.87
Capital creditors	401.92	139.64
Other payables :		
- Related party (Refer note 34)	17.61	39.60
- Others (Refer note below)	550.20	9.66
Total other current financial liabilities	**1,223.75**	**385.76**

During November, 2021, the Parent company has completed its initial public offering (IPO) of its equity shares, comprising an offer for sale of 17,569,941 equity shares by its existing shareholder at an offer price of Rs. 1,180/- each aggregating to Rs. 20,732.53 million. Pursuant to the IPO, the equity shares of the Parent company have got listed on the NSE Limited and BSE Limited on 18 November 2021. Other payable include balance of Rs 540.98 million towards amounts refundable to shareholders.

19 Other current liabilities

(Rs. In million)

Particulars	As at March 31, 2022	As at March 31, 2021
Advance from customers (contract liabilities under Ind AS 115)	3.59	3.42
Statutory dues	210.58	154.45
Total other current liabilities	**214.17**	**157.87**

20 Provisions

(Rs. In million)

Particulars	Non- Current		Current	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Gratuity (Note 35)	109.74	98.84	16.04	17.07
Leave encashment	-	-	10.42	6.44
Others *	-	-	39.54	40.87
Total provisions	**109.74**	**98.84**	**66.00**	**64.38**

20 Provisions (contd.)

Movement for provision others

(Rs. In million)

Particulars	As at March 31, 2022	As at March 31, 2021
Balance at the beginning of the year	40.87	39.63
Addition during the year	-	1.97
Deletion during the year	(1.33)	(0.73)
Balance as at the end of the year	**39.54**	**40.87**

* 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 current year 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.

21 Revenue from operations (refer Note 41)

(Rs. In million)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Revenue from contract with customers		
Restaurants sales	17,154.46	10,159.76
Other operating income		
- Sale to Airport dealers / franchisees	38.95	21.08
- Alliance Income	4.78	3.24
- Scrap sales & others	17.53	12.11
Total	17,215.72	10,196.19

22 Other income

(Rs. In million)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Interest on fixed deposits and loan	48.83	6.08
Interest income from security deposit at amortised cost	55.37	52.08
Fair value gain on financial instruments at fair value through profit or loss	74.23	9.83
Rent waiver due to COVID (Refer note below)	166.58	489.46
Provision for doubtful debts written back (net of bad debts written off)	-	3.69
Profit on sale/ discard of property, plant and equipment	3.24	-
Net gain on termination of lease contract (Note 42)	30.75	53.94
Miscellaneous income	0.78	1.08
Total	379.78	616.16

Note: During the current period consequential to COVID 19 pandemic the Group has negotiated several rent concessions. In view of recent 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 recognized 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). Accordingly an amount of Rs 166.57 million (March 31, 2021: 489.46 million) related to rent concessions has been recognised as other income.

23 Cost of materials consumed (raw material and packing material)

(Rs. In million)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Inventory as at the beginning of the year (excluding Small wares, cleaning, uniform and operating supplies)	375.47	383.86
Add: Purchases	5,435.73	3,090.87
Less: Inventory at the end of the year (excluding Small wares, cleaning, uniform and operating supplies)	(533.23)	(375.47)
Total	5,277.97	3,099.26

24 Employee benefits expense

(Rs. In million)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Salaries, wages and bonus	2,048.14	1,577.58
Contribution to provident fund and other funds (refer Note a below)	153.64	105.50
Gratuity (refer Note 35)	23.20	22.32
Employee stock option scheme (refer Note 40 and note b below)	387.88	146.24
Staff welfare expenses	127.08	104.36
Total	**2,739.94**	**1,956.00**

(a) Net off with refund claimed under Provident Fund scheme namely Pradhan Mantri Protsahan Rojgar Yojana ('PMPRY') of Rs 1.18 million (March 31, 2021: Rs 4.53 million)

(b) Expenses on employee stock option scheme includes Rs 42.55 million (March 31, 2021 Rs 8.47 million) towards long term incentive plan for the specified employees as per the scheme.

25 Finance costs

(Rs. In million)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Interest on loans	112.23	99.11
Interest - others	9.69	13.98
Interest on lease liabilities (Note 42)	654.58	635.63
Other financing cost	4.43	6.93
Total	**780.93**	**755.65**

26 Depreciation, impairment and amortisation expense

(Rs. In million)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Depreciation on property, plant and equipment (Note 3)	942.25	815.02
Impairment on property, plant and equipment (Note 3)	-	145.40
Depreciation on right of use asset (Note 42)	1,030.69	981.31
Amortisation on intangible assets (Note 4)	162.27	149.72
Total	**2,135.21**	**2,091.45**

27 Other expenses

(Rs. In million)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Rent (refer Note 42)	516.85	237.22
Electricity expenses	982.10	676.49
Royalty (Refer note (ii) below)	885.44	655.66
Marketing and advertisement expenses	686.33	389.38
Commission on aggregators and meal coupons	1,247.95	644.24
Common area maintenance expenses	251.65	207.26
Distribution and warehousing charges	275.27	208.13
Repairs and maintenance :		
- Plant and machinery	129.28	88.91
- Others	218.50	155.59
Legal and professional charges	204.22	110.43
Travelling and conveyance	120.29	48.83
Payment to auditors (Refer note (i) below)		
Audit fees	8.09	8.41
Limited Review fees	0.59	-
Other Service	0.66	1.29
Reimbursement of expenses	0.07	0.05
Small wares, cleaning, uniform and operating supplies	177.80	127.25
Home delivery charges	49.93	-
Exchange fluctuation gain (net)	11.85	-
Loss on sale/discard of property, plant and equipment	-	9.29
Provision for doubtful deposits	4.05	19.04
Miscellaneous expenses	376.68	305.46
Total	**6,147.60**	**3,896.93**

Note :

i. The above expenses excludes fees in respect of Initial Public Offer (IPO) Rs 16.56 million (March 31, 2021 Rs 1.77 million) including reimbursement of expenses and taxes, which is borne by promoters.

ii. The group is eligible for incentive basis the agreement with the franchisor. these have been netted off against the royalty expenses.

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/ (loss) and share data used in the basic and diluted EPS computations:

(Rs. In million)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Profit/ (Loss) attributable to the equity holders of the Group (Rs. in million)	464.60	(984.63)
Profit/ (Loss) attributable to equity holders adjusted for the effect of dilution		
Weighted average number of Equity shares outstanding during the period	5,96,98,646	5,17,11,080
Effect of dilution:		
Share options under ESOP	4,45,825	16,11,594
Basic Earning Per Share (Face value of Rs. 10 per share)	7.78	(19.04)
Diluted Earning Per Share (Face value of Rs. 10 per share) #	7.72	(19.04)

Share options under ESOP have not been considered for the year ended March 31, 2021 being anti-dilutive in nature (refer Note 40).

29 Contingent liabilities

(Rs. In million)

	Particulars	As at March 31, 2022	As at March 31, 2021
a)	i) Claims against the Group (excluding Interest) not acknowledged as debts in respect of:		
	- Sales Tax	22.56	75.86
	- Income Tax	152.01	152.01
	- Statutory dues	5.35	-
	- Other matters	24.53	14.82
	Total	**204.45**	**242.70**

There are several other cases which has been determined as remote by the Group and hence not been disclosed above.

29 Contingent liabilities (contd.)

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 Rs. 0.94 Million as at March 31, 2022 (March 31,2021 :Rs. 4 Million) (March 31, 2022, 2.6 Million LKR, March 31, 2021 - 10.9 million LKR).However, company has not experienced any loss or damage relating to such facilitation

c) Sri Lanka Customs ("SLC") conducted an inquiry against the Company's subsidiary namely Gamma Pizzakraft Lanka Private Limited ("the Co."). Pursuant to section 8 of the Customs Ordinance No.17 of 1869 as amended on the alleged basis that by failing to declare the continuing fee and advertising contribution as set out in the International Franchisee Agreement between Yum ! Asia Franchise Pte Ltd. and the Co. in computing the taxes and levies on the imported goods, the Co. has acted in violation of section 51 and 52 read with Schedule E of the Ordinance. SLC concluded the inquiry on November 28, 2018 by imposing a penalty of Rs 25.88 million (LKR 69.5 million) on the Co. The Co. disagreed with the said order of SLC and filed a writ application before the Court of Appeal on January 18, 2019 challenging the order. Writ application was taken up at the Court of Appeal and the Company has won this case in the current year.

d) 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 Rs 148.73 million as income tax as per the laws of India. The management of the Subsidiary is in the view that this assessment has no substance or a valid basis and have noted that there is a gross error of Rs 100.00 in assessment itself due to a neglectful arithmetical error. Necessary steps have been initiated to file an appeal in the High Court of Delhi, India challenging the assessment.

e) 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 Company does not foresee any financial obligation against the FIR.

f) 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 Company and SHRPL, Hansazone, Pizzeria, KFCH. Aggrieved by this, 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. Subsequently the Parent Company has got a

29 Contingent liabilities (contd.)

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 Group does not foresee any liability towards the same.

g) 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 an 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. Subsequently 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 judgment.

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's pending litigations comprise of proceedings pending with tax authorities. 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)

(Rs. In million)

Particulars	As at March 31, 2022	As at March 31, 2021
Estimated amount of contracts to be executed on capital account and not provided for (net of advances)	696.13	258.13

30 Commitments (contd.)

(b) The Group 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 and Tier 1 Targets, with certain incentives to be accrued on opening of such stores. In the event of the Group not meeting the build targets during the incentive period, Yum will have the right to consider revocation of development (exclusivity) rights of the Group. 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 Rs 326.28 million for the year 2022. 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.

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 binding 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 three 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

31 Significant accounting judgements, estimates and assumptions (contd.)

- 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 increase/decrease in the above factors may result in change in value in use.

(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.

Even though there is profit during the year but considering the history of losses, the Group has not recognised deferred tax assets on the losses in excess of deferred tax liabilities. Further details about component on taxes refer note 15.

(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 life and residual value 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 3 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 significant negative effect on the revenue. The renewal periods for leases of stores with longer non-cancellable 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.

Refer to Note 39(c) for information on potential future rental payments.

31 Significant accounting judgements, estimates and assumptions (contd.)

(g) Provision for inventories

The Group has calculated the provision for inventory basis the percentage as per historical experience for inventory lying from the last inventory count date to the reporting date.

(h) 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.

(i) 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 the incentive is recognised pro-rata basis the number of stores opened.

32 Impairment Testing of Goodwill

(Rs. in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Cost	1,621.59	1,621.59
Less : Impairment	-	-
Net Carrying Value	**1,621.59**	**1,621.59**

Carrying value of goodwill :-

(Rs. in million)

Allocation of goodwill to Cash Generating Units (CGU's)	As at March 31, 2022	As at March 31, 2021
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 amortized but is evaluated for impairment annually or whenever events or changes in circumstances indicate the carrying value may not be recoverable.

32 Impairment Testing of Goodwill (contd.)

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, 2022. The Group performed its impairment test for the year ended March 31, 2022 on March 31, 2022.

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 2026. The pre-tax discount rate is applied to cash flow projections. The Group has estimated a perpetuity growth rate to arrive at perpetual value post 2026. As a result of this analysis there is no impairment charge as at March 31, 2022 and March 31, 2021.

The key assumptions have been disclosed in Note 31(a)

Sensitivity to change in assumptions

Key assumptions	Mar-22	Mar-21
Discount rate	14%	17%
Sales growth rate	11%-29%	8%-19%

Discount rate assumption

A change in discount rate by 100 basis points will result in change in the recoverable value by :-

(Rs. in million)

Particulars	Mar-22	Mar-21
Increase in 100 basis points and impact on the recoverable value	**(1,448.59)**	**(1,248.21)**
- KFC	(1,187.99)	(934.66)
- PH	(260.60)	(313.55)
Decrease in 100 basis points and impact on the recoverable value	**1,761.85**	**1,465.78**
- KFC	1,456.54	1,098.56
- PH	305.30	367.22

32 Impairment Testing of Goodwill (contd.)

Sales growth rate assumption

A change in sales rate by 100 basis points will result in change in the recoverable value by :-

(Rs. in million)

Particulars	Mar-22	Mar-21
Increase in 100 basis points and impact on the recoverable value	1,384.36	1,113.53
- KFC	1,176.13	863.50
- PH	208.23	250.02
Decrease in 100 basis points and impact on the recoverable value	(1,140.64)	(954.44)
- KFC	(962.29)	(740.14)
- PH	(178.36)	(214.30)

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 :

(Rs. in million)

	Year ended March 31, 2022			Year ended March 31, 2021		
	India	Outside India	Consolidated	India	Outside India	Consolidated
1. Revenue						
External	14,442.96	3,152.54	17,595.50	8,684.75	2,127.61	10,812.35
Total Revenue	14,442.96	3,152.54	17,595.50	8,684.75	2,127.61	10,812.35

(Rs. in million)

	As at March 31, 2022			As at March 31, 2021		
	India	Outside India	Consolidated	India	Outside India	Consolidated
2. Non- Current Assets *	14,515.77	1,217.11	15,732.88	10,794.54	1,259.12	12,053.66

*Non-current assets primarily comprises property, plant and equipment and right of use assets.

Notes to the Consolidated financial statements for the year ended March 31, 2022

33 Segment Reporting (contd.)

Note: No single customer represents 10% or more of the Group's total revenue for the period ended March 31, 2022 and March 31, 2021. Therefore the customer concentration risk is limited due to the large and unrelated customer base.

34 Related Party Disclosures

Names of related parties and related party relationship

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)
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)

34 Related Party Disclosures (contd.)

	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. 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

(Rs. 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	2.83	-	-	-
	(-)	-	-	-
Balance as at:				
Trade Payables				
Samara India Advisors Private Limited	-	-	-	0.97
	-	-	-	(0.07)
Other Payables				
KFCH Restaurants Private Limited	-	-	-	-
	(11.19)	-	-	-
Gamma Life Line	-	-	-	17.61
	-	-	-	(28.41)

34 Related Party Disclosures (contd.)

(Rs. in million)

Particulars	Entities under Common Control	Key Managerial personnel/ Independent Directors and their relatives	Company having Significant Influence	Enterprises under Significant Influence
				-
Transactions for the year ended:				
Sale of material				
KFCH Restaurants Private Limited	14.59	-	-	-
	(14.41)	-	-	-
Purchase of assets				
KFCH Restaurants Private Limited	1.11	-	-	-
	-	-	-	-
Call Centre Charges (inclusive of taxes)				
KFCH Restaurants Private Limited	5.08	-	-	-
	(4.67)	-	-	-
Reimbursement of expenses				
KFCH Restaurants Private Limited	0.03	-	-	-
	(0.05)	-	-	-
Samara India Advisors Private Limited	-	-	-	0.90
	-	-	-	(0.33)
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	-
	-	-	(-)	-

34 Related Party Disclosures (contd.)

(Rs. in million)

Particulars	Entities under Common Control	Key Managerial personnel/ Independent Directors and their relatives	Company having Significant Influence	Enterprises under Significant Influence
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	-	-	-	2.76
	-	-	-	(6.98)
Issuance of Equity Shares (including securities premium)				
WWD Ruby Limited	-	-	-	-
	-	-	(210.00)	-
Edelweiss Crossover Opportunities Fund	-	-	100.00	-
	-	-	(37.50)	-
Edelweiss Crossover Opportunities Fund – Series II	-	-	-	-
	-	-	(39.87)	-

Notes to the Consolidated financial statements for the year ended March 31, 2022

34 Related Party Disclosures (contd.)

(Rs. in million)

Particulars	Entities under Common Control	Key Managerial personnel/ Independent Directors and their relatives	Company having Significant Influence	Enterprises under Significant Influence
Sagista Realty Advisors Private Limited, Trustee of QSR Management Trust	-	-	-	-
	-	-	(33.92)	-
Sapphire Foods Mauritius Limited	-	-	2,070.67	-
	-	-	(121.14)	-
Arinjaya (Mauritius) Limited	-	-	2,571.37	-
	-	-	-	-
Sanjay Purohit	-	-	295.72	-
	-	-	(64.02)	-
Vijay Jain	-	-	60.06	-
	-	-	(-)	-
Amar Raj Singh	-	-	30.03	-
	-	-	(-)	-
Purchase of Equity Shares of Gamma Pizzakraft (Overseas) Private Limited				
Mr. Amar Raj Singh	-	-	-	-
	-	(21.53)	-	-
Settlement of liabilities on behalf of the entity				
KFCH Restaurants Private Limited	0.37	-	-	-
	(1.65)	-	-	-
Remuneration to Independent Directors	-	2.33	-	-
	-	(-)	-	-

34 Related Party Disclosures (contd.)

(Rs. in million)

Particulars	Entities under Common Control	Key Managerial personnel/ Independent Directors and their relatives	Company having Significant Influence	Enterprises under Significant Influence
Remuneration to Key Managerial Personnel *#				
Short Term Employee Benefits	-	499.81	-	-
	-	(131.39)	-	-
Share based payments	-	274.36	-	-
	-	(96.85)	-	-

* Excludes provision for compensated absence and gratuity for Key Managerial Personnel as separate actuarial valuation is not available.

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) During the year ended March 31, 2022 and year ending March 31, 2021, the Parent Company has incurred share issue expenses in connection with proposed public offer of equity shares of which Rs. 237.81 million is accounted for various services received for Initial Public Offering (IPO). As per the Offer Agreement entered between the Parent Company and the selling shareholders namely WWD Ruby Limited, Amethyst Private Limited, Aparajita Jethy Ahuja (Trustee of AAJV Investment Trust), Edelweiss Crossover Opportunities Fund - Series I, Edelweiss Crossover Opportunities Fund - Series II, shall reimburse the share issue expenses in proportion to the respective shares offered for sale. Accordingly, the Parent Company has recovered the expenses incurred in connection with the Issue on completion of IPO and therefore, as at year ended March 31, 2022 no amount is recoverable and same has been disclosed under the head “”Other financial assets - Share issue expenses (Receivable from shareholders - Unbilled)”

Further, the Parent Company has a balance in Escrow account of Rs 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

Notes to the Consolidated financial statements for the year ended March 31, 2022

34 Related Party Disclosures (contd.)

on a going concern basis from the appointed date of the scheme i.e. 1 April 2016. While the demerger was being operationalized, 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 to Rs. Nil (March 31, 2021: Rs 5.68 million) were received by KFCH on behalf of SFIL from its customers and collections amount to Rs. 0.23 million (March 31, 2021: Nil) 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.

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 Rs. 153.64 million (March 31, 2021: Rs. 105.5 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.

A. Plan assets and plan liabilities

(Rs. In million)

Particulars	Defined benefit plans			
	India		Outside India	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Present value of plan liabilities	84.26	68.44	42.33	48.23
Fair value of plan assets	0.81	0.76	-	-
Net plan liability / (asset)	**83.45**	**67.68**	**42.33**	**48.23**

35 Disclosure as per IND-AS 19, "Employee Benefits" (contd.)

B. Movements in plan assets and plan liabilities

(Rs. In million)

Particulars	Year ended March 31, 2022						Year ended March 31, 2021					
	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	**0.76**	**68.44**	**(67.68)**	**-**	**48.23**	**(48.23)**	**0.71**	**58.37**	**(57.66)**	**-**	**48.31**	**(48.31)**
Current service cost	-	10.60	(10.60)	-	5.11	(5.11)	-	9.05	(9.05)	-	5.60	(5.60)
Past service cost			-			-	-	-	-		-	-
Interest cost	-	3.69	(3.69)	-	3.81	(3.81)	-	3.53	(3.53)	-	4.18	(4.18)
Return on plan assets less expected interest on plan assets	0.04	-	0.04	-	-	-	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 financial assumptions	-	(2.62)	2.62	-	4.04	(4.04)	-	1.76	(1.76)	-	(3.93)	3.93
Actuarial (gain)/ loss arising from experience adjustments	-	18.75	(18.75)		-	-	-	8.35	(8.35)	-	(0.60)	0.60
Translation benefit	-	-	-	-	(18.00)	18.00	-	-	-	-	(3.94)	3.94
Benefit payments	-	(14.60)	14.60	-	(0.86)	0.86	-	(12.62)	12.62	-	(1.39)	1.39
As at the end of the year/ period	**0.81**	**84.26**	**(83.45)**	**-**	**42.33**	**(42.33)**	**0.76**	**68.44**	**(67.68)**	**-**	**48.23**	**(48.23)**

35 Disclosure as per IND-AS 19, "Employee Benefits" (contd.)

C. Statement of Profit and Loss

(Rs. In million)

Particulars	Defined benefit plans			
	India		Outside India	
	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2022	Year ended March 31, 2021
Employee benefit expenses:				
Current service cost	10.60	9.05	5.11	5.60
Finance cost (net of income on plan assets)	3.66	3.49	3.81	4.18
Net impact on the Profit/ (loss) before tax for the year (refer note 24)	**14.26**	**12.54**	**8.93**	**9.78**
Remeasurement of the net defined benefit liability:				
Actual return on plan assets less expected interest on plan assets	(0.04)	(0.01)	-	-
Actuarial gains/(losses) arising from changes in demographic	-	-		-
Actuarial gains/(loss) arising from changes in financial assumptions	(2.62)	1.76	4.04	(3.93)
Actuarial (gain)/loss arising from experience adjustments	18.75	8.35	-	(0.60)
Net impact on the Other Comprehensive Income/ (Loss) before tax for the year	**16.09**	**10.10**	**4.04**	**(4.53)**

35 Disclosure as per IND-AS 19, "Employee Benefits" (contd.)

D. Assets

(Rs. In million)

Particulars	Defined benefit plans			
	India		Outside India	
	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2022	Year ended March 31, 2021
Unquoted				
Insurer Manager Fund	0.81	0.76	-	-
Total	**0.81**	**0.76**	**-**	**-**

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, 2022	Year ended March 31, 2021
Financial Assumptions		
Discount rate	5% - 9%	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, 2022	Year ended March 31, 2021
Demographic Assumptions		
Mortality Rate	IALM (2012-14) Ultimate	IALM (2012-14) Ultimate

35 Disclosure as per IND-AS 19, "Employee Benefits" (contd.)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Withdrawal rate	For Corporate : If service < 5 yrs, 18% If service > 5 yrs, 12% For Store : If service < 5 yrs, 80% for 3 years, 50% thereafter, If service > 5 yrs, 2%	For Corporate : If service < 5 yrs, 18% If service > 5 yrs, 12% For Store : If service < 5 yrs, 80% for 3 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)	15.62	12.36

F. Sensitivity

The sensitivity of the overall plan liabilities to changes in the weighted key assumptions are:

(Rs. In million)

Particulars	As at March 31, 2022					As at March 31, 2021				
	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%	(8.48)	12.29	(2.33)	2.69	+/-1%	(6.81)	10.14	(3.20)	3.70
Salary Escalation Rate	+/-1%	12.77	(9.03)	2.87	(2.54)	+/-1%	9.67	(6.59)	3.92	(3.45)

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.

35 Disclosure as per IND-AS 19, "Employee Benefits" (contd.)

G. The defined benefit obligations shall mature after year end as follows:

(Rs. In million)

Particulars	Year ended March 31, 2022		Year ended March 31, 2021	
	India	Outside India	India	Outside India
1st following year	6.01	10.07	5.28	12.53
2nd following year	5.56	9.12	4.29	2.26
3rd following year	5.58	-	4.39	2.26
4th following year	6.65	-	4.35	2.26
5th following year	5.10	7.16	5.23	2.26
6th to10th year	25.02	15.96	19.74	26.64

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, 2022

36 Information for Consolidated Financial Statement pursuant to Schedule III of the Companies Act, 2013

For the year ended/ As at March 31, 2022

(Rs. 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%	10,416.28	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%	(1,279.72)	-9%	(42.35)	-7%	15.71	-11%	(26.65)		
Total	**100%**	**10,054.49**	**100%**	**459.85**	**100%**	**(228.01)**	**100%**	**231.84**		

36 Information for Consolidated Financial Statement pursuant to Schedule III of the Companies Act, 2013 (contd.)

For the year ended/ As at March 31, 2021

(Rs. 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, 2021	As % of consolidated profit or loss	Year ended March 31, 2021	As % of consolidated other comprehensive income	Year ended March 31, 2021	As % of total other comprehensive income	Year ended March 31, 2021		
Parent										
Sapphire Foods India Limited	108%	5,149.16	97%	(967.02)	24%	(10.25)	94%	(977.27)	India	100%
Subsidiaries (held directly)										
Indian										
Gamma Pizzakraft (Overseas) Private Limited	8%	360.01	1%	(9.05)	0%	-	1%	(9.05)	India	100%
Subsidiaries (held indirectly)										
Indian										
Gamma Pizzakraft Private Limited	0%	9.58	2%	(22.87)	0%	0.14	2%	(22.73)	India	100%
Foreign										
Gamma Pizzakraft Lanka Private Limited	10%	477.97	-10%	96.27	77%	(32.67)	-6%	63.61	Sri Lanka	100%
French Restaurants Private Limited	0%	0.69	0%	(0.06)	0%	(0.06)	0%	(0.12)	Sri Lanka	100%
Gamma Island Food Private Limited	-1%	(25.16)	1%	(14.92)	0%	0.15	1%	(14.78)	Maldives	51%
Non Controlling Interest	0%	(11.71)	1%	(14.34)	0%	0.14	1%	(14.20)	Maldives	49%
Adjustments on account of Consolidation	-25%	(1,173.22)	7%	(66.98)	0%	0.02	6%	(66.96)		
Total	**100%**	**4,787.32**	**100%**	**(998.97)**	**100%**	**(42.53)**	**100%**	**(1,041.50)**		

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. For Put Option valuation, refer Note (a) given under Note 18. 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 debt mutual funds which are not quoted in the active market. These debt mutual funds are 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 unrealized gain or loss on fair valuation is recorded in profit and loss account under other income. Accordingly, such debt mutual funds fall under fair value hierarchy level 1.

Fair value measurement hierarchy

(Rs. 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**
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**

37 Fair Values and Fair Value hierarchy (contd.)

(Rs. 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
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.

(Rs. In million)

Particulars	As at March 31, 2021				
	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)	77.75	-	-	-	**77.75**
Cash and cash equivalents (Note 9)	450.50	-	-	-	**450.50**
Bank balances other than cash and cash equivalents (Note 10)	49.70	-	-	-	**49.70**
Other financial assets (Note 5)	770.86	-	-	-	**770.86**
At Fair value through profit or loss					
Investments (Note 5)	-	-	267.41	-	**267.41**
Financial Liabilities					
At Amortised Cost					
Borrowings (Note 14)	756.56	-	-	-	**756.56**
Lease liabilities (Note 16)	5,692.21	-	-	-	**5,692.21**
Trade payables (Note 17)	1,439.70	-	-	-	**1,439.70**
Other financial liabilities (Note 18)	385.76	-	-	-	**385.76**

Notes to the Consolidated financial statements for the year ended March 31, 2022

37 Fair Values and Fair Value hierarchy (contd.)

The Group considers that the carrying amounts of these financial instruments recognised at amortised cost in the financial statements approximates its fair value.

Reconciliation of fair value measurement of liability categorised at level 3 :

At Fair value

(Rs. In million)

Particulars	As at March 31, 2022	As at March 31, 2021
Opening Balance	-	21.53
Conversion during the year/ period	-	(21.53)
Total (Gain)/Loss	-	-
Closing Balance	-	-

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 funding requirements are met through equity infusions, internal accruals and borrowings. The Group raises long term loans mainly for its expansion requirements. 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, 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

39 Financial risk management objectives and policies (contd.)

procedures and that financial risk are identified, measured and managed in accordance with Group policies and Group risk objective.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarized as below:

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, 2022. 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, 2022.

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.

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 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.

(Rs. In million)

Particulars	As at March 31, 2022	As at March 31, 2021
Borrowings bearing variable rate of interest	612.21	756.56

39 Financial risk management objectives and policies (contd.)

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 loss 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 loss before tax:

(Rs. In million)

Change	Year ended March 31, 2022	Year ended March 31, 2021
50 bps increase would increase the loss before tax by	(3.06)	(3.78)
50 bps decrease would decrease the loss before tax by	3.06	3.78

b Credit risk

Credit risk is the risk that counterparty will not meet 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, 2022, 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

39 Financial risk management objectives and policies (contd.)

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.

(Rs. in million)

Particulars	Year	< 1 Year	1 - 5 Years	More than 5 year	Total
Financial Liabilities					
Trade Payable	March 31, 2022	1,991.15	-	-	1,991.15
	March 31, 2021	1,439.71	-	-	1,439.71
Borrowings	March 31, 2022	215.02	666.23	-	881.25
	March 31, 2021	289.44	501.88	-	791.32
Lease liabilities	March 31, 2022	1,456.60	7,716.90	2,376.40	11,549.90
	March 31, 2021	1,247.69	3,907.21	3,687.64	8,842.54
Other Financial Liabilities					
Payable on Capital goods purchased	March 31, 2022	401.92	-	-	401.92
	March 31, 2021	139.64	-	-	139.64
Payable to employees	March 31, 2022	254.02	-	-	254.02
	March 31, 2021	196.87	-	-	196.87
Other payables	March 31, 2022	567.81	-	-	567.81
	March 31, 2021	49.25	-	-	49.25

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. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders. In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio.

Notes to the Consolidated financial statements for the year ended March 31, 2022

40 Share-based payments

The Parent Company had received approval of the Board and Shareholders for issuance of 20,31,249 Equity Shares of Rs.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.

In March 31, 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 has also vested 13,78,661 options under the Sapphire Foods Employee Stock Option Scheme 2019 and accordingly has recorded ESOP charge of Rs 233.99 million and such options were exercised by the employees.

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.

There are no cash settlement alternatives for the employees. The Parent Company does not have a past practice of cash settlement for these awards.

40 Share-based payments (contd.)

The Parent Company has granted the following options:

Particulars	Loyalty				New Loyalty	
	Scheme IV	Scheme IV	Scheme III	Scheme III	Scheme IV	Scheme IV
No. of options	2,25,694	1,12,848	1,73,031	37,615	2,30,767	5,59,411
Recovery of IPO expenses	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value
Vesting period (in years)	2.5	2.2	2.2	2.2	1.5	3.02
Grant Date	04-Jun-18	21-Aug-20	04-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	30-06-2023	30-06-2023
Exercise Price (Rs.)	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 (Rs.)	344.65	376.70	344.75	376.70	147.90	209.30

40 Share-based payments (contd.)

Particulars	Performance						
	Scheme IV			Scheme III			
	Gold Options	Platinum	Ruby Options	Gold Options (A)	Gold Options (B)	Platinum	Ruby Options
No. of options	3,38,542	2,25,694	1,38,889	2,10,649	2,10,648	52,663	1,05,325
Method of accounting	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value
Vesting period (in years)	2.2	2.6	3.5	2.2	2.5	3.5	3.2
Grant Date	04-Jun-18	21-Aug-20	30-Dec-20	04-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 (Rs.)	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 (Rs.)	376.80	377.00	377.50	238.10	237.90	251.80	248.60

(Rs. In million)

No. of Options	Loyalty		Performance	
	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2022	Year ended March 31, 2021
Outstanding at the beginning of the year/ period	3,68,680	3,98,728	12,42,914	2,18,493
Granted during the year/ period	7,90,178	1,50,463	-	10,63,917
Exercised during the year/ period	(3,68,680)	(1,80,511)	(10,09,981)	-
Lapsed/ Expired during the year/ period	(1,02,512)	-	-	(39,496)
Outstanding at the end of the year/ period	6,87,666	3,68,680	2,32,933	12,42,914
Exercisable at the end of the year/ period	-	-	-	-

40 Share-based payments (contd.)

The value of the underlying shares has been determined by an independent valuer. The following assumptions were used for calculation of fair value of grants in accordance with Black Scholes model:

Date of grant	15 September 2021	15 September 2021	30 December 2020	21 August 2020	3 September 2018	4 June 2018
Risk free interest rate	4.06%	4.96%	4.00%	4.69%	8.10%	7.90%
Expected life (in years)	1.8	3.3	2.2-3.5	2.6	7.4	5.4
Expected volatility	50%	50%	55%	50%	45%	40%
Dividend yield	0%	0%	0%	0%	0%	0%
Price of the underlying share in the market at the time of option grant (Rs.)	537	537	386	291	351	351

Incremental fair value of options was based on the above factors

Weighted average remaining contractual life of the share option outstanding at the end of year/ period is as below :

Particulars	31-Mar-22	31-Mar-21	31-Mar-20	31-Mar-19
Remaining contractual life Loyalty (years)	1.75	0.88	1.54	2.31
Remaining contractual life Performance (years)	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

(Rs. In million)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Total employee compensation cost pertaining to stock option plan	340.88	137.78
Liability for employee stock option plan outstanding as at the period end	56.09	186.62

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:

(Rs. In million)

Type of goods or service	Year ended March 31, 2022	Year ended March 31, 2021
Restaurant sales	17,154.46	10,159.76
Other operating income	61.26	36.43
Total revenue from contract with customers	**17,215.72**	**10,196.19**
India	14,104.60	8,140.28
Outside India	3,111.12	2,055.91
Total revenue from contract with customers	**17,215.72**	**10,196.18**
Timing of revenue recognition		
Goods transferred at a point in time	17,210.94	10,192.95
Services transferred over time (included in other operating income)	4.78	3.24
Total revenue from contract with customers	**17,215.72**	**10,196.19**

2. **Contract balances:**

(Rs. In million)

	31st March, 2022	31st March, 2021
Trade receivables	140.71	77.75
Contract liabilities	3.59	3.42

42 Leases – Ind AS 116

Leases where the Group is a Lessee

(a) The group incurred Rs.44.82 million for the year ended March 31, 2022 (March 2021: Rs 17.89 million) towards expenses relating to short-term leases and leases of low-value assets. The total cash outflow for leases is Rs.1,303.67 million for the year ended March 31, 2022 (March 2021: Rs 901.61 million, including cash outflow of short-term leases and leases of low-value assets. Interest on lease liabilities Rs. 654.58 millions for the year ended March 31, 2022. (March 2021: Rs 635.63 million).

(b) The Group leases mainly comprise of stores, buildings and motor vehicle. The Group leases buildings for the purpose of business operations.

42 Leases – Ind AS 116 (contd.)

Leases are shown as follows in the Group's balance sheet and profit & loss account

(Rs. In million)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Cost	4,739.45	5,847.45
Additions	2,783.18	983.73
Disposals	(109.91)	(184.29)
Accumulated Depreciation	(1,030.69)	(1,875.84)
Translation difference	(131.28)	(31.60)
Closing Balance	**6,250.75**	**4,739.45**

Set out below are the carrying amounts of lease liabilities (included under financial liabilities) and the movements during the year :

(Rs. In million)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
As at beginning of the year	5,692.21	5,743.69
Additions	2,637.38	955.08
Accretion of Interest	654.58	635.63
Termination	(126.18)	(238.22)
Rent waiver due to COVID	(166.57)	(489.46)
Payments	(1,258.85)	(876.74)
Translation difference	(149.95)	(37.77)
As at the end of the year	**7,282.62**	**5,692.21**
Lease liabilities		
Current	758.24	787.19
Non-current	6,524.40	4,905.02
Total lease liabilities	**7,282.64**	**5,692.21**

42 Leases – Ind AS 116 (contd.)

Maturity analysis of contractual undiscounted cash flow:

(Rs. In million)

	Less than 1 year	1 - 5 years	More than 5 years	Total
Lease of Buildings and Motor vehicle				
As at 31st March, 2022	1,456.60	7,716.90	2,376.40	**11,549.90**
As at 31st March, 2021	1,247.69	3,907.21	3,687.64	**8,842.54**

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 recognized in the Statement of Profit and Loss:

(Rs. In million)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Other income		
Gain on termination of lease contract	30.75	53.94
Rent waiver due to COVID	166.57	489.46
Other expenses		
Short-term lease rent expense	39.98	20.09
Low value asset lease rent expense	4.84	4.78
Variable lease rent expense	234.75	81.85
GST on rent	237.28	130.50
Depreciation and impairment losses		
Depreciation of right of use lease asset	1,030.69	981.31
Finance cost		
Interest expense on lease liability	654.58	635.63

42 Leases – Ind AS 116 (contd.)

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:

(Rs. In million)

Particulars	Year ended March 31, 2022		
	Fixed Payments	Variable Payments	Total
Fixed Rent	608.07	-	608.07
Variable rent with minimum payment	684.56	164.61	849.18
Variable rent only	-	62.30	62.30
	1,292.64	**226.92**	**1,519.55**

(Rs. In million)

Particulars	Year ended March 31, 2021		
	Fixed Payments	Variable Payments	Total
Fixed Rent	412.09	-	412.09
Variable rent with minimum payment	453.31	44.13	497.44
Variable rent only	-	37.72	37.72
	865.40	**81.85**	**947.25**

A 5% increase in revenue for the relevant stores would increase total lease payments by 5% for the year ended March 31, 2022 (March 2021: 4%)

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.

Notes to the Consolidated financial statements for the year ended March 31, 2022

43 Title deeds of immovable properties not held in the name of the company

The Group has 9 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 (Rs. 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	82.53	Landlord	Not applicable	3 months to 2 years	The original term has expired and these contracts are in the process of getting renewed

44 a) 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 year the Parent Company has regularised these filings and made good the non-compliance by paying a fees of Rs 9.54 million. Further, the Company has received RBI approval on 17 January 2022.

45 During the year in November, 2021, the group has completed its initial public offering (IPO) of its equity shares, comprising an offer for sale of 17,569,941 equity shares by its existing shareholder at an offer price of Rs. 1,180/- each aggregating to Rs. 20,732.53 million. Pursuant to the IPO, the equity shares of the Parent company have got listed on the NSE Limited and BSE Limited on 18 November 2021.

46 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 "Parent 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 (NCL T), 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.

47 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.

48 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 charges or satisfaction 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(s) or entity(ies), 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(s) or entity(ies) (outside the group), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

Notes to the Consolidated financial statements for the year ended March 31, 2022

48 Other Statutory Information (contd.)

(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

49 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, significant 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.

50 Events after the reporting period

The Group has evaluated subsequent events from the balance sheet date through May 17, 2022, 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 17, 2022

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 17, 2022

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

(Rs. in million)

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, 2022	31st March, 2022	31st March, 2022	31st March, 2022	31st March, 2022
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 = 0.2582 Rs.	LKR 1 LKR = 0.2582 Rs.	RF 1 RF = 4.938 Rs.
3.	Share capital	188.62	148.74	161.21	4.88	85.71
4.	Reserves & surplus	242.35	(146.30)	375.84	(4.49)	(121.63)
5.	Total assets	557.86	105.19	1,565.81	3.82	161.95
6.	Total Liabilities	126.89	102.75	1,028.76	3.43	197.88
7.	Investments	353.35	-	-	-	-
8.	Turnover	-	127.34	2,982.94	-	128.19
9.	Profit/(Loss) before taxation	(4.54)	(7.48)	352.52	(0.13)	(9.69)
10	Provision for taxation	-	-	(71.80)	-	-
11	Profit/(Loss) after taxation	(4.54)	(7.48)	280.72	(0.13)	(9.69)
12.	Proposed Dividend	NIL	NIL	NIL	NIL	NIL
13	% of shareholding	100%	100%	100%	100%	51%

Notes to the Consolidated financial statements for the year ended March 31, 2022

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 17, 2022

Place: Mumbai
Date: May 17, 2022

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SapphireFoods

SAPPHIRE FOODS INDIA LIMITED

(formerly known as Sapphire Foods India Private 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 thirteenth (13th) Annual General Meeting ("AGM") of the members of Sapphire Foods India Limited (the **"Company"**) will be held on **Friday, September 2, 2022, 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 March 31, 2022, 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 March 31, 2022, together with the Reports of the Auditors thereon.

2. 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.

3. To appoint a Director in place of Mr. Vinod Nambiar (DIN: 07290613), 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. **To ratify 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**

   To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution:**

   "RESOLVED THAT pursuant to Section 62(1)(b) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder ("Act"), the provisions of Regulation 12(1) of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("SEBI SBEB & SE Regulations"), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations"), the relevant provisions of the Memorandum and Articles of Association of the Company and subject further to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, consent of the members of the Company be and is hereby accorded for ratification of the **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") as aligned with the provisions of the SEBI SBEB & SE Regulations, which was originally approved by the members of the Company vide Special Resolution dated 30th May, 2018 and subsequent amendments approved from time to time prior to initial public offer of shares of the Company, which contemplates authority in the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee, including the Nomination and Remuneration Committee which the Board has constituted to exercise its powers, including the powers, conferred by this resolution and under Regulation 5 of the SEBI SBEB & SE Regulations) to create, grant, offer, issue and allot, from time to time, in one or more tranches, not exceeding 43,33,889 employee stock options to or for the benefit of such person(s) who are in permanent employment of the subsidiaries of the Company, whether present and/or future, working in India or abroad, within the meaning of Scheme III read with ESOP 2017, including any director, whether whole time or otherwise (other than the employees who are Promoters of the Company or belonging to the Promoter Group, Independent Directors and Directors holding directly or indirectly more than 10% of the outstanding equity shares of the Company), as may be decided under Scheme III read with ESOP 2017, exercisable into not more than 43,33,889 equity shares of face value of Rs.10/- (Rupees Ten) each fully paid-up, where one employee stock option would convert in to one equity share upon exercise, on such terms and in such manner as the Board may decide in accordance with the provisions of the applicable laws and the provisions of Scheme III read with ESOP 2017".

"**RESOLVED FURTHER THAT** the equity shares so issued and allotted as mentioned hereinbefore shall rank *pari passu* with the then existing equity shares of the Company."

"**RESOLVED FURTHER THAT** in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division and others, if any, additional equity shares are issued by the Company to the option grantees for the purpose of making a fair and reasonable adjustment to the employee stock options granted earlier, the ceiling in terms specified above shall be deemed to be increased to the extent of such additional equity shares issued."

"**RESOLVED FURTHER THAT** in case the equity shares of the Company are either sub-divided or consolidated, then the number of shares to be allotted and the price of acquisition payable by the option grantees under the Scheme III read with ESOP 2017 shall automatically stand reduced or augmented, as the case may be, in the same proportion as the face value per equity share shall bear to the revised face value of the equity shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the said grantees."

"**RESOLVED FURTHER THAT** the Company shall conform to the accounting policies prescribed from time to time under the SEBI SBEB & SE Regulations and any other applicable laws and regulations to the extent relevant and applicable to the Scheme III read with ESOP 2017."

"**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds, and things, and sign deeds, documents, letters and such other papers as may be necessary, desirable and expedient, as it may in its absolute discretion deem fit or necessary or desirable for such purpose including giving effect to this resolution with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in this regard in conformity with the provisions of the Companies Act, 2013, SEBI SBEB & SE Regulations, the Memorandum and Articles of Association of the Company and other applicable laws."

5. **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**

To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"**RESOLVED THAT,** pursuant to the provisions of the Section 62(1)(b) and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014, as amended from time to time, (the "Act"); provisions contained in the Memorandum of Association and the Articles of Association of the Company; provisions of such other rules, regulations, notifications, guidelines and laws applicable in this regard (including any statutory amendment(s) or modification(s) or re-enactment(s) thereof for time being in force) and subject to such approval(s) / consent(s) / permission(s) / sanction(s), as may be required, from the appropriate regulatory authorities / institutions / bodies including but not limited to the Stock Exchanges, Securities and Exchange Board of India, and the Reserve Bank of India, and further subject to such terms and conditions as may be prescribed, subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, the approval of the shareholders of the Company be and is hereby accorded to create, grant, offer, issue and allot, from time to time, in one or more tranches, such number of employee stock options 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”), within the limit prescribed therein to or for the benefit of the permanent employees including directors, whether whole-time director or not (other than employees who are promoter(s) or belonging to the promoter group, independent directors and directors holding directly or indirectly more than 10% of the outstanding equity shares of the Company), of any subsidiary Company(ies), whether present and/or future, in or out of India, as may be decided under ESOP 2017, exercisable into equivalent number of equity shares of the Company, of face value of Rs. 10/- each fully paid, where one Option would convert in to one equity share upon exercise, in one or more tranches, and on such terms and conditions as may be fixed or determined by the Board in accordance with the provisions of the ESOP Plan and in due compliance with the applicable laws and regulations or guidelines issued by the relevant Authority.”

“**RESOLVED FURTHER THAT** the Board/ Committee be and is hereby authorised to issue and allot equity shares upon exercise of Options from time to time in accordance with the ESOP Plan and such equity shares shall rank pari passu in all respects with the then existing equity shares of the Company.”

“**RESOLVED FURTHER THAT** in case the equity shares of the Company are either sub-divided or consolidated, then the number of equity shares to be allotted and to the extent allowed exercise price payable by the participants under the ESOP Plan shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present face value of Rs. 10 (Rupees Ten) per equity share bears to the revised face value of the equity shares of the Company after such consolidation or sub-division, without affecting any other rights or obligations of the said participants.”

“**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board/ Committee be and is hereby authorised to do all acts, matters, deeds and things and to take all steps and to do all things and give such directions as may be necessary, expedient, or desirable and also to settle any question or difficulties that may arise in such manner and the Board / such authorised person in its/ his absolute discretion may deem fit and take steps which are incidental and ancillary in this connection.”

By order of the Board of Directors
For SAPPHIRE FOODS INDIA LIMITED

SACHIN DUDAM
Company Secretary & Compliance Officer
(Membership No. A31812)

Place: Mumbai
Date: July 25, 2022

Registered Office Address:
702, Prism Tower, A Wing,
Mindspace, Link Road,
Goregaon (West),
Mumbai – 400 062

Notes:

1. In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs, Government of India (“MCA”) has vide its General Circular No. 3/2022 dated May 5, 2022 read with General Circular No. 14/2020 dated April 8, 2020, General Circular No. 17/2020 dated April 13, 2020, General Circular No.22/2020 dated June 15, 2020, General Circular No. 33/2020 dated September 28, 2020, General Circular No. 39/2020 dated December 31, 2020, General Circular No. 10/2021 dated June 23, 2021 and General Circular No. 20/2021 dated December 8, 2021 issued by the Ministry of Corporate Affairs (“MCA”) (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 National Securities Depository Limited (NSDL) 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 National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized 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 NSDL.

7. In compliance with the statutory provisions read with SEBI Circular dated May 13, 2022, the Annual Report of the Company for FY 2021-22 along with the notice of the 13th 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, August 5, 2022. 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 NSDL (agency for providing the remote e-Voting facility) i.e. www.evoting.nsdl.com.

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 13th 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) has been appointed as the Scrutinizer to scrutinize the remote e-voting and e-voting during the meeting in a fair and transparent manner.

14. A Certificate from Secretarial Auditors 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. Any person holding shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes member of the Company after the notice is send through e-mail and holding shares as of the cut-off date i.e. Friday, August 26, 2022, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or Issuer/RTA. However, if you are already registered with NSDL for remote e-voting, then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" or "Physical User Reset Password" option available on www.evoting.nsdl.com or call on toll free no. **1800 1020 990** and **1800 22 44 30**. In case of Individual Shareholders holding securities in demat mode who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date i.e. Friday, August 26, 2022 may follow steps mentioned in the Notice of the AGM under "Access to NSDL e-Voting system".

16. Members, who are holding shares of the Company as of the cut-off date for e-voting i.e. Friday, August 26, 2022, can also cast their votes during the AGM using e-voting facility, if not cast the same during the remote e-voting period mentioned below.

17. 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 dematerialized 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.

THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING ARE AS UNDER: -

The remote e-voting period begins on **Monday, August 29, 2022, at 09:00 A.M. IST** and ends **on Thursday, September 1, 2022, at 05:00 P.M. IST**. The remote e-voting module shall be disabled by NSDL 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, August 26, 2022**, 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, August 26, 2022**.

<u>How do I vote electronically using NSDL e-Voting system?</u>

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1: Access to NSDL e-Voting system

A) **Login method for e-Voting and joining virtual meetings for Individual shareholders holding securities in Demat mode**

In terms of SEBI circular dated December 9, 2020, on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

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 i.e. NSDL** and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 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 i.e. NSDL** and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Type of shareholders	Login Method
	4. Shareholders/Members can also download NSDL Mobile App **"NSDL Speede"** facility by scanning the QR code mentioned below for seamless voting experience. **NSDL Mobile App is available on** App Store Google Play
Individual Shareholders holding securities in demat mode with CDSL	1. Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi. 2. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of **e-Voting service provider i.e. NSDL**. Click on **NSDL** to cast your vote. 3. If the user is not registered for Easi/Easiest, option to register is available at: https://web.cdslindia.com/myeasi/Registration/EasiRegistration 4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in 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, user will be provided links for the respective ESP i.e. **NSDL** where the e-Voting is in progress.
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. upon logging in, you will be able to see e-Voting option. 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 company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at above mentioned website.

Helpdesk for Individual Shareholders holding securities in demat mode 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 toll free no.: 1800 1020 990 and 1800 22 44 30
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 022- 23058738 or 022-23058542-43

B) Login Method for e-Voting and joining virtual meetings for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

How to Log-in to NSDL e-Voting website?

1. 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.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

   Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.
4. Your User ID details are given below :

Manner of holding shares i.e., Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example, if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example, if your Beneficiary ID is 12************** then your user ID is 12**************
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example, if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below:
   a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
   b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
   c) How to retrieve your 'initial password'?
      (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e., a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8-digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
      (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered.**
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
   a) Click on **"Forgot User Details/Password?"**(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
   b) **Physical User Reset Password?"** (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
   c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
   d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

Step 2: Cast your vote electronically and join General Meetings on NSDL e-Voting system.

How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on

"VC/OAVM" link placed under "Join Meeting".

3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

General Guidelines for shareholders:

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to alwyn@alwynjay.com with a copy marked to evoting@nsdl.co.in. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to (Name of NSDL Official) at evoting@nsdl.co.in

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

i. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to (investor@sapphirefoods.in).

ii. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to (investor@sapphirefoods.in). If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) **i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.**

iii. Alternatively shareholder/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.

iv. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM 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 system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may **access by following the steps mentioned above for Access to NSDL e-Voting system.** After successful login, you can see link of "VC/OAVM link" placed under **"Join meeting"** menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/ Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/have questions may send their questions in

advance mentioning their name demat account number/folio number, email id, mobile number at (company email id). The same will be replied by the company suitably.

6. Registration of Speaker related point needs to be added by company.

Instructions for Members attending the AGM through VC/OAVM and E-voting during the meeting are as under:

1. The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for e-voting.
3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
4. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
6. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
7. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance at least **5 days prior to meeting** mentioning their name, demat account number/ folio number, email id, mobile number at investor@sapphirefoods.in. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance **5 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at investor@sapphirefoods.in. These queries will be replied to by the company suitably by email.
8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
9. Only those shareholders, who are present in the AGM through VC/OAVM 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 system available during the AGM.
10. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders may be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

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 13th Annual General Meeting dated July 25, 2022.

ITEM NO. 4

To ratify 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

The Company had implemented 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") with the objectives to motivate the key work force seeking their contribution to the corporate growth, to create an employee ownership culture, to attract new talents and to retain them for ensuring sustained growth. The Shareholders of the Company, on May 18, 2021, had passed special resolution for extending the benefits and approval of grants under Scheme III read with ESOP Plan to the eligible employees / directors of the subsidiary companies of Sapphire Foods India Limited.

In the meantime, the Company had completed its IPO with listing of its equity shares done on November 18, 2021, on the recognized stock exchanges viz., National Stock Exchange of India Limited and BSE Limited. In terms of Regulation 12(1) of the Securities and Exchange Board of India (Share Based Employee Benefits & Sweat Equity) Regulations, 2021 ("SEBI SBEB & SE Regulations"), any fresh grant of Options or issue of Shares can be made under Scheme III and Scheme IV read with ESOP 2017 to the employees of the company and/or its subsidiaries, in case Employee Benefit Schemes are in compliance with the SEBI SBEB & SE Regulations and are ratified by the members of the Company. The Shareholders of the Company vide special resolution passed through Postal Ballot had ratified Scheme III and Scheme IV read with ESOP Plans for the benefits of employees/ directors of the Company and its subsidiaries. However, in terms of applicable provisions of the SEBI SBEB & SE Regulations, the Company needs to pass a separate special resolution for extending the benefits and approval of grants under Scheme III read with ESOP Plan to the eligible employees / directors of the subsidiary companies and hence, the proposal.

Accordingly, the Employee Benefit Scheme is placed before the members for ratification in terms of the aforesaid Regulation after which your Company would be able to grant Options under Scheme III read with ESOP 2017 to the eligible employees / directors of the subsidiary companies.

Your Board recommends passing of proposals namely ratification of Scheme III read with ESOP 2017 under the Regulation 12 (1) of the SEBI SBEB & SE Regulations for the benefits of the eligible employees / directors of the subsidiary companies.

Given the nature of proposed amendment, it is not detrimental to the interests of any existing option grantees/employees as the amendments are intended to be prospective. The beneficiaries of this amendment shall be the eligible employees of the subsidiary companies who may be granted options or issued shares under Scheme III read with ESOP 2017.

The afore-stated proposals were already approved by the Nomination and Remuneration Committee of the Directors ("Committee") and your Board at their respective meetings held on 8th March, 2022.

Features of the Scheme III read with ESOP 2017 shall remain the same as originally approved and are reproduced again in terms of SEBI SBEB & SE Regulations as under:

a) **Brief description of the scheme:**

The Company proposes to implement the Plan primarily with a view to attract, retain, motivate and reward the eligible employees of the Company including its subsidiary(ies) (collectively referred to as "Employees").

The Committee is administering the Plan. All questions of interpretation of the Plan shall be determined by the Committee and such determination shall be final and binding upon all persons having an interest in the Plan.

b) **Total number of Options to be granted:**

43,33,889 (Forty Three Lakhs Thirty Three Thousand Eight Hundred Eighty Nine) Options were reserved under the Plan as originally contemplated.

Each Option upon exercise shall be convertible into one equity share of face value of Rs. 10/- (Rupees Ten) fully paid-up. Options lapsed or cancelled due to any reason including the reason of lapse of exercise period or due to resignation of the employees or otherwise, would be available for being re-granted at a future date. However, once underlying shares are delivered upon exercise of Options, the shares reserved for Plan purposes would reduce.

In case of any corporate action (s) such as rights issues, bonus issues, merger and sale of division and others, a fair and reasonable adjustment will be made to the Options granted. Accordingly, the ceiling of Options/ underlying equity shares shall be deemed to increase to the extent of such additional equity shares issued.

c) **Identification of classes of employees entitled to participate in the Employee Stock option scheme:**

i) an employee as designated by the Company, who is exclusively working in India or out of India; or

ii) a director of the Company, whether a whole-time director or not, including a non-executive director who is not a promotor or member of the promoter group, but excluding an Independent Director; or

iii) an employee, as defined in sub-clauses (i) or (ii) in this para, of a group company including subsidiary company or its associates company, in India or out of India, or of a holding company of the Company,

but excludes:

a) a promoter or person belonging to promoter group; and

b) a director who either himself or through his relative or through any body corporate, directly or indirectly, holds more than ten percent of the outstanding equity shares of the Company.

d) **Requirements of vesting and period of vesting:**

The Options granted shall vest so long as the Employee continues to be in the employment/ service of the Company including its subsidiary(ies) as the case may be, as per SEBI SBEB & SE Regulations except in case of death, permanent incapacity and retirement. The Committee may, at its discretion, lay down certain performance metrics on the achievement of which the granted options would vest, the detailed terms and conditions relating to such performance-based vesting, and the proportion in which options granted would vest subject to the minimum and maximum vesting period as specified below.

Vesting period for any Options granted under this Plan shall be subject to statutory minimum period of 1 (One) year and maximum period of 4 (Four) years from the date of grant of Options. The Board/ Committee at its discretion may grant Option specifying vesting period ranging from minimum and maximum period as aforestated.

The Board or Committee, as the case may be, shall have the power to accelerate vesting of any or all unvested options of any or all the participants in case of occurrence of any of the events as stated in the Plan/Schemes.

e) **The maximum period within which the options shall be vested:**

The options granted shall vest not later than 4 (Four) years from the date of grant of such options.

f) **Exercise price or pricing formula:**

The Exercise Price per Option shall be determined by the Board/Committee which shall not be lesser than the face value of the Share as on date of Grant of such Option. The specific Exercise Price shall be intimated to the Option Grantee in the Grant Letter at the time of Grant.

g) **Exercise period and the process of exercise:**

The exercise period shall be determined by the Board / Committee and the same shall be intimated to the Option Grantee in the Grant Letter at the time of Grant. The Shares arising out of exercise of vested Options would not be subject to any lock-in period after such exercise.

The options will be exercisable by the grantees by a written application to the Company expressing his/ her desire to exercise such Options along with payment of exercise price and applicable taxes in such manner and on execution of such documents, as may be prescribed from time to time. The options will lapse if not exercised within the specified exercise period.

h) **Lock-in period:**

The shares issued pursuant to exercise of options shall not be subject to any lock-in period restriction except such restrictions as may be prescribed under applicable laws including that under the code of conduct framed, if any, by the Company under the Securities and Exchange Board of India (Prohibition of Insider Trading), Regulations, 2015, as amended.

i) **Appraisal Process for determining the eligibility of the Employees:**

The options shall be granted to the eligible Employees as per performance appraisal system of the Company and the Committee at its discretion may adopt any eligibility criteria for determining eligibility of any Employee or a class thereof on the basis of designation, role, and future potential of Employees.

j) **Maximum number of options to be issued per employee and in aggregate:**

Such number as may be decided by the Board/ NRC thereof in accordance with the ESOP Plan and Schemes.

k) **The conditions under which Option vested in employees may lapse e.g., in case of termination of employment for misconduct:**

The vested options shall lapse in case of termination of employment due to misconduct or due to breach of Company policies or the terms of employment. Further, irrespective of employment status, in case vested options are not exercised within the prescribed exercise period, then such vested options shall lapse.

l) **The specified time period within which the employee shall exercise the vested options in the event of a proposed termination of employment or resignation of employee:**

In case of termination of employment as specified in point (k) above, all the vested options shall lapse and cannot be exercised.

In case of resignation / retirement, all the vested options as on date of notice of resignation / retirement shall be exercisable by the Option Grantee by his/her last working day in the Company.

m) **Maximum quantum of benefits to be provided per employee under the Plan:**

There is no other benefit except grant of Options which shall be subject to such limitations as mentioned in point above.

n) **Route of implementation or administration of the Scheme:**

Plan is implemented and administered directly by the Company.

o) **Source of acquisition of shares under the Scheme:**

The Plan contemplates issue of fresh/ primary shares by the Company.

p) **Amount of loan to be provided for implementation of the Scheme by the Company to the Trust, its tenure, utilization, repayment terms, etc.:**

This is currently not contemplated under the present Plan.

q) **Maximum percentage of secondary acquisition:**

This is not relevant under the present Plan.

r) **Accounting and Disclosure Policies:**

The Company shall comply with the disclosure and the accounting policies as prescribed under Regulation 15 of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and Accounting Standards prescribed by the Central Government in terms of section 133 of the Companies Act, 2013 including any 'Guidance Note on Accounting for employee share-based Payments' issued in that regard from time to time, including the disclosure requirements prescribed therein.

s) **Method of option valuation:**

The Company shall adopt 'fair value method' for valuation of options as prescribed under IND AS 102 or under any relevant accounting standard notified by appropriate authorities from time to time.

t) **Terms & conditions for buyback, if any, of specified securities/ Options covered granted under the Plan:**

Subject to the provisions of the then prevailing applicable laws, the Committee shall determine the procedure for buy-back of Options granted under the Plan if to be undertaken at any time by the Company, and the applicable terms and conditions thereof.

u) **Declaration:**

In case, the Company opts for expensing of share-based employee benefits using the intrinsic value method, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options and the impact of this difference on profits and on Earning Per Share (EPS) of the Company shall also be disclosed in the Directors' Report.

As the Schemes/Plan is sought to be ratified as stated above, the consent of the members is being sought pursuant to Section 62(1)(b) of the Companies Act, 2013 read with Rules made thereunder and Regulations 12 and other applicable provisions of the SEBI SBEB & SE Regulations.

A draft copy of the Plan/Schemes as ratified is available for inspection at the Company's registered and corporate office during official hours on all working days until closure of time for casting vote through remote e-voting.

None of the Directors, Key Managerial Personnel of the Company and its subsidiaries and their relatives are in any way, concerned or interested in the aforesaid resolutions, except to the extent of the options that may be granted to them under the Plan.

In light of above, you are requested to accord your approval to the Special Resolutions as set out at Agenda Item No. 4 of the accompanying notice.

ITEM NO. 5

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

Equity based compensation is considered to be an integral part of employee compensation across sectors which enables alignment of personal goals of the employees with organizational objectives. Equity based compensation plans are an effective tool to reward the employees and key talents working with the Company.

Accordingly, the Nomination and Remuneration Committee of the Directors ("Committee") and the Board of Directors of the Company at their respective meetings held on 8th March, 2022 had approved the introduction and implementation of '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") for the eligible employees including directors of the Company and its subsidiaries, subject to your approval.

In terms of Section 62(1)(b) of the Companies Act, 2013 and Rules made thereunder ("Act") read with Regulation 6 of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("SEBI SBEB & SE Regulations") dated 13th August 2021, the Company seeks your approval as regards implementation of the Scheme III A read with ESOP 2017 and extending the benefits and grant of Options thereunder to the eligible employees including directors of the subsidiaries companies, as decided from time to time as per provisions of the Plan read with provisions of SEBI SBEB & SE Regulations.

The main features of the Scheme III A are as under:

a) **Brief Description of the Scheme III A:**

Keeping in view the aforesaid objectives, the Plan contemplates grant of Options to the Employee of the Company and its subsidiaries. After vesting of Options, the Employees earn a right, but not obligation, to exercise the vested Options within the exercise period and obtain equity shares of the Company subject to payment of exercise price and satisfaction of any tax obligation arising thereon.

The Nomination and Remuneration Committee shall act for the administration of the Scheme III A. All questions of interpretation of the Plan shall be determined by the Committee and such determination shall be final and binding upon all persons having an interest in the Scheme III A.

b) **Identification of classes of employees entitled to participate in Plan:**

Under Scheme III A, Options shall be granted to the management group other than CEO of the Company and its subsidiaries.

c) **Requirements of Vesting and period of Vesting:**

All the Options granted on any date shall vest on expiry of the minimum period of 1 (one) year from the date of grant of Options and not later than maximum period of 5 (five) years from the date of Grant. The Board/Committee at its discretion may grant Option specifying vesting period ranging from minimum and maximum period as afore stated.

The vesting dates in respect of the Options granted under the Plan/Scheme shall be determined by the Committee and may vary from an employee to employee or any class thereof and / or in respect of the number or percentage of Options to be vested. The Board or Committee, as the case may be, shall have the power to accelerate vesting of any or all unvested options of any or all the participants in case of occurrence of any of the events as stated in the Plan/Schemes.

Options shall vest essentially based on continuation of employment/ service as per requirement of SEBI SBEB & SE Regulations. Apart from that the Committee may prescribe achievement of any performance condition(s) for vesting based on achievement of certain operating business performance and overall wealth creation for the shareholders of the company.

d) **Maximum period within which the Options shall be vested:**

All the Options granted on any date shall vest not later than the maximum period of 5 (five) years from the date of grant.

e) **Exercise price or pricing formula:**

The Exercise Price per Option shall be determined by the Board/Committee which shall not be lesser than the offer price as set during the Initial Public Offering (IPO) of the Company i.e. Rs.1,180/-.

f) **Exercise period and the process of exercise:**

The Vested Options shall be exercised by the Participant within 2 years from the date of respective vesting or within such other period as may be decided by the Board/Committee from time to time.

The vested Option shall be exercisable by the Option grantees by a written application to the Company expressing his/ her desire to exercise such Options in such manner and on such format as may be prescribed by the Committee from time to time. Exercise of Options shall be entertained only after payment of requisite exercise price and satisfaction of applicable taxes by the Option grantee. The Options shall lapse if not exercised within the specified exercise period.

g) **Appraisal process for determining the eligibility of employees under the plan:**

The appraisal process for determining the eligibility of the Employees will be based on designation, period of service, performance linked parameters such as work performance and such other criteria as may be determined by the Committee.

h) **Maximum number of Options to be issued per employee and in aggregate:**

Such number as may be decided by the Board/ Committee thereof in accordance with the ESOP Plan and Schemes.

i) **Maximum quantum of benefits to be provided per employee under the plan:**

Apart from grant of Options as stated above, no monetary benefits are contemplated under the Plan.

j) **Route of the Plan implementation:**

The Plan shall be implemented and administered directly by the Company.

k) **Source of acquisition of shares under the Plan:**

The Scheme III A contemplates issue of fresh/ primary shares by the Company.

l) **Amount of loan to be provided for implementation of the scheme(s) by the Company to the trust, its tenure, utilization, repayment terms, etc.:**

This is currently not contemplated under the present Plan.

m) **Maximum percentage of secondary acquisition:**

This is not relevant under the present Plan.

n) **Accounting and Disclosure Policies:**

The Company shall follow the IND AS 102 on Share-based payments and/ or any relevant accounting standards as may be prescribed by the Institute of Chartered Accountants of India or any other appropriate authority, from time to time, including the disclosure requirements prescribed therein, in compliance with relevant provisions of SEBI SBEB & SE Regulations. In case, the existing guidance note, or accounting standards do not prescribe accounting treatment or disclosure requirements, any other Accounting Standard that may be issued by ICAI or any other competent authority shall be adhered to in due compliance with the requirements of Regulation 15 of SEBI SBEB & SE Regulations.

o) **Method of Option valuation:**

The Company shall adopt 'fair value method' for valuation of Options as prescribed under guidance note or under any accounting standard, as applicable, notified by appropriate authorities from time to time.

p) **Declaration:**

In case, the Company opts for expensing of share-based employee benefits using the intrinsic value, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the Options and the impact of this difference on profits and on Earning Per Share (EPS) of the Company shall also be disclosed in the Directors' Report.

Consent of the members is being sought by way of special resolution pursuant to Section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013 and as per Regulation 6 of the SEBI SBEB & SE Regulations.

A draft copy of the Scheme III A is available for inspection at the Company's registered office / corporate office during official hours on all working days till the last date of the e-voting.

None of the Directors, key managerial personnel of the Company and its subsidiaries including their relatives are interested or concerned in the resolutions, except to the extent they may be lawfully granted Options under the Plan.

In light of above, you are requested to accord your approval to the Special Resolution as set out at Agenda Item No. 5 of the accompanying notice.

By order of the Board of Directors
For SAPPHIRE FOODS INDIA LIMITED

SACHIN DUDAM
Company Secretary & Compliance Officer
(Membership No. A31812)

Place: Mumbai
Date: July 25, 2022

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. KABIR THAKUR:

S. N.	Particulars	Details of Mr. Kabir Thakur
1	DIN	08422362
2	Age	40 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	10
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.

2) MR. VINOD NAMBIAR:

S. N.	Particulars	Details of Mr. Vinod Nambiar
1	DIN	07290613
2	Age	55 years
3	Brief Resume and Qualification	Mr. Vinod Nambiar is the Managing Director of More Retail Private Limited. He has over 30+ years across transformational leadership assignments at Hindustan Unilever India and Colgate Palmolive. He has built and grown businesses across geographies spanning India, Romania, Italy, Greater China and the broader Asia Pacific region. Mr. Nambiar brings a unique combination of inspiring leadership and first principles-based problem solving approach with passionate customer obsession. His strategic clarity coupled with a strong execution bias will drive exceptional results in the years to come. Mr. Nambiar has done his Master's degree in Marketing from Indian Institute of Management, Calcutta.
4	Nature of his expertise in specific functional areas	In the various roles by Mr. Nambiar at Colgate over last 21 years, he has scaled growth opportunities in diverse geographies through transformative leadership. He built strong JV and customer partnerships while building an inspiring organizational culture and team.
5	Date of First appointment on the Board	10th January, 2022
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	3
12	Other directorship/ membership/ Chairmanship of the Committee of other Board	Directorships: 1. More Retail Private Limited