

Date: April 13, 2022

To,

<b>National Stock Exchange of India Ltd.</b> Exchange Plaza, Block G, C/1, Bandra Kurla Complex, Bandra (E), Mumbai – 400051  Symbol: SAPPHIRE	<b>BSE Limited</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 40001  Scrip Code: 543397
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**Subject: Press Release**

Dear Sir/Madam,

Please find enclosed herewith press release titled '**Update on Sri Lanka Operations of Sapphire Foods India Limited**'.

The Press Release shall also be available on Company's website at [www.sapphirefoods.in](http://www.sapphirefoods.in)

This is for your information and dissemination purpose.

Thanking You,

Yours sincerely,

**For Sapphire Foods India Limited**  
*(formerly known as Sapphire Foods India Private Limited)*

**Sachin Dudam**  
**Company Secretary & Compliance Officer**



Encl: a/a

### Update on Sri Lanka Operations of Sapphire Foods India Limited

**13<sup>th</sup> April 2022:** Gamma Pizzakraft Lanka (Pvt.) Ltd. (“Gamma Pizzakraft”), a subsidiary of Sapphire Foods India Limited, has been successfully operating in Sri Lanka since 1993. Sri Lanka has been going through difficult times over the last financial year on account of rising prices, depletion of forex reserves and shortage of fuel. However, recent steps taken by the Sri Lankan Government including commencement of the dialogue with IMF for a financial assistance, are positive signs of a sustainable solution to the ongoing crisis.

Sapphire Foods, through Gamma Pizzakraft Lanka (Pvt) Ltd, is the largest international QSR chain of Sri-Lanka, in terms of revenue for the financial year 2021 and number of restaurants operated as of March 31, 2021 (Source: Technopak Report).

Despite the recent macroeconomic challenges, Gamma Pizzakraft has continued to fare exceedingly well on business parameters owing to strong consumer sentiment for the brand Pizza Hut, our operational capabilities, Omni channel store format, digital and own delivery capabilities, leadership, strong team culture and support from Indian parent entity. This has been demonstrated by the team delivering our best ever financial performance in Q3’FY22 and YTD Dec FY22 results.

This business momentum has continued in Q4’FY22 (In LKR terms) with system sales growth of ~ 70%, SSSG of ~ 40%, SSTG of ~ 30% (vis a vis Q4’FY21), ADS growth of ~ 45% (over FY 20 pre-Covid levels) with 6 restaurant additions in the quarter. Business continues to do well in April’22 (Till date). As a result, the Pizza Hut continues to be a leading brand in the QSR space in Sri Lanka.

We have undertaken the following measures to mitigate the situation:

- We are working closely with our international vendors for availability of raw materials. Further, Sapphire Foods India Limited, as a parent entity, continues to provide all the necessary support and resources including additional foreign currency support.
- Business continues to take appropriate pricing interventions to manage the inflationary pressures while remaining competitive in the marketplace.
- Our Omni channel strategy and lean store operational structure along with cost control initiatives have mitigated profitability pressures.
- Lastly, the competency and experience of the leadership team and their decades of experience in the brand/ business have enabled the business to navigate through the current turbulence.

While the Sri Lanka business is delivering strong financial performance in local currency terms, the currency devaluation of LKR will have an impact while consolidating accounts at the entity level in Indian currency.

We continue to monitor the situation and in case of any material updates, the same would be intimated to the stock exchanges for further dissemination, in accordance with the applicable laws/regulations.

*Note: The information contained herein with respect to Q4’FY22 is provisional and being released ahead of the official publication of the financial results for the period ended March 31, 2022 which is subject to audit by the Statutory Auditors and review/approval by the Audit Committee and the Board of Directors of the Company.*

**About Sapphire Foods India Ltd:**

Sapphire Foods started operations in September 2015, by the acquisition of about 250 KFC and Pizza Hut Stores in India and Sri Lanka, by a group of leading Private Equity firms and is 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. We are 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 December 31, 2021, we own and operate 250 KFC and 209 Pizza Hut restaurants in India, 84 Pizza Hut and 5 Taco Bell restaurants in Sri Lanka and 1 KFC and Pizza Hut each in Maldives.

We aspire to be India's best restaurant operator by serving customers great food with great experience at great value. We operate our restaurants in high traffic and high visibility locations in key metropolitan areas and cities across India and develop new restaurants in new trade areas in existing and new cities as part of our brand and food category expansion.

**For further information please contact:**

Company: Sapphire Foods India Ltd	Investor Relations: Orient Capital
	
Rahul Kapoor	Mr. Nachiket Kale
<a href="mailto:rahul.kapoor@sapphirefoods.in">rahul.kapoor@sapphirefoods.in</a>	<a href="mailto:nachiket.kale@linkintime.co.in">nachiket.kale@linkintime.co.in</a>
Tel : +91 022 67522303	Tel : +91 99209 40808
<a href="https://www.sapphirefoods.in/">https://www.sapphirefoods.in/</a>	<a href="http://www.orientcap.com">www.orientcap.com</a>

**Safe Harbor:**

Any forward-looking statements about expected future events, financial and operating results of the Company are based on certain assumptions which the Company does not guarantee the fulfilment of. These statements are subject to risks and uncertainties. Actual results might differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations include a downtrend in the industry, global or domestic or both, significant changes in political and economic environment in India or key markets abroad, tax laws, litigation, labour relations, exchange rate fluctuations, technological changes, investment and business income, cash flow projections, interest, and other costs. The Company does not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date thereof.