SapphireFoods

Date: 17th July 2024

To,

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

Dear Sir/ Madam,

**Subject: Notice of 15th Annual General Meeting (AGM) alongwith Annual Report for the Financial year 2023-24 of Sapphire Foods India Limited ("Company")**

This is in furtherance to our letter dated 16th July 2024, whereby the Company has given intimation of 15th Annual General Meeting ("AGM") of the Shareholders of Sapphire Foods India Limited ("Company") scheduled on **Friday, 9th August 2024 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 15th AGM and Annual Report of the Company for the Financial year 2023-24, 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 2023-2024 |

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

Thanking you,

Yours faithfully,
**For Sapphire Foods India Limited**

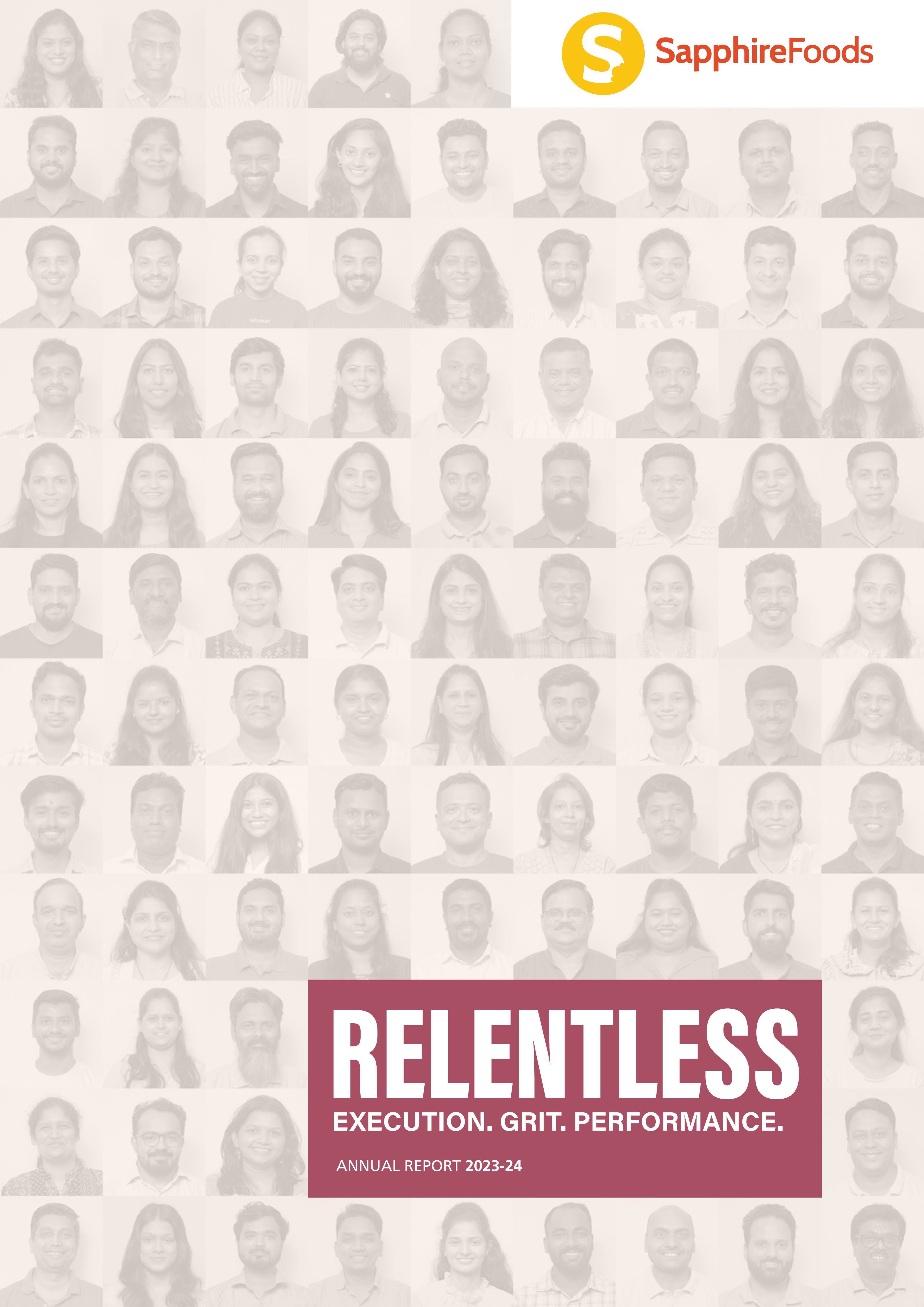
Sachin Tukaram Dudam
Digitally signed by Sachin Tukaram Dudam
Date: 2024.07.17 18:39:50 +05'30'

SAPPHIRE FOODS INDIA LIMITED MUMBAI

**Sachin Dudam**
**Company Secretary and Compliance Officer**

**Encl:** a/a

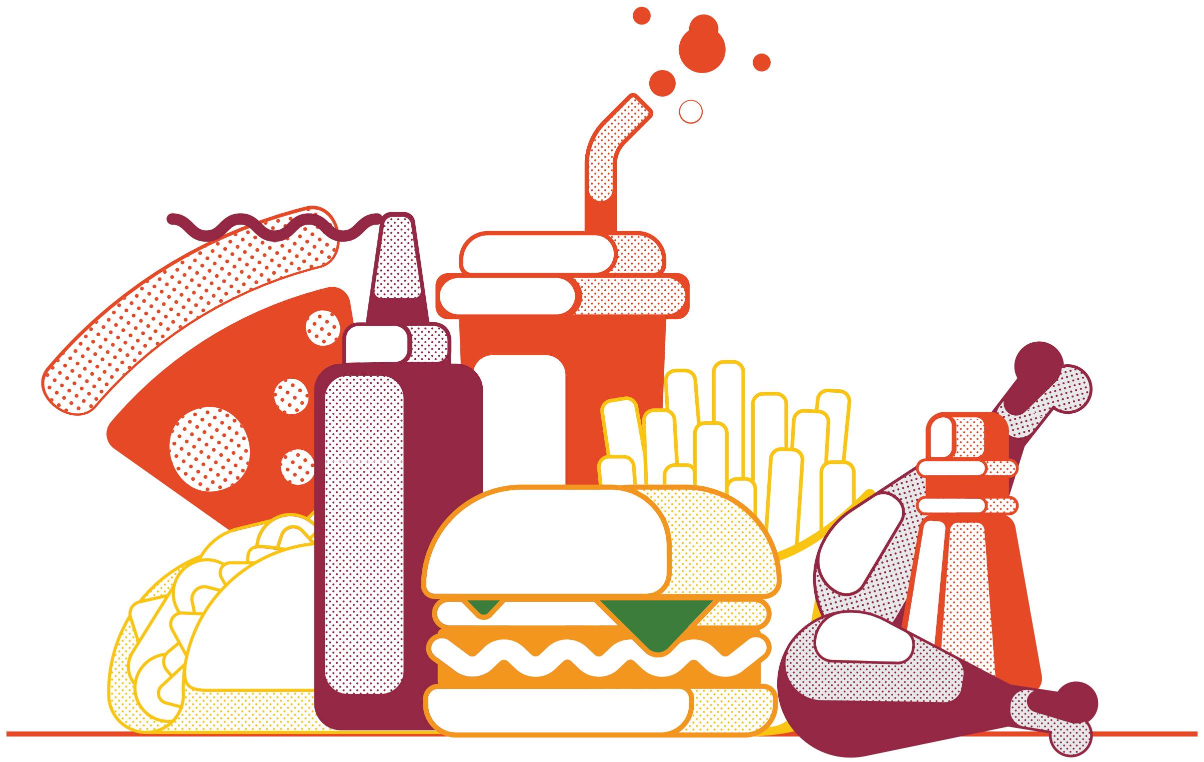
SapphireFoods



# RELENTLESS

## EXECUTION. GRIT. PERFORMANCE.

ANNUAL REPORT **2023-24**



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"SAPPHIRE HAS DELIVERED THE BEST ALL-ROUND PERFORMANCE IN THE INDUSTRY CONSIDERING REVENUE SCALE & GROWTH, EBITDA MARGIN % & GROWTH AND RESTAURANT ADDITIONS"

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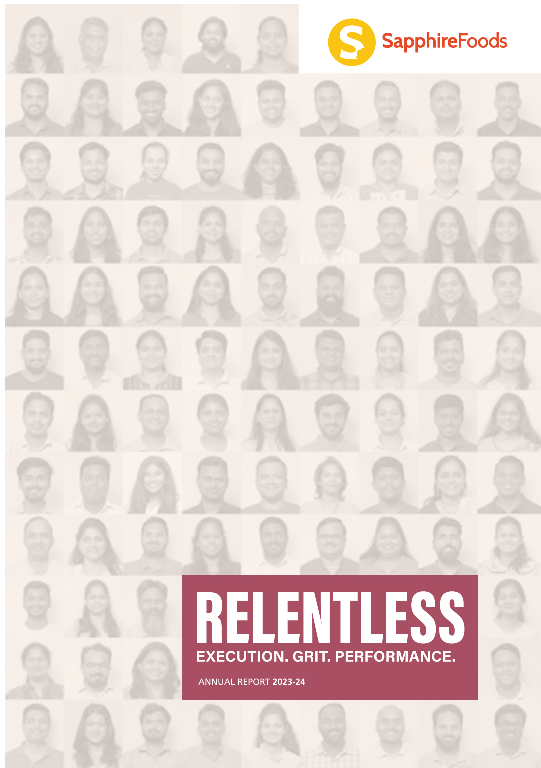
SRI LANKA BUSINESS

# RELENTLESS

**EXECUTION.**
**GRIT.**
**PERFORMANCE.**


## GREAT BUSINESSES ARE BUILT PAINSTAKINGLY. THE FOCUS ON EXECUTION HAS TO BE RELENTLESS.




In a challenging year, as indeed FY24 has been, when demand conditions have been muted and competitive intensity heightened, our relentless focus on execution has been tested to the limits.

Our results in this tough year have been among the best in the food retail and QSR industry. Part of this is attributable to the clarity with which we operate, or the Sapphire Foods Story as enumerated on Page 10-11. But the most important contributor is how our people & teams operate. They are the ones who make the difference. They live the values of Sapphire Foods every day. All 12,511 of them. They are the ones who drive our relentless focus on execution, taking no shortcuts whatsoever.

They are the real heroes of our story.

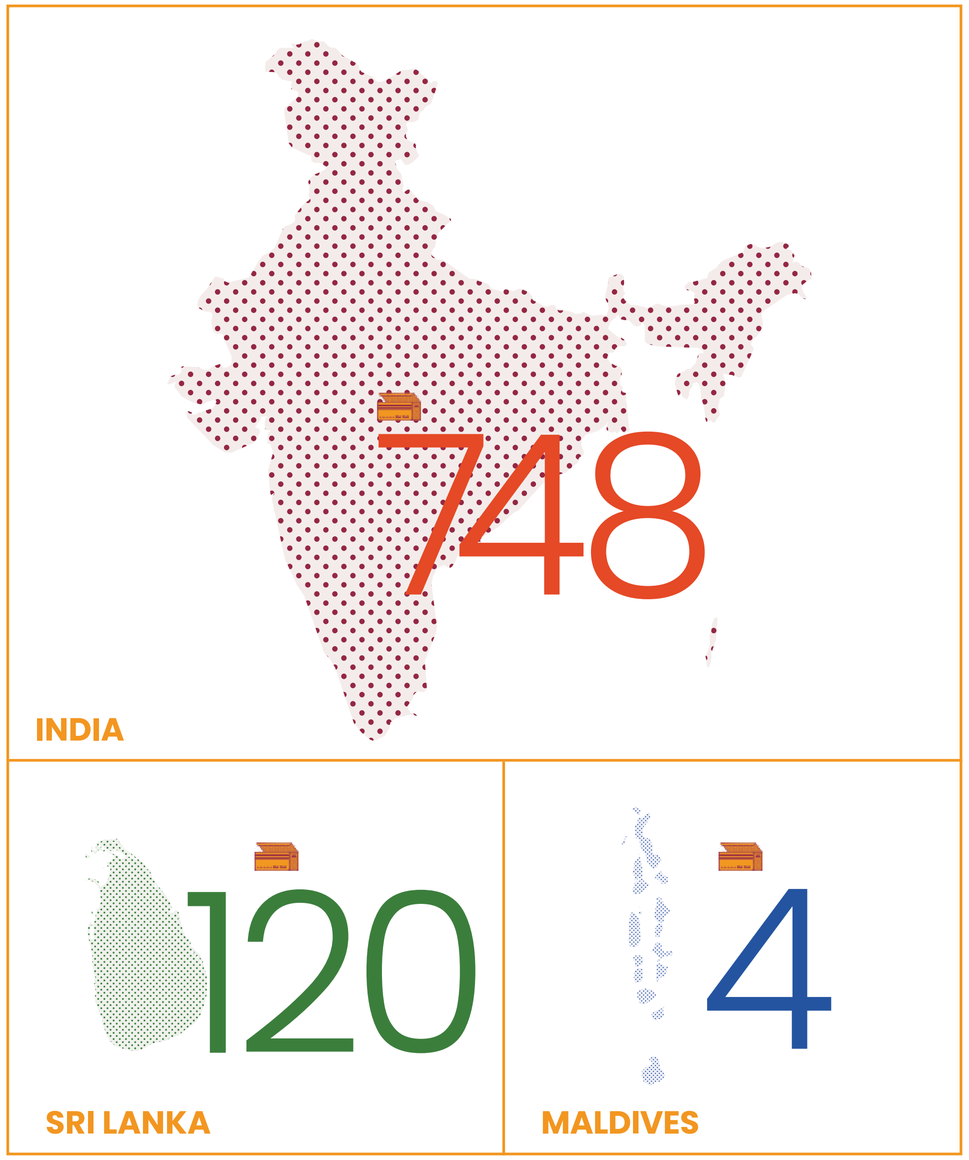
**That is why our team is on the cover page of our Annual Report for FY24.**

# ABOUT US

## DELIVERING EXCEPTIONAL CULINARY EXPERIENCES THROUGH AN EXTENSIVE NETWORK OF 872 RESTAURANTS ACROSS 3 COUNTRIES, WE ARE SAPPHIRE FOODS.

**YUM'S FRANCHISEE OPERATOR IN INDIA, SRI LANKA AND MALDIVES**

**ONE OF THE LARGEST RESTAURANT OPERATORS IN THE INDIAN SUBCONTINENT, GROWING AT 17% YOY***




*As compared to FY23

### OUR OWNERSHIP

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

### OUR BOARD & MANAGEMENT

Mr. Sunil Chandiramani, an Independent Director, chairs the Board of Sapphire Foods. The Company is overseen by a skilled and competent team headed by Mr. Sanjay Purohit, who serves as the Whole-time Director & Group CEO.

### OUR PRINCIPAL FRANCHISOR

YUM! Brands Inc. is the Principal Franchisor of Sapphire Foods. Based in Dallas, YUM! enjoys a global presence across 155 countries and territories through a vast framework of 55,000 restaurants, run by around 1,500 franchises.

### OUR ASPIRATION

To become India's best restaurant operator

### OUR CORE PURPOSE

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

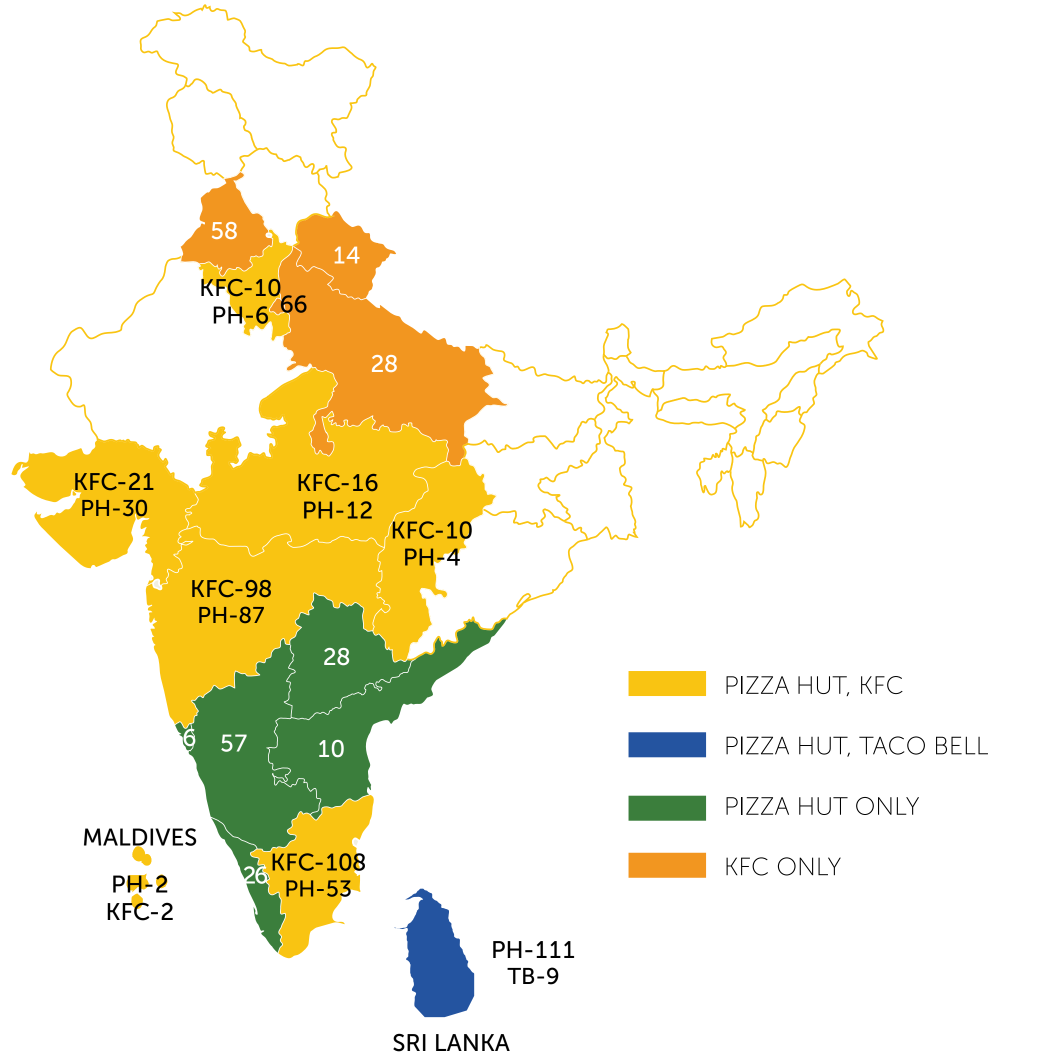
### THE SAPPHIRE FOODS STORY

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

## SPANNING DIVERSE REGIONS: OUR GEOGRAPHIC PRESENCE

We are one of the fastest-growing restaurant operators in India and Sri Lanka

### RESTAURANT DISTRIBUTION ACROSS INDIAN SUBCONTINENT




| SAPPHIRE KFC PRESENT IN | SAPPHIRE PIZZA HUT PRESENT IN |
|---|---|
| 10 STATES WHICH CONTRIBUTE 56% OF INDIA'S GDP | 11 STATES WHICH CONTRIBUTE 57% OF INDIA'S GDP |

## OUR VALUES-DRIVEN CULTURE

At Sapphire Foods, our five core values guide every day behaviour at work. Cumulatively, they drive a culture of positivity, excellence & teamwork.

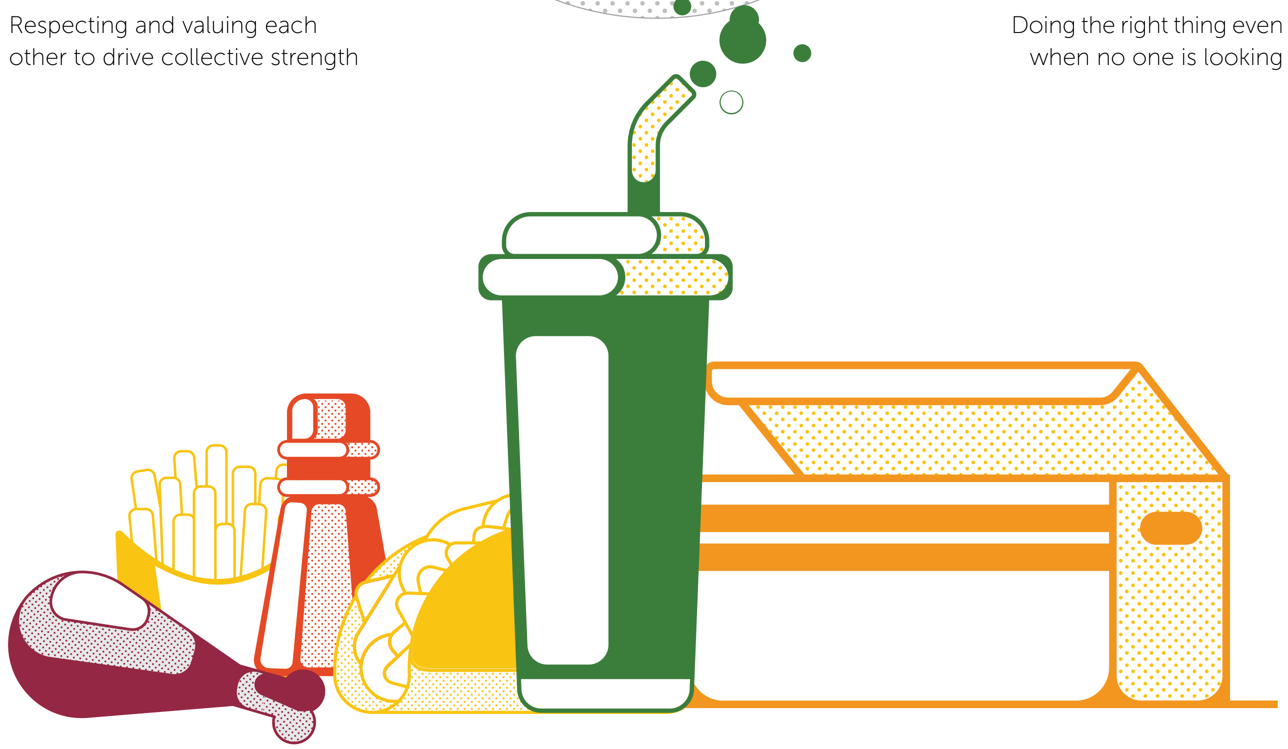
**1. EXCELLENCE**
To be the best version of ourselves every day

**2. COURAGE**
The ability to face challenges with boldness and without fear

**3. INTEGRITY**
Doing the right thing even when no one is looking

**4. EMPATHY**
Respecting and valuing each other to drive collective strength

**5. ACCOUNTABILITY**
Personal ownership and commitment

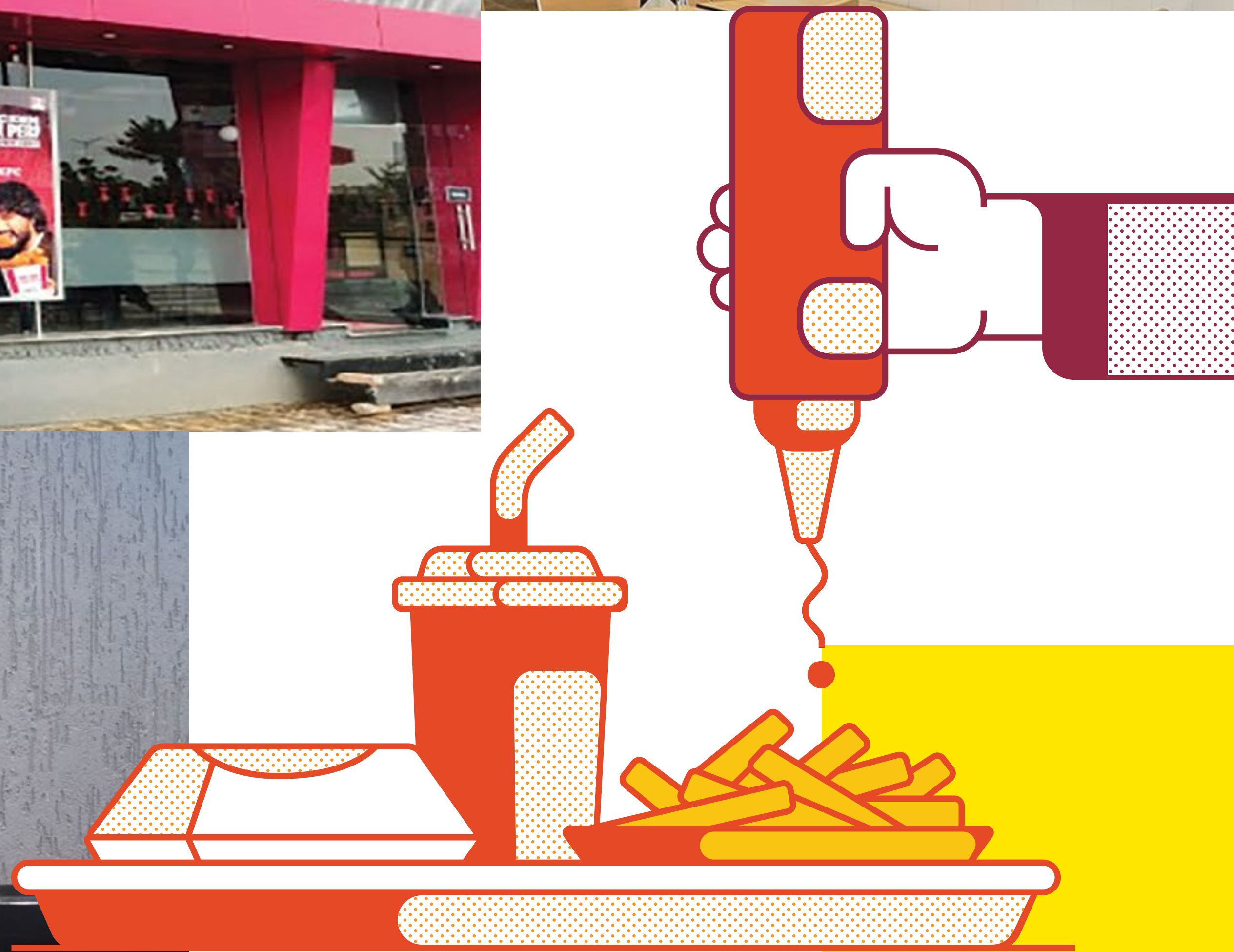



# THE SAPPHIRE FOODS STORY



THE SAPPHIRE FOODS STORY ENCOMPASSES FIVE KEY ELEMENTS MENTIONED AHEAD, WHICH WE CONSISTENTLY HIGHLIGHT IN ALL OUR COMMUNICATIONS.

These elements have never been more relevant and appropriate, than in the current challenging demand environment. Being true to every single element and aspect is what helped us perform better this year, compared to the industry.



## PASSION FOR FOOD AND THE BRANDS WE SERVE

We are passionate about serving great food with great experience at great value to our customers, every single day. We have established a track record of successfully operating KFC, Pizza Hut and Taco Bell restaurants across India, Sri Lanka and the Republic of Maldives. We partner closely with our franchisor partner to improve consumer affinity and drive consumption of the brands we operate. Our brands are built on a foundation of taste, quality and service excellence and we aim to deliver a consistent experience to our customers.

**QUICK FACT**

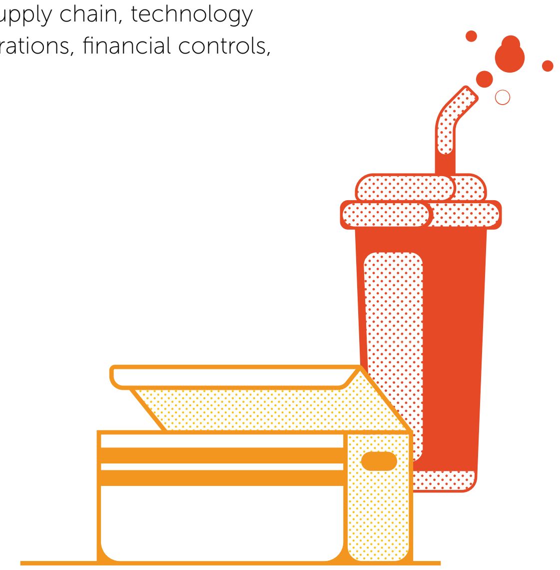
- **Sapphire KFC delivered the highest restaurant EBITDA 19.7% in FY24 in the QSR industry**
- **Pizza Hut, while steering challenging times, was still ahead of the industry in the journey of its second brand**

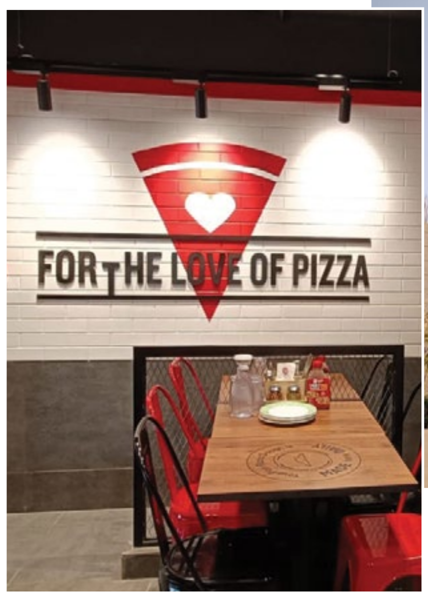
## EXECUTION EXCELLENCE

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

**QUICK FACT**

- **Sapphire Pizza Hut was ranked as the No. 1 Franchisee globally on consumer experience metrics by YUM! in FY24**
- **Sapphire KFC was ranked amongst the Top 3 franchisees globally on operating standards by YUM!**







## DISCIPLINED CAPITAL ALLOCATION FOR SUSTAINABLE EXPANSION

At the heart of our restaurant expansion plan is our disciplined capital allocation based on differentiated consumer proposition, omni-channel store formats to maximise revenue opportunity thereby enable better paybacks and compact size to drive accessibility and faster pace of expansion. We continuously monitor success rate of our new restaurants and accordingly decide the pace of our future expansions.

**QUICK FACT**

- **Sapphire KFC is on track to double its store count by the end of CY 2024 (base year: December 2021)**
- **Sapphire Pizza Hut will remain cautious on its expansion strategy and will focus on driving consumer demand through "market relevant" product innovation, backed by higher marketing spends**

## CAPABILITY AND CAPITAL TO BECOME A MULTI-BRAND RESTAURANT OPERATOR

We've made investments in hiring and training individuals with diverse industry experiences, competencies and perspectives in order to operate multi-brand QSR restaurants at scale across locations. Our inorganic growth will be governed by 7 Mantras of Sapphire Foods.

**QUICK FACT**

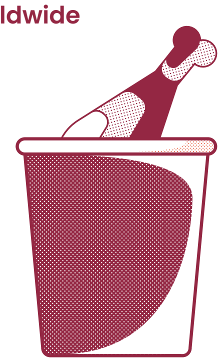
- **While we are committed to add brands in India, beyond KFC and Pizza Hut, our 7 mantras impersonate our strong filters to take the right long-term calls**

## VALUE-BASED CULTURE

Our work culture based on Sapphire Values of Excellence, Courage, Integrity, Empathy and Accountability helps in talent acquisition and retention and enables everyday performance management. We have built the principles of sustainability and governance in all aspects of our business.

**QUICK FACT**

- **In employee engagement, we now rank in the 82nd percentile among all companies surveyed by Gallup worldwide**



## 7 MANTRAS TO DRIVE SUCCESS & SCALE IN FOOD BUSINESS

01 Centre of plate / meal / daily consumption

02 Difficult to make at home

03 Brand differentiation - Provenance story

04 Production processes do not need 'Chefs'

05 Value-for-Money

06 Quick service

07 Omni-channel worthy

# GROUP CEO'S MESSAGE

> "SAPPHIRE HAS DELIVERED THE BEST ALL-ROUND PERFORMANCE IN THE INDUSTRY CONSIDERING REVENUE SCALE & GROWTH, EBITDA MARGIN % & GROWTH AND RESTAURANT ADDITIONS."

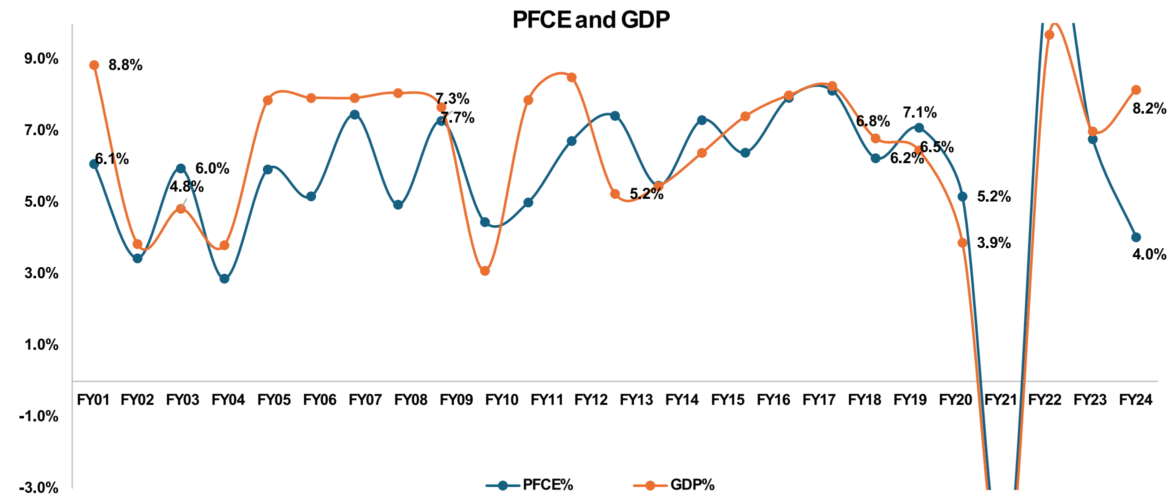
Dear Shareholders,

It gives me immense pleasure in presenting to you our Annual Report for FY 2023-24 and share our performance update for the year.

We are one of the largest QSR companies in India and Sri Lanka with a portfolio of two powerful global brands in both countries, KFC and Pizza Hut in India and Pizza Hut and Taco Bell in Sri Lanka. Our brands are universal in their appeal, straddle all age groups, and cater to multiple usage occasions across the day.

## Macro-Economic and Industry Scenario

FY 2023-24 has been a challenging year as consumer demand continues to be muted and lag GDP growth as reflected in the Private Final Consumption Expenditure (PFCE) growth data which is the lowest in the recent years.

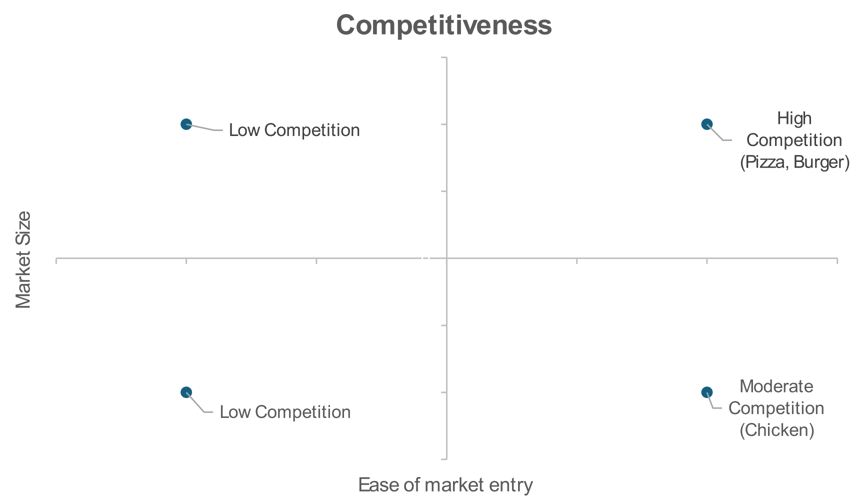



Source: Reserve Bank of India database on Indian Economy

Experts have propounded several reasons for this difference, but most of the analysis is in hindsight and not helpful in forecasting the future. At Sapphire Foods, our focus is to manage our controllables i.e. build consumer affinity towards our brands, strengthen customer experience and restaurant operating standards, drive cost efficiencies and reinforce work culture. This will enable us to deliver differential performance over time.

The low consumer demand has had one positive spin-off, in that, demand for commodities has also been muted, and as a result, we have been able to keep raw material and packaging material inflation in control.

Most consumer categories are seeing heightened competition post the upsurge in consumer spending post Covid. The intensity of competition has varied proportionately to size of the industry and relative ease of entry (set-up costs and complexity and brand building costs).




In highly competitive categories, brands like KFC & Pizza Hut have advantages of widespread consumer preference & scale which affords the ability to invest ahead of the curve behind innovation, advertising and customer service.

## Relentless Execution. Grit. Performance

In the midst of this volatility, we have tried to maintain relentless focus on execution, and this has enabled us to deliver several wins even in a challenging year.

- Sapphire KFC and Sapphire Pizza Hut have been recognised as among the top franchisees of Yum globally on customer metrics and operating standards.
- Sapphire KFC delivered highest restaurant EBITDA margin % amongst all QSR players.
- Sapphire Foods has delivered the best all-round performance in the industry considering revenue scale & growth, EBITDA margin % & growth and restaurant additions.
- Sapphire Foods is ranked No.1 QSR in India and at 95th percentile amongst QSR globally on Dow Jones Sustainability Index (DJSI).
- We achieved our best ever employee engagement score since inception and placed at 82nd percentile amongst all companies surveyed worldwide by Gallup.
- Our share price grew ~30% over the year, highest among all QSR companies.

These are substantial wins & have been made as a result of the grit & resilience shown by our 12,000+ professional team. They live our Sapphire Values and make the difference.

## Our Report Card in FY24

| Consolidated | | FY24 | Growth (YoY) |
|---|---|---|---|
| Restaurant | (Nos.) | 872 | 17% |
| Revenue | ₹ in Mn | 25,880 | 15% |
| EBITDA | ₹ in Mn | 4,718 | 9% |
| | Margin | 18.2% | -100 bps |

Sapphire KFC delivered highest restaurant EBITDA margin % amongst all QSR players

**19.7%**

During the year under review, we recorded Restaurant Sales of ₹25,879.61 million in FY24, compared to ₹22,570.64 million in FY23. EBITDA was ₹4,717.46 million vs ₹4,343.22 million in the previous year, EBITDA margin was 18.2%, as against 19.2% in the earlier year. Profit After Tax stood at ₹519.56 million against ₹2,331.91 million, with a PAT margin of 2.0% in the year (10.3% earlier). Cash net of debt was ₹1,844.91 million vs ₹2,623 million earlier.

Specifically our India operations grew 13% revenue (₹22,342 million) and delivered 16.3% Restaurant EBITDA, up 4% over FY23.

During the year, we opened 88 KFC, 33 Pizza Hut restaurants in India and 6 Pizza Hut in Sri Lanka and 1 each KFC & Pizza Hut in Maldives. This year, we have deployed cautious strategy on expansion for Pizza Hut and continued our pace on KFC in India. Our total restaurant count marks 872 as on 31st March, 2024.

## Performance of our brands

### KFC

KFC remains the most differentiated and popular brand in the QSR industry. As per capita GDP grows, KFC will have dual macro tailwinds, of increasing 'outside-home prepared' food and animal protein consumption. Over the past few years, the pace of growth of the brand has accelerated. KFC opened its 1000th store in India recently. It took more than a decade since launch to get to 100 stores, another decade or so to get to 500 stores, and just 3 years to the next 500 stores.

This year, the KFC advertising campaign of "Lets KFC" is aimed at growing consumption across different occasions. It has been backed with innovations like Chizza and Double Down Burger. We launched an exciting Snackers range of products such as Chicken Rolls, Longer Burger, etc. starting at ₹99/- intended to extend KFC into more snacking occasions. The Lunch occasion is one which KFC is slightly under-indexed and represents opportunity. Consumer insight showed us that the requirements for lunch were variety and value, and so a variety of meal bundles with a starting attractive price point of ₹149/- were launched.

We made further progress with our "Under 7 minutes" dine-in express service promise. We invested in a total of 369 digital kiosks across 163 restaurants to offer customers a seamless digital ordering experience even in dine-in and take-away. Our customer satisfaction metric and complaint handling metric has shown further improvement over previous year. We worked diligently during the year to improve the delivery service enablers, and as a result, our external customer ratings on Google, Swiggy and Zomato have seen highest ever scores.

We opened 88 KFC restaurants in the year, our highest number ever.

With the pace of expansion across cities, having the right set of trained personnel managing our restaurant operations is critical. Our training teams augment the sophisticated Yum Global training programs to ensure high service standards. We have a well-defined career path and on-the-job training and review process for our operating teams. In FY24, we have had the highest number of internal promotions, from Team Member to Shift Manager, to Assistant Restaurant Manager to Restaurant Managers and upwards.

The accent on right hiring, training, and career progression of people has enabled Sapphire KFC to deliver the best performance in the QSR industry.

### Pizza Hut

Pizza Hut has faced a dual challenge of soft consumer demand and heightened competitive intensity especially from regional brands operating largely out of cloud kitchen. We have taken several measures to strengthen the brand in the medium term.

At the beginning of the year, Pizza Hut relaunched its range of core pan pizzas with 10 new topping and saucing options. We continued to promote the value Flavour Fun range. We increased the level of marketing investment behind the brand. In March 2024, we launched the innovative 'folded pizza' hand-held range Melts from Pizza Hut. Melts is a new concept in this category, and has been very well received by consumers. We believe that with Melts and other innovations planned during FY25, the brand will see a turn-around in fortunes.

We have invested significantly in improving customer service standards especially in delivery by implementing the Dragontail kitchen management tool across all our stores. The Dragontail tool upends conventional logic of baking a pizza immediately on receipt of order, instead doing so, basis availability of delivery riders. As a result, the customer gets "Hot and Fresh" pizzas. The Dragontail implementation has required collaborative working with the delivery aggregator platforms, and is the only example of such collaboration in India.

Our guest experience scores across all feedback channels (Yum Guest Experience rating, Google rating, Swiggy & Zomato rating) have seen significant improvement during the year.

With the declining profitability of the brand, we took a more cautious approach to new restaurant expansion. We opened 33 new restaurants in the year as against 67 in FY23.

In Pizza Hut too, training and career progression of our operating teams takes highest priority. In FY24, we have had the highest number of internal promotions, from Team Member to Shift Manager, to Assistant Restaurant Manager to Restaurant Managers and upwards.

As we revive the Pizza Hut brand, it is important to understand the context of the brand in our strategy. It remains an important 2nd pillar of growth in our stated intention to be a multi-brand restaurant operator. Several other QSR companies have attempted with limited success to create a meaningful 2nd brand and given the scale and popularity of the Pizza Hut brand combined with grit and relentless execution of our team, we feel we are well positioned in creating a strong second pillar of growth.

## Functional Capabilities

Even as our brand operations teams work to deliver great food and great experience at great value to our customers, our functional teams work hard to enable and support store operations.

Over the past 3 years, we have accelerated the pace of new store expansion. Our Business Development team has developed a proprietary market planning tool to evaluate and prioritise potential trade areas for new stores. Along with rolling data of past new store performance, the tool enables us to continually refine the success criteria for new trade areas. We have also piloted an end-to-end New Store task planning tool developed internally by our technology team to help us monitor all critical tasks and thereby reduce time to build stores.

Our Projects team by improving back-of-house space efficiency, smarter deployment of restaurant equipments and vendor negotiations has been able to negate inflation and reduce capex cost per restaurant by 3% and 6% for KFC and Pizza Hut respectively. We have also incorporated sustainable practices in the way we build restaurants, from energy saving devices in all stores, solar installations in 45 restaurants and other initiatives.

Last year, we had faced substantial inflation on most key raw and packaging material ingredients as a result of sharp commodity price increases and our supply base not keeping up with overall demand. Today both brands have sufficient scale to enable diversification of our supply base. Our Supply Chain team expanded our supplier base in several key categories such as chicken, oil, flour, milk products and packaging materials and along with cooling off commodity prices have helped us to improve Gross Margins by 160 bps and 90 bps in KFC and Pizza Hut respectively.

Our Technology team has significantly upped the ante on working with other functional partners to solve business problems in a cost-effective way. Some of the key projects that they led were the implementation of the DragonTail tool, digital kiosks in KFC restaurants, several SAP and Point-of-Sale initiatives, business intelligence tools, the New Store tracker tool, Performance Management tool, ONDC integration among others.

Our Finance teams in partnership with the Technology teams has been working over the past few years to automate several key finance processes thereby substantially increasing productivity. Today, despite a 3-fold increase in number of stores and a five-fold increase in financial transactions, and the addition of several new departments like Treasury, Investor Relations, Commercial, our Finance function headcount has remained the same as it was 6 years ago.

On the Investor Relations front, we are now actively covered by 20 investment houses and the expanded coverage along with our superior performance and results has resulted in strong demand for the Sapphire Foods stock. During the year, we were the best performing QSR stock, with a share price increase of ~30%.

## Sustainability

We continue to incorporate ESG practices in our day-to-day business operations. We are the only QSR company to publish annual ESG Reports under the GRI, SASB and BRSR Sustainability norms*. As mentioned earlier, Sapphire Foods is ranked No.1 QSR in India and at 95th percentile amongst QSR globally on Dow Jones Sustainability Index (DJSI).

**GRI – Global Reporting Initiatives, SASB – Sustainability Accounting Standards Board, BRSR – Business Responsibility and Sustainability Report*

## Sri Lanka Business

Sri Lanka continued to recover slowly out of the shocks that the economy faced in FY 2022-23. General consumer demand continued to be challenged due to the cumulative impact of inflation & high personal taxes.

During the year, the Pizza Hut brand launched innovative products like Melts which have given us encouraging results. We are confident that the business will grow as the country recovers economically in the medium term.

## Looking forward

The past year has been a difficult year to navigate from a consumer demand perspective.

When Sapphire Foods came into existence, our aspiration was to be India's Best Restaurant Operator with our brands being part of the daily consciousness of Indian consumers, superior financial performance and a work culture built on the sustainable values of Excellence, Courage, Integrity, Empathy and Accountability. Over the past year, we have delivered relatively superior performance in the QSR industry on account of the relentless execution and grit of our people. We remain excited about the multi-decade QSR opportunity and are committed to creating lasting value for our stakeholders and for the society in general.

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

With my best wishes.

**Sanjay Purohit**

Whole time Director
and Group CEO

# MESSAGE BY PROMOTER NOMINEE

> A JOURNEY OF A THOUSAND MILES BEGINS WITH A SINGLE STEP.
> – LAO TZU

Dear Shareholders,

The story of Sapphire Foods started way back in 2015-16, and what an exciting journey it has been. I would like to define this as a "journey of excellence", with the key levers being the right leadership team, the right brand strategy, an effective and resolute operating culture, and outstanding customer-focused on-ground execution.

During tough times as witnessed last year when consumer discretionary spends was muted, our resolute culture came to the fore as we focussed on our controllables and built muscle in the organisation. As a result, we were well-positioned to navigate the challenges thrown our way and yet deliver differential performance in the year.

Our muscle-building efforts have centred around raising the bar of performance across our brands and functions. We have materially strengthened our execution which will pay off as consumer spending tides turn for the better. While Sapphire KFC has delivered-industry leading performance, we also remain positive about the future of Pizza Hut, which has had a challenging year. In the latter's case, we are rebuilding the foundation of the brand by investing in marketing and innovation and further improving customer experience. This is a good example of building muscle in tough times.

As we forge ahead, we are not going to rest on our laurels, and we will aim to raise the bar further and redefine QSR industry standards, from customer experience to operating standards to unit economics to driving accessibility of our brands across neighbourhoods to quality of talent.

> WE WERE WELL-POSITIONED TO NAVIGATE THE CHALLENGES THROWN OUR WAY AND YET DELIVER DIFFERENTIAL PERFORMANCE IN THE YEAR

> TODAY, SAPPHIRE FOODS ALSO SYMBOLISES THE BEST OF PROFESSIONAL ENTREPRENEURSHIP IN INDIA TO CREATE LONG-TERM VALUE FOR ALL STAKEHOLDERS.

The journey of excellence is also seen in our sustainability efforts. That we are ranked as the No.1 QSR in India and among the top 95th percentile of all global QSR companies on the Dow Jones Sustainability Index is a matter of great pride for us.

Today, Sapphire Foods also symbolises the best of professional entrepreneurship in India to create long-term value for all stakeholders. The combination of a professional promoter group coupled with a professional management team who act like entrepreneurs is helping unleash the power of human capital to build a strong institution. Our journey towards excellence continues, and we are ready and excited to handle all the challenges and opportunities that FY25 will throw our way. As I keep saying, we are committed to building an institution that is among India's most respectable organisations and lasts beyond our lifetimes.

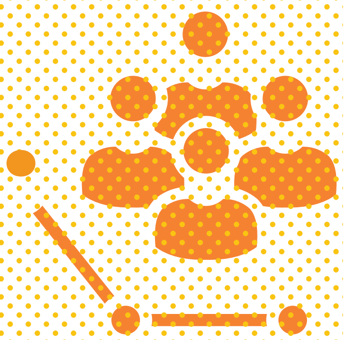
I take this opportunity to thank all our key stakeholders – our shareholders for their continuous support and encouragement; our customers for their loyalty and co-operation; and our employees and partners for their dedication, hard work, focus and commitment.

Traversing this journey together from a small unprofitable company in 2015-16 to becoming a formidable and leading player in the QSR space, and one of India's leading restaurant businesses has been most humbling and satisfying.

Sincerely,

**Sumeet Narang**
Non-Executive Nominee Director

# OUR PEOPLE. OUR CULTURE.



**At Sapphire Foods, we value our colleagues and recognise that our success is an outcome of the combined skills, talent and energy of our diverse teams across restaurants and offices. We work towards building a culture of excellence and an environment that fosters growth.**

In a year marked by unprecedented challenges, Sapphire Foods has demonstrated relentless execution, grit and resilience. It is the collective efforts of our people, whose dedication and tenacity have enabled us to deliver differential performance in a challenging year.

As we delve into the pages of this report, we invite you to understand the elements that help us build this differentiated culture and enable our people to become true heroes of our story.

## Values in our everyday lives

Our organisational Values of Excellence, Courage, Integrity, Empathy and Accountability guide our behaviour, helping us build a foundation through which we can achieve our aspiration, to be India's best restaurant operator. At every stage of a colleagues' life cycle in the organisation, we have integrated our values to reinforce them – consciously and consistently. *(Refer to page 7 for Values)*

## Hiring and Onboarding: Right People in Key Seats

Our hiring and onboarding process places emphasis on three essential aspects: Values, Competency and Diversity. Our approach to selection of candidates is systematic where both functional and behavioural skill sets are assessed which enables us to get the right talent with the right values orientation.

Once a candidate is chosen, an onboarding process has been devised to ensure seamless integration into the workplace. The Aarambh induction program introduces all our new colleagues to our organisation's values and allows us to familiarise them with our culture, policies and processes.

In order to keep getting better at the way we select and onboard, we work closely with the new joinees in seeking their feedback in 30, 60 and 90 days in the organisation. This is called the New Voice @ Sapphire Survey. This helps us gauge the challenges that our new joinees face and course correct to provide a great experience to our colleagues.


## Performance Management

Our performance management framework is closely aligned with our organisational goals through the process of objective setting, regular reviews and feedback. It begins with individual development planning, involving setting of annual goals and objectives with well-defined measures of performance. All objectives utilise the balanced score card approach with the four pillars of Revenue, Profitability, People and Customer / Process.

Through periodic reviews, we engage in candid and meaningful discussions with the intent to support professional and personal development. Performance reviews feed into rewards, recognition, promotions and talent management. All employees, Restaurant General Managers and upward, have a Variable Pay Component which is dependent on individual and company performance.

We adopt a calibration process where performance of all functions is discussed jointly with the Leadership Team. This achieves combined ownership of high performing talent across the organisation.

## Learning and Development

We invest in training and development and mentoring our colleagues to empower them to grow in their professional and personal capacities.

### Some of the Programs are given below

#### All New Joiners at Stores

**CHAMPS and Orientation** program, to make new joinees feel more comfortable within their new roles, teams and departments, while also making them aware of company expectations and policies

#### Team Members (TM) at Stores

Regular **Popcorn Learning modules** which are bite-sized and easy to understand content on critical topics for all TMs to build a culture of learning

**Leading a Shift** program that aims to empower individuals with the necessary skill sets to become shift managers. The program emphasises the importance of team building and equipping them with strategies to cultivate strong interpersonal connections

#### Shift Managers (SM) / Assistant Restaurant Managers (ARM)

**SPARK** program is designed to build skills for first-time managers and it includes communication skills, customer-centricity and team management

**Leading A Restaurant (LAR 1&2) helps Shift Managers & Assistant Restaurant Managers to develop the leadership and operational skills to run a restaurant independently.**

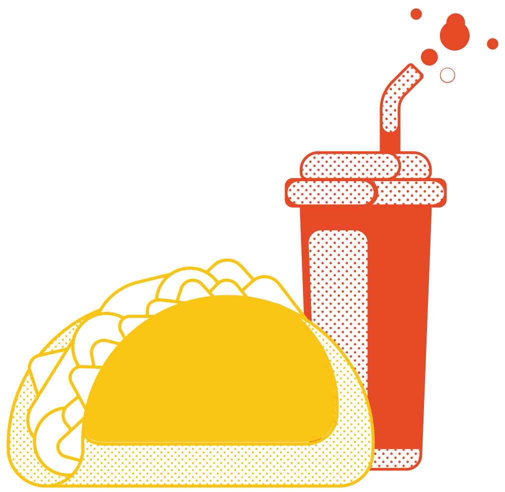
#### Restaurant General Manager

**Young Turks** program is designed to guide our number one leaders in managing large teams. The training program centred around building managerial competencies of Leading Self, Leading Teams, and Leading Operations.

**Leading Multiple Restaurant** program provides a platform for RGMs to manage multiple restaurants and develop themselves for an Above Store Level role.

#### Above Store Leader (ASL)

**Masterclass with the Leader (Sanjay)** – This program is designed as a project-based learning experience tailored for all direct reportees of the leadership team. Under the guidance of our Group CEO, participants work on function-specific special projects, tackling key business challenges while receiving coaching.



## Team Energy and Empowerment at Stores

Our restaurant teams are constantly on their toes. Preparing fresh pizzas and hot n crispy chicken for our customers, providing service to the customers, managing the backend processes, requires a lot of energy and passion. Some days can be tougher than others and its then that any of our Team Members gets everyone together to participate in the Sapphire Cheer, which energises the team instantly.

## SAPPHIRE CHEER

**'Are you Ready?? Yes.**
**Who's got the fire? Sapphire Sapphire.**
**Who's got the fire? Sapphire Sapphire.**
**Tell me Tell me, who's got the fire?**
**We got the fire, We got the fire. We got the fire.'**

Our restaurant teams are empowered to go the extra mile to satisfy customers and are reminded to never say no to the customers.

## Employee Engagement

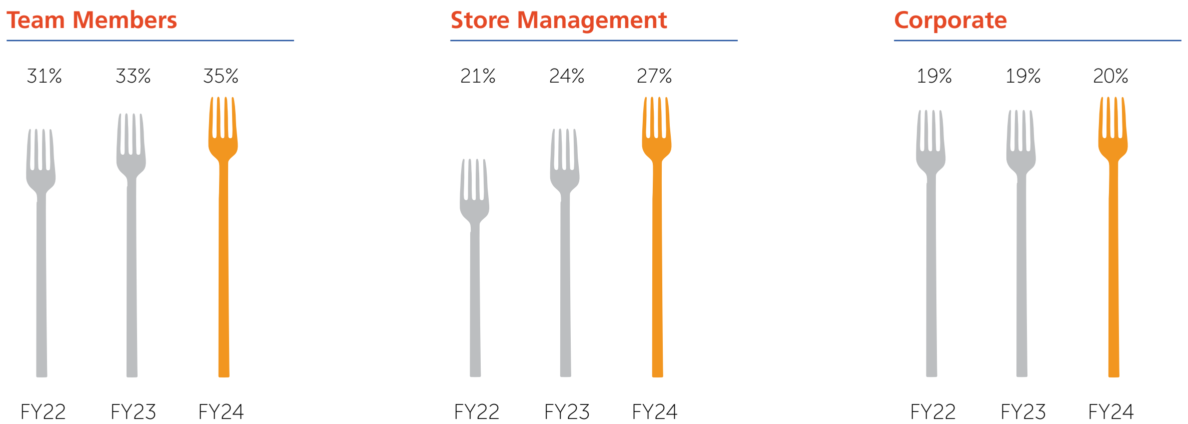
Sapphire conducts wide variety of employee engagement programs. Sapphire Premier League and Champion of the Month are initiatives that help motivate our colleagues, build team cohesion and celebrate their talents. Through regular in-house town hall meetings and functional executive meets, we establish open lines of communication between management and employees. These sessions facilitate transparent and interactive discussions, enabling us to exchange information and address concerns thereby fostering collaboration and promoting excellence and growth.

We value the contribution of our employees and reward them for their exemplary performance. We have various recognition programs such as Rookie of the Month that recognises the performance of new joinees, Going Above and Beyond recognition, Star Performer of the Year, Best Refurb and Red Design Awards.

## Diversity, Equity and Inclusion

At Sapphire Foods, we want to cultivate a workplace where every individual is valued for their unique differences, where diverse perspectives are not just welcomed but encouraged, and where inclusivity extends to people of all abilities. We're committed to creating an environment where everyone can thrive, fostering both productivity and motivation among our colleagues.

**Gender Diversity -** % of women colleagues









At the Stores, we recognise the problem of competent women dropping out from Team Member to Store Management level because of changes in their priorities at that life stage. We reach out to families of women who are promoted to build confidence in the Sapphire work environment and therefore encourage the families to provide support to their careers.

We are also encouraging recruitment of differently abled team members and invest in special training and infrastructure to support their career growth. At last count, we had 115 people in our restaurants.

We encourage open and frank conversations across the organisation. This aspect is measured through a specific question, 'In the last six months, someone at work has talked to me about my progress'. We have made steady progress on this account over the years and today rank among the top 82nd percentile of all the companies surveyed by Gallup across the globe.

## Employee Well-Being

At Sapphire Foods, we prioritise employee wellbeing and health & safety through policies, training and awareness programmes.

We have platforms for grievance redressal around various work related concerns including sexual harassment. Active participation is encouraged through well-being initiatives like Ekincare and SoulAce, fostering a secure and healthy workplace environment.

## Sapphire 'Speak'

We monitor efficacy of our culture annually through the global Gallup employee engagement survey with participation from all our colleagues, Restaurant General Managers and above. The feedback throws powerful insights across twelve aspects of organisation culture and can be monitored for every team leader in the organisation. This enables us to make all critical people-related decisions and policies. This is the lifeline of the organisation.

Our Gallup engagement scores have improved from 55th percentile in 2018 to 82nd percentile in 2023 of all companies surveyed by Gallup worldwide. These results underscore our commitment to cultivating a positive and engaging workplace culture for our employees.

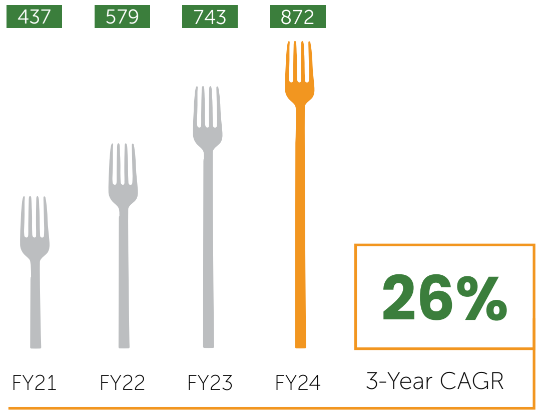
**Our People. Our True Heroes.**

Together, we have made significant progress in our organisation goals. The cliché goes, "Culture eats Strategy for breakfast". Truly at Sapphire, Our People and Culture are the real heroes behind our differentiated performance.

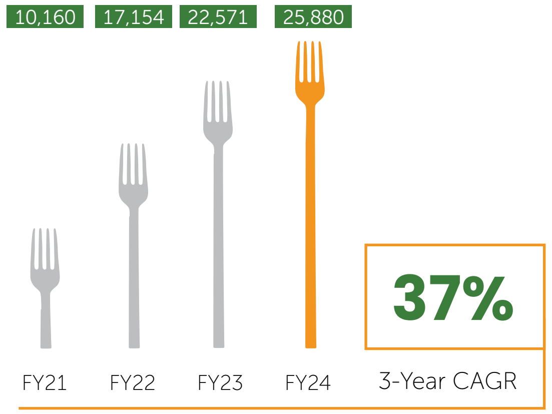
# OUR PERFORMANCE SCORECARD

## 3-YEAR SCORECARD

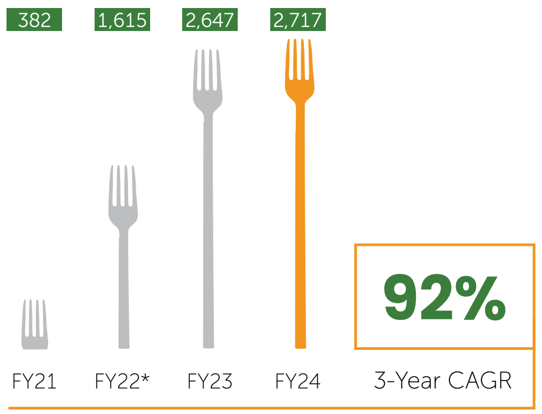
**No. of Restaurants**



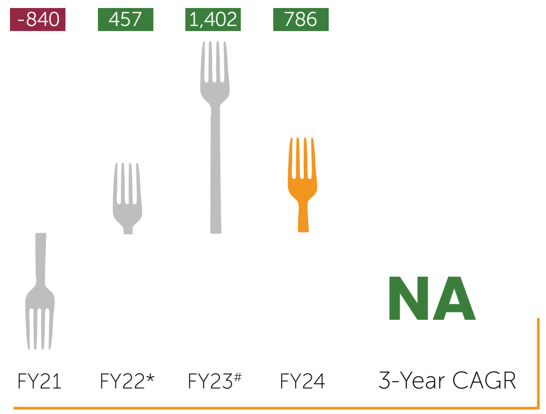

**Restaurant Sales** (₹ Mn)




**Adj. EBITDA^** (₹ Mn)




**Adj. PAT^** (₹ Mn)




^ Adj. EBITDA and Adj. PAT is before Ind-AS 116 adjustments
* Adj. EBITDA and Adj. PAT for FY22 have been normalised for additional incentive from Yum accrued in that year
# Adj. PAT excludes Deferred Tax Credit (DTC) of ₹1,253 mn towards carried forward losses in SFIL in FY23. Post DTC, the Adj. PAT is ₹2,654 mn

### FY24 HIGHLIGHTS

**Highest Restaurant Sales:**
₹25,880 Mn

**Highest Adj. EBITDA:**
₹2,717 Mn

**Highest KFC Restaurant EBITDA margin of**
19.7%

**Best all-round performance in the industry (all parameters considered):**
Revenue scale & growth 15% ↑
Adj. EBITDA margin 10.5% & growth 3% ↑
New restaurant additions 129

## PERFORMANCE SCORECARD IN FY24

| Brand | Revenue (₹ in Mn) | Restaurants Addition | Restaurant Count | Cities/ Towns |
|---|---|---|---|---|
| KFC India | 17,157 | 88 | 429 | 106 |
| Pizza Hut India | 5,185 | 33 | 319 | 81 |
| Pizza Hut & Taco Bell Sri Lanka | 3,397 | 6 | 120 | 52 |

### SAPPHIRE FOODS – BY THE NUMBERS (AS ON 31st MARCH, 2024)

| | |
|---|---|
| 13,398 | NET WORTH (₹ IN MN) |
| 1,845 | CASH BALANCE (NET OF DEBT)(₹ IN MN) |
| 99,949 | MARKET CAPITALISATION (₹ IN MN) |
| 12,511 | NO. OF EMPLOYEES |

# CELEBRATING OUR MILESTONES

## IN 8-YEAR PERIOD, OUR STORE'S PRESENCE GREW 3x, REVENUE 4x AND PROFIT MARGIN TURNED AROUND FROM BREAK-EVEN TO DOUBLE-DIGIT LED BY RELENTLESS EXECUTION AND DISCIPLINED CAPITAL ALLOCATION

### 2015-16

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

### 2016-17

Opened first omni-channel Pizza Hut store in India

### 2017-18

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

### 2018-19

Crossed ₹10 Bn mark turnover

### 2019-20

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

### 2021-22

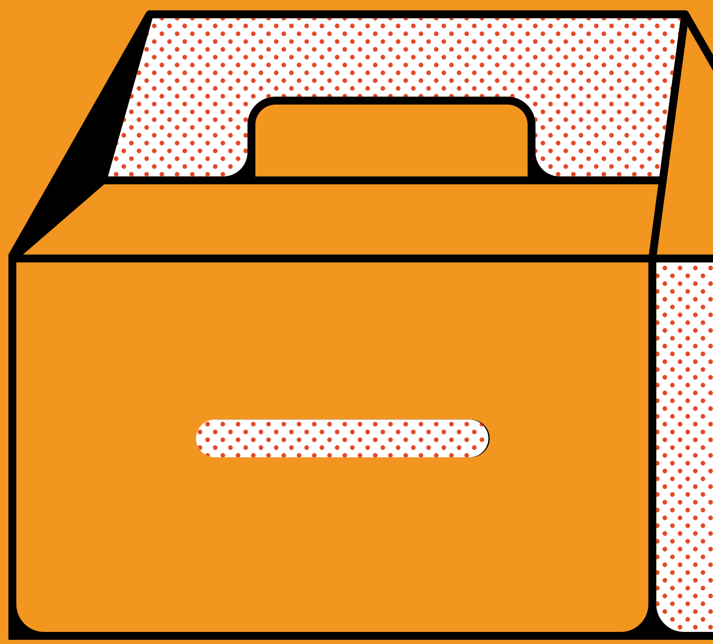
- Listing of equity shares of Sapphire Foods on the stock exchanges
- Touched 500 Stores mark across India, Sri Lanka and Maldives operations
- KFC crossed ₹10 Bn in turnover
- KFC, Pizza Hut and Sri Lanka business delivered highest-ever restaurant EBITDA margin of 18.7%
- Achieved first-ever PAT profitability

### 2022-23

Best Ever Performance – Highest
Restaurant Additions of 164,
Revenue of ₹22.6 Bn,
EBITDA of ₹4.3 Bn (19.2%)
PAT of ₹2.3 Bn (10.3%)

### 2023-24

- Physical footprint of 850+ Restaurants
- Crossed ₹25 Bn in Total Revenue
- Sapphire KFC delivered the highest Restaurant EBITDA 19.7% in FY24 amongst the entire QSR industry
- Sapphire Foods is ranked No.1 QSR in India and at 95th percentile amongst QSR globally on Dow Jones Sustainability Index (DJSI)



# IRRESISTIBLE BRANDS.

# EXCEPTIONAL TASTE.

# EXTRAORDINARY EXPERIENCES.

# KFC INDIA

**429**
RESTAURANTS

**214**
RESTAURANTS IN TOP 5 CITIES OUT OF 8 CITIES. THESE 8 CITIES COVER 83% OF INDIA'S CHAIN FOOD SERVICE MARKET*

**301**
RESTAURANTS IN 1 MN + POPULATION

**252**
HIGH STREET RESTAURANTS

**48**
DRIVE THRU RESTAURANTS

**129**
MALL RESTAURANTS

**10**
STATES WHICH COVER 56% OF INDIA'S GDP*

**106**
TOWNS PRESENCE

**125**
AVERAGE DAILY SALES PER RESTAURANT (₹ in Thousands)

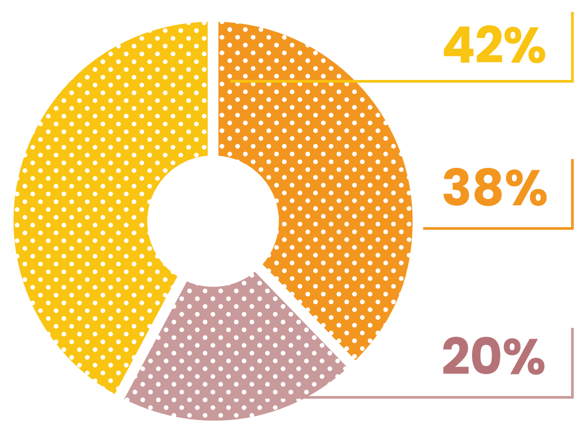
**17,157**
REVENUE (₹ in Mn)

**18%**
GROWTH IN REVENUE

**19.7%**
EBITDA MARGIN %

** Source: Technopak Report*

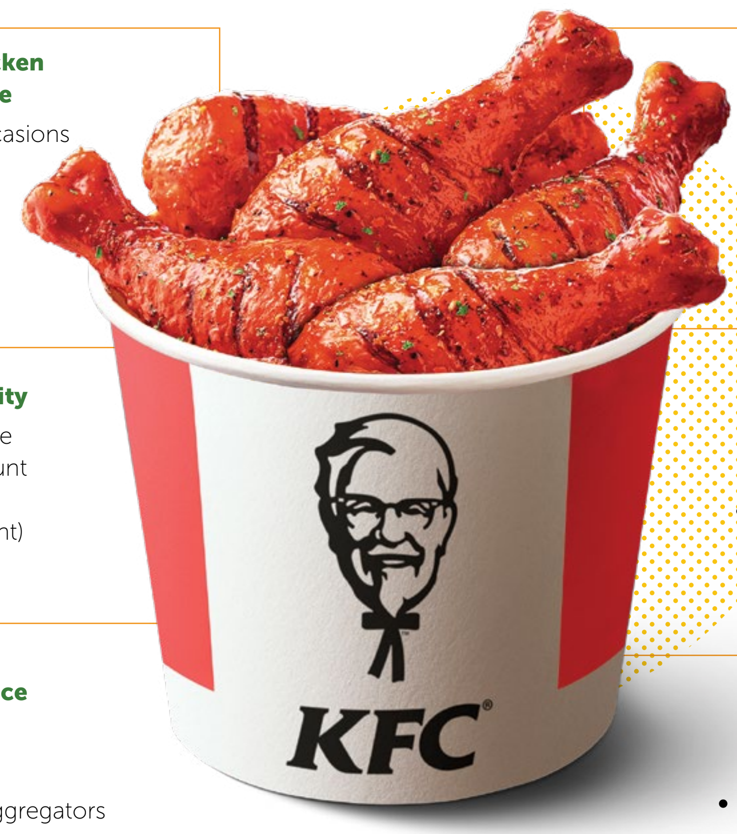
## CHANNEL CONTRIBUTION




## QUICK FACT

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

## BRAND PRIORITIES



**Enhance Fried Chicken Category Relevance**
- Build day part occasions of consumption: Lunch & Snacking

**Improve Accessibility**
- On track to double the restaurant count in ~3 years (base Dec'21 count)

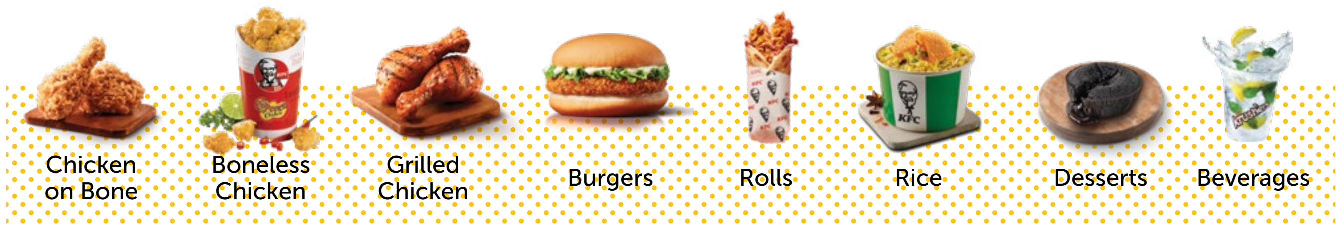
**Frictionless Customer Experience**
- Digital kiosks
- KFC App
- Partnering with aggregators

**Craveable Taste**
- Innovation:
  - Reintroduction of Chizza as limited time offer
  - Veg Rolls
  - International Burgers

**Value**
- Lunch variety menu launch with advertising at ₹149/-
- Snackers range at ₹99/-
- New value construct on Wednesday: 15 Pcs at ₹399/

**Operational Excellence**
- 7 Minutes express pickup
- Continuous improvement of consumer ratings on aggregator platform

## EXTENSIVE MENU OFFERINGS – FOR ALL PARTS OF THE DAY!



## KFC BRAND PRIORITIES SNIPPETS

**Fried Chicken Category Relevance | Craveable Taste | Value**






**Frictionless customer experience | Digital**



Monthly Active Users

**1.25 MN**

Digital **KIOSKs** implemented at

**163**

Restaurants

**Improving Accessibility** – On track to double Restaurant Count in ~3 years (base Dec'21 count)


Thane, Maharashtra


Ludhiana, Punjab


Karnal Haveli, Haryana

# PIZZA HUT INDIA

**319**
RESTAURANTS

**170**
RESTAURANTS IN TOP 6 CITIES OUT OF 8 CITIES. THESE 8 CITIES COVER 83% OF INDIA'S CHAIN FOOD SERVICE MARKET*

**245**
RESTAURANTS IN 1 MN+ POPULATION

**236**
HIGH STREET RESTAURANTS

**NA**
DRIVE THRU RESTAURANTS

**83**
MALL RESTAURANTS

**11**
STATES WHICH COVERS 57% OF INDIA'S GDP*

**81**
TOWNS PRESENCE

**46**
AVERAGE DAILY SALES PER RESTAURANT (₹ IN THOUSANDS)

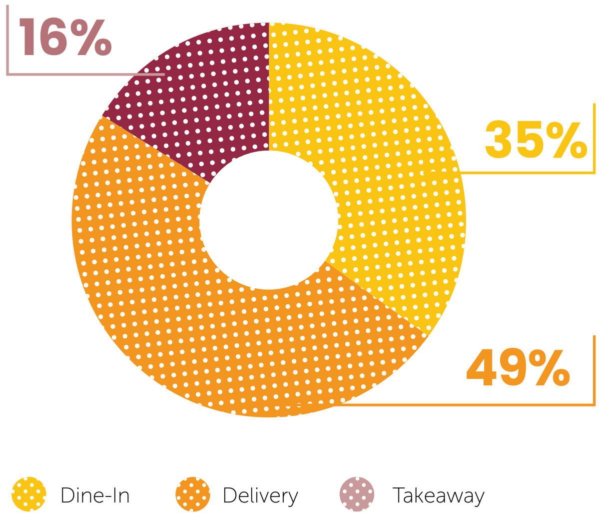
**5,185**
REVENUE (₹ in Mn)

**-1%**
GROWTH IN REVENUE

**4.9%**
EBITDA MARGIN %

** Source: Technopak Report*

## CHANNEL CONTRIBUTION




## QUICK FACT

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

## BRAND PRIORITIES

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

**Taste Leadership in Pizza Category**
- Innovation: 10 New Pan Pizzas, Revamped Pasta, Melts, Thin Crust Pizza

**Improve Accessibility**
- 1,000 sq. ft. model for increasing density in top 6 cities

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

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

**Frictionless Customer Experience**
- Self-Ordering Dine-In Table QR Code

## Action Plan for Brand Revival

| Actionable | Status | Comment |
|---|---|---|
| **A. Build Brand:** | | |
| - Product Innovation | 🟢 | Launched Melts, Thin Crust Pizza and revamped Pasta range in Mar-24 |
| - Enhance Marketing Investments | 🟢 | Rolled out mass media campaign for Melts |
| **B. Grow Dine In / Home Service:** | | |
| - Operations | 🟢 | Dragon Tail (kitchen planning tool) rolled out in 100% restaurants including integration with Aggregators |
| | 🟡 | Aggregators Customer ratings seeing steady improvement QoQ |
| - Building Occasions | 🟢 | Lunch day part activation rolled out |
| | 🟢 | 91% of High Street restaurants now open for late night deliveries |
| **C. Real Estate** | 🟡 | Cautious expansion, ~3-5% Portfolio corrections in next 2 quarters & ~10% Refurbs in 2024 |

We have initiated actions on various fronts, however, Brand revival will still take a few quarters.

## EXTENSIVE MENU OFFERINGS – FOR ALL PARTS OF THE DAY!

## PIZZA HUT BRAND PRIORITIES SNIPPETS

### Taste Leadership in Pizza Category | Value

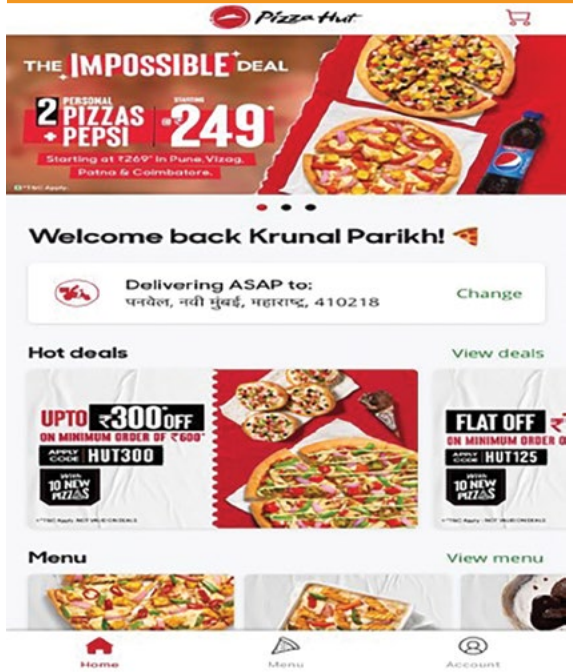




### Build Top-of-Mind Awareness | TV Campaigns



### Frictionless Customer Experience | Operational Excellence




Monthly Active Users

**0.8 MN**


Self Ordering QR Code

**15%**

of Dine In Mix

### Improving Accessibility

Mall of Asia, Bengaluru


Pune, Maharashtra


Thanisandra, Bengaluru


'MELTS' a unique "folded" handheld pizza launched in March 2024 is aimed at extending pizza consumption for "in-between" meal occasions. The product is backed by a multi-media marketing campaign.

# SRI LANKA BUSINESS

**120**
RESTAURANTS

**111**
PIZZA HUT RESTAURANTS

**9**
TACO BELL

**52**
TOWNS PRESENCE

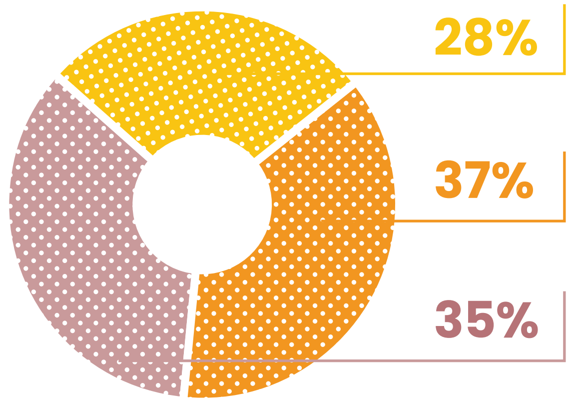
**79**
AVERAGE DAILY SALES PER RESTAURANT (₹ in Thousands)

**3,397**
REVENUE (₹ in Mn)

**13.7%**
EBITDA MARGIN %

**25%**
GROWTH IN EBITDA

## CHANNEL CONTRIBUTION




## QUICK FACT

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

## BRAND PRIORITIES

Taste Leadership through Product Quality & Innovation

Omni-Channel Great Looking Restaurants

Most Widely Accessible

Best Own Delivery & Digital Capabilities

## EXTENSIVE MENU OFFERINGS – FOR ALL PARTS OF THE DAY!

Pizza Hut

Pizza | Melts | Birizza | Chicken Wings | Cheese Balls | Desserts

Taco Bell

Tacos | Sweet Burrito | Bell Wings | Quesadilla | Rice

## SRI LANKA KEY PRIORITIES SNIPPETS

### Product Innovations

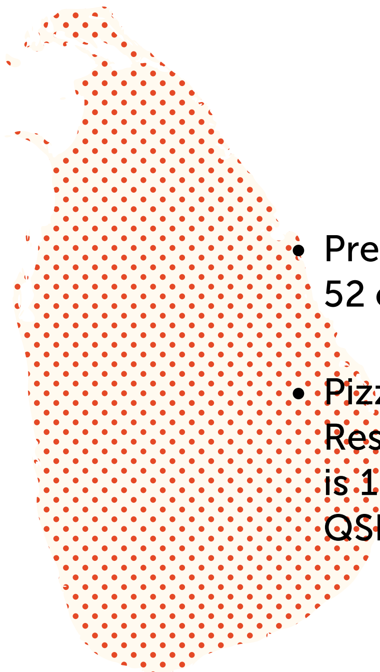

### Marketing Campaign




### New Stores


Kilinochchi

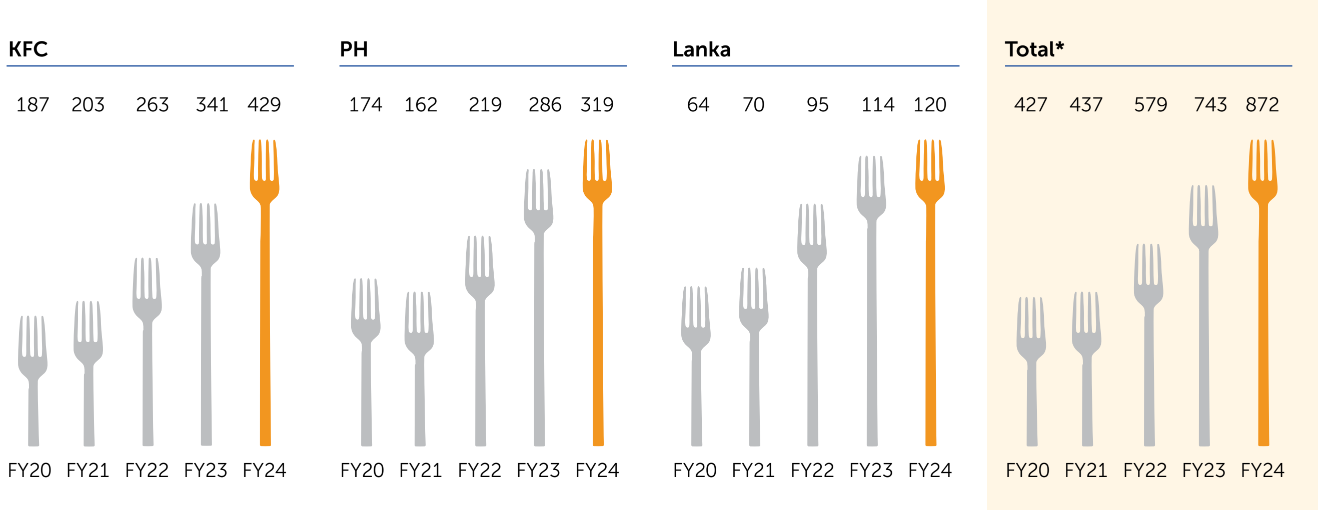

Akuressa



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

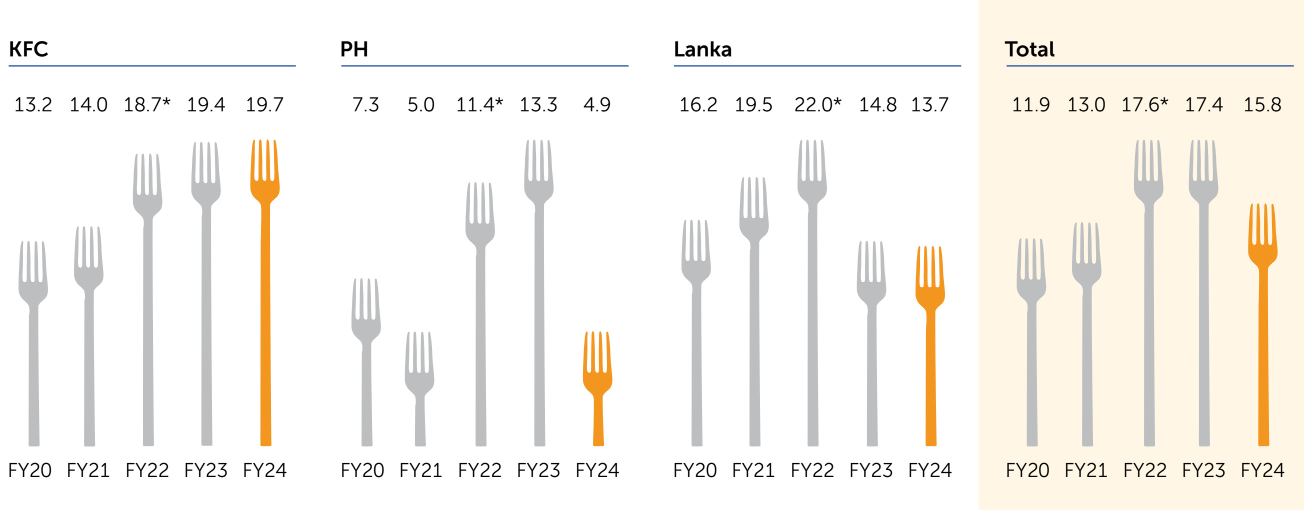
# SUSTAINED EXCELLENCE. ENDURING PROGRESS.

## Restaurant Count (In Numbers)



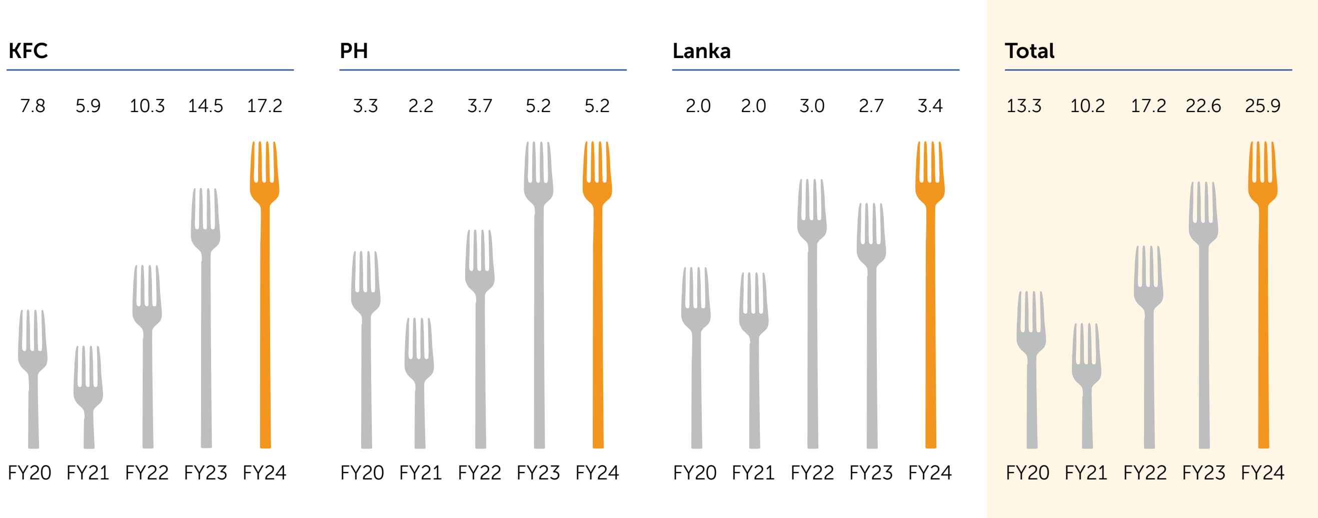

*Includes 2 restaurants in Maldives up to 31.3.23 and 4 restaurants as on 31.3.24

## Restaurant EBITDA Margin (%)

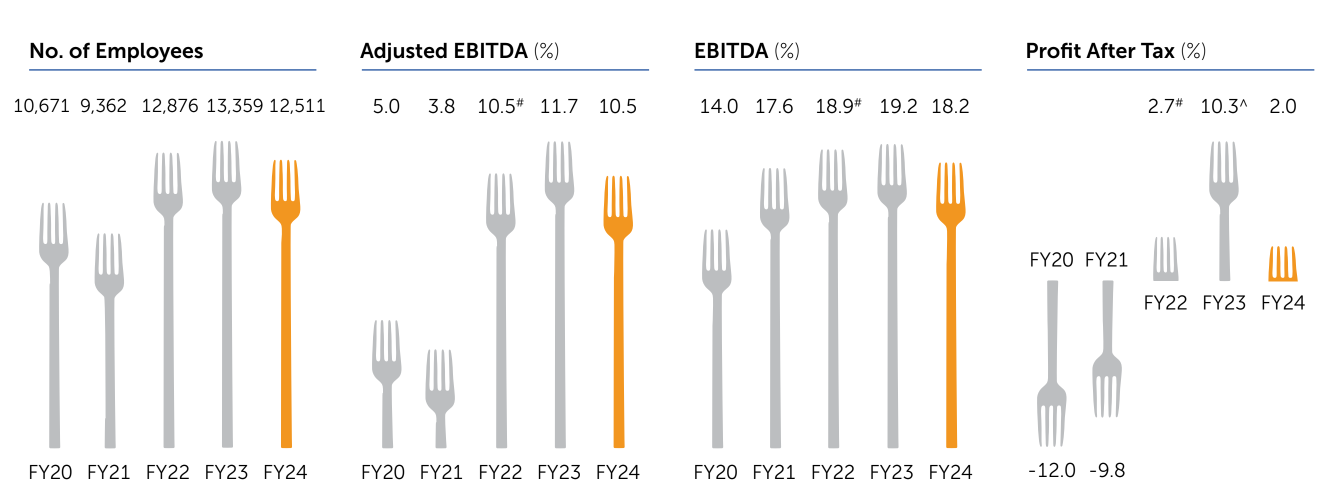



*FY22 Restaurant EBITDA% excludes additional incentives of 0.8% in KFC, 2.0% in Pizza Hut, 1.2% in Sri Lanka and 1.1% in Total, accrued in the period.

## Restaurant Sales (₹ In Billion)




## Other Particulars




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

# RELENTLESS COMMITMENT TO SUSTAINABILITY

- S&P Global Ratings has assigned ESG Score of 42 to Sapphire Foods for FY23

- Sapphire Foods is ranked No.1 QSR in India
- Ranked 95th percentile amongst QSR globally on Dow Jones Sustainability Index (DJSI)

## FY24 ESG HIGHLIGHTS

The ESG disclosures in this report represents for Sapphire Foods India Limited (SFIL)

### Food

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

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

**100%** restaurants have a FosTac certified RGM

Over **93%** fresh produce traceability

Majority of our suppliers are now **GAP & SEDEX** certified, underscoring our commitment to ethical practices, labour rights, and sustainability

### People

**12,511** Employees

**32%** Gender Diversity

**20%** Women in Management positions

**98** Average Training Hours

**56.28** (₹ million) Amount spent on Training and Development

**IMPROVEMENTS** in Gallup (Employee Engagement) Score and Percentile

Mean Score improved from **4.41** in 2022 to **4.52** in 2023

Percentile rank improved from **75** in 2022 to **82** in 2023

**ZERO** fatalities over last three years

### Planet

Scope 1 emissions **11,025** $MtCO_2e$

Scope 2 emissions **57,865** $MtCO_2e$

**92** $MtCO_2e$ per restaurant GHG Emission Intensity

**97%** KFC

**94%** Pizza Hut

restaurants covered by Energy Management Systems (EMS)

**45** restaurants with rooftop solar panel installation

**8%** renewable energy contribution for the above restaurants

**272** $MtCO_2e$ in GHG emissions avoided

**100%** used cooking oil recycled

**100%** restaurants have wastewater disposal system

**100%** eco-friendly product packaging

### Governance

Professional Board led by an **Independent Director as Chairman**

**2** out of **9** Directors are women

Dedicated **CSR and ESG Committee** of the Board to guide and govern our sustainability practices

**100%** **employees** trained on code of conduct

**ZERO** Data Privacy breaches in last 5 years

**22,360.81** (₹ million) Revenue

**4,266.48** (₹ million) EBITDA

**13%** growth in revenue and **8%** growth in EBITDA over the last year

# BOARD OF DIRECTORS

**Sunil Chandiramani**
Chairman and
Independent Director

**Sanjay Purohit**
Whole-time Director &
Group CEO

**Sumeet Narang**
Non-Executive
Nominee Director

**Deepa Wadhwa**
Independent Director

**Vinod Nambiar**
Non-Executive
Nominee Director

**Vikram Agarwal**
Non-Executive
Nominee Director

**Anu Aggarwal**
Independent Director

**Norbert Fernandes**
Non-Executive
Nominee Director

**Kabir Thakur**
Non-Executive
Nominee Director

# LEADERSHIP TEAM

**Deepak Taluja**
CEO - KFC

**Vikrant Vohra**
CEO - Pizza Hut

**Vijay Jain**
Chief Financial Officer

**Priya Adiseshan**
Chief People Officer

**Nandita Bapat**
Head – Projects

**Amar Patel**
Chief Technology Officer

**Puneet Bhatia**
Head - Business
Development

**Niraj Patil**
Head -
Legal and Liaison

**Ashu Khanna**
Head -
Supply Chain Management

# AWARDS & RECOGNITION

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

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


For the second year in a row, Pizza Hut has proudly earned the title of the Most Visible Brand Online in the Food & Beverage category, as revealed in APIDM's Digital Outlook Sri Lanka 2024.


Deepak Taluja - CEO KFC – Sapphire Foods has been honoured by KFC Global CEO - Mr. Sabir Sami, for his remarkable achievements in brand-building, operational excellence, and people development.





# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**MR. SUNIL CHANDIRAMANI**
Chairman & Independent Director

**MR. SANJAY PUROHIT**
Whole Time Director & Group CEO

**MR. SUMEET NARANG**
Non-Executive Nominee Director

**MR. VIKRAM AGARWAL**
Non-Executive Nominee Director

**MR. KABIR THAKUR**
Non-Executive Nominee Director

**MR. NORBERT FERNANDES**
Non-Executive Nominee Director

**MR. VINOD NAMBIAR**
Non-Executive Nominee Director

**MS. ANU AGGARWAL**
Independent Director

**MS. DEEPA WADHWA**
Independent Director

## REGISTERED & CORPORATE OFFICE

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

## KEY MANAGERIAL PERSONNEL

**MR. VIJAY JAIN**
Chief Financial Officer

**MR. SACHIN DUDAM**
Company Secretary & Compliance Officer

## AUDITORS

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

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

## BANKERS

HDFC BANK LIMITED

## REGISTRAR & TRANSFER AGENT

**M/S. LINK INTIME INDIA PRIVATE LIMITED**
C-101, 247 Park,
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Telephone No: (022) 49186270
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# MANAGEMENT DISCUSSION & ANALYSIS

## Economy Overview

### India:

India positioned itself amongst the fastest-growing economy in the world and remains unaffected by the global slowdown and ongoing crisis. The Government of India estimates its real GDP to have grown by 7.3% in FY 2023-24 compared to 7.2% in FY 2022-23 and the per capita income at current prices to have grown 7.7% from ₹1.97 lakh in FY 2022-23 to ₹2.12 lakh in FY 2023-24. The IMF projects the Indian economy to expand at 6.8% in 2024 (FY 2024-25) and 6.5% in 2025 (FY 2025-26).

### Sri Lanka:

The Sri Lankan economy has shown signs of stabilisation from deep economic and debt crisis witnessed last year. With responsive government actions namely monetary and fiscal, along with IMF's bail-out programme, the country has been able to control its inflation significantly, increase its foreign exchange reserves and improve the overall economic activities.

The country's GDP decline has been reduced from 7.8% decline in 2022 to 3.6% decline in 2023.

### Global Economic Growth: Actual and Projections (%)

| Particulars | 2023 | 2024 (Estimate) | 2025 (Estimate) |
|---|---|---|---|
| Global Economy | 3.2 | **3.2** | 3.2 |
| Advanced Economies | 1.6 | **1.7** | 1.8 |
| Emerging Markets and Developing Economies (EMDEs) | 4.3 | **4.2** | 4.2 |

*(Source: IMF)*

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

| Major economies | 2023 | 2024 | 2025 |
|---|---|---|---|
| United States | 2.5 | **2.7** | 1.9 |
| China | 5.2 | **4.6** | 4.1 |
| Japan | 1.9 | **0.9** | 1.0 |
| Germany | -0.3 | **0.2** | 1.3 |
| India | 7.8 | **6.8** | 6.5 |

*(Source: IMF)*

## Indian Food Services Market Overview

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

### Food Services Market CAGR (%)

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

*(Source: Technopak)*

### Indian QSR sector review

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

### Chain food services market CAGR (%)

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

*(Source: Technopak)*

The top 8 cities (Delhi, Mumbai, Kolkata, Bengaluru, Chennai, Hyderabad, Pune, and Ahmedabad) of India contribute 43% of the total revenue of food service market in India in FY22, they contribute 83% of the chain food service market in India during the same period.

Of these top 8 cities, Sapphire KFC is present in 5 cities with 214 restaurants and Sapphire Pizza Hut is present in 6 cities with 170 restaurants.

## Company Overview

Sapphire Foods is one of the largest franchisees of Yum! Brands Inc. in the Indian subcontinent, with a track record of successfully operating more than 872 KFC, Pizza Hut and Taco Bell restaurants across India, Sri Lanka, and the Maldives. The Company started operations in September 2015, following the acquisition of around 270 KFC and Pizza Hut restaurants in India and Sri Lanka by a group of leading Private Equity firms and managed by a team of professionals. As of 31st March 2024, the Company owned and operated 429 KFC and 319 Pizza Hut restaurants in India, 111 Pizza Hut and 9 Taco Bell restaurants in Sri Lanka and 2 KFC and Pizza Hut each in Maldives. The Company introduced compact omni-channel restaurants and expanded its footprints across over 159 cities in India. It opened total 129 new restaurants in FY 2023-24 (88 KFC, 33 Pizza Hut in India and 7 Pizza Hut in Sri Lanka and 1 KFC & Pizza Hut each in Maldives).

### KFC

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

| Particulars | March 31, 2022 | March 31, 2023 | March 31, 2024 | Growth YoY |
|---|---|---|---|---|
| Total store count | 263 | 341 | **429** | 26% |
| Number of restaurants in top 10 cities | 165 | 214 | **258** | |
| Total cities where present | 75 | 90 | **106** | |
| Average daily sales per restaurant (in ₹ thousand) | 130 | 135 | **125** | |
| Same store sales growth (%) | 52.0 | 15.0 | **-1.1** | |
| Delivery as % of restaurant sales (%) | 44.0 | 36.0 | **38.0** | |
| Restaurant-related revenue (in ₹ million) | 10,349 | 14,529 | **17,157** | 18% |
| Gross margin (%) | 68.4 | 66.6 | **68.2** | |
| Restaurant EBITDA (in ₹ million) | 2,016 | 2,819 | **3,381** | |
| Restaurant EBITDA (%) | 18.7[1] | 19.4 | **19.7** | 30 bps |

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

Sapphire Foods' KFC delivered the strongest all-round (new restaurant additions, revenue growth, EBITDA margin %) performance in the entire QSR industry in India. Despite consumer demand conditions being tough, Sapphire KFC grew revenue by a robust 18% led by store expansion. Restaurant EBITDA margin of 19.7% was the best in the industry and highest ever for Sapphire Foods. SSSG of (-1%) remains a challenge albeit least impacted amongst QSR peers.

We have been able to grow our EBITDA margin (up 30bps from previous year) despite lower SSSG and 26% new store additions. This is a result of cost efficiencies and lower raw material and packaging costs. The latter was due to alternate supplier partner development across categories, improved buying processes along with softer commodity costs.

KFC continues to lead the Chicken segment in the Indian QSR industry. The brand achieved a major milestone this year with the opening of the 1000th store in India, of which Sapphire Foods KFC restaurant count added up to 429 numbers across 10 Indian states contributing roughly 56% of GDP. The company opened 88 net new restaurants in 2023-24.

KFC's focus remains on enhancing 'Fried Chicken' relevance by creating occasions, offering varied menus during day part, launching crave-able products at attractive value. During the fiscal year, the brand had targeted increasing the number of occasions of consumption, specifically launching a new range of products in the snacking & lunch occasions. Chicken Rolls, Longer Chicken Burger, Popcorn, Fries and Beverage at attractive price points have bolstered our menu options for these occasions.

At our stores, the emphasis is on making the customer experience as frictionless as possible. We installed digital kiosks across 163 stores which allow customers to navigate through the ordering process at their own pace. Our operating standards have continued to improve over the previous year, and we were amongst Yum! Brands' top franchisees globally on this count. Our customer satisfaction ratings across all channels (Yum Guest Experience Survey, Google Ratings, Swiggy Ratings and Zomato Ratings) have seen improvement over the previous year. This demonstrates our unwavering commitment to customer experience even as we drive cost efficiencies within the business.

### Pizza Hut

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

| Particulars | March 31, 2022 | March 31, 2023 | March 31, 2024 | Growth YoY |
|---|---|---|---|---|
| Total store count | 219 | 286 | **319** | 12% |
| Number of restaurants in top 10 cities | 149 | 194 | **207** | |
| Total cities where present | 52 | 66 | **81** | |
| Average daily sales per restaurant (in ₹ thousand) | 57 | 58 | **46** | |
| Same store sales growth (%) | 42.0 | 12.0 | **-16.0** | |
| Delivery as (%) of restaurant sales (%) | 57.0 | 50.2 | **49.0** | |
| Restaurant-related revenue (in ₹ million) | 3,710 | 5,214 | **5,185** | -1% |
| Gross margin (%) | 75.5 | 74.7 | **75.6** | |
| Restaurant EBITDA (in ₹ million) | 497 | 691 | **253** | |
| Restaurant EBITDA (%) | 11.4[2] | 13.3 | **4.9** | -840 bps |

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

The pizza category, being the largest QSR category has witnessed a difficult period of late due to significantly heightened competition on top of the general constrained consumer demand. The uptick in consumer eating occasions post the restrictive period during COVID and the specific attractive characteristics of the pizza market (largest in size and relative ease of kitchen operations) has resulted in a slew of new pizza brands being launched. Most of these brands are regional in nature and operate out of dark kitchens and depend on delivery aggregators for their business. While in the short run they have impacted us, we have taken several measures which will help the brand emerge stronger in the medium term.

Sapphire Pizza Hut's revenue was down by 1% YoY, SSSG declined by 16% and due to operating deleverage, Restaurant EBITDA margin declined by 840 bps YoY. We opened 33 new restaurants during the year.

However, despite this current competitive scenario, we strongly believe in the potential of the Pizza Hut brand and are taking concrete steps to revive the brand. Pizza Hut continues to be the No. 2 pizza brand in the country and enjoys widespread consumer acceptance. Specific revival measures are around the following pillars:

1. Reviving consumer interest behind the brand through increased marketing investments and market relevant innovation. In March 2024, we launched the Melts range, an innovative hand-held "folded" pizza which is a completely new concept in the pizza category. Melts has tested very well with consumers and is expected to fare well in the market. Our innovation pipeline for FY 2024-25 is also robust at the moment.
2. Continuous improvement in customer satisfaction metrics and operating standards metrics. We have implemented a kitchen planning tool, Dragon Tail, which enables the store to time stamp the entire customer journey, from order to actual delivery and thereby improve customer satisfaction.
3. Build consumption occasions of lunch and late night.
4. Cautious approach to new restaurant expansion.
5. Continue to monitor and drive cost efficiencies.

As we revive the Pizza Hut brand, it is important to understand the context of the brand in our strategy. It remains an important 2nd pillar of growth in our stated intention to be a multi-brand restaurant operator. Several other QSR companies have attempted unsuccessfully to create a meaningful 2nd brand and given the scale and popularity of the Pizza Hut brand, we feel we are positioned in creating a strong second pillar of growth.

### Sri Lanka operations

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

| Particulars | March 31, 2022 | March 31, 2023 | March 31, 2024 | Growth YoY |
|---|---|---|---|---|
| Total store count | 95 | 114 | **120** | 5% |
| Number of restaurants in top 10 cities | 36 | 37 | **37** | |
| Total cities where present | 49 | 52 | **52** | |
| Average daily sales per restaurant (in LKR thousand) | 298 | 322 | **305** | |
| Average daily sales per restaurant (in ₹ thousand) | 108 | 72 | **79** | |
| Same store sales growth (%) (in LKR terms) | 42.0 | 22.0 | **2.0** | |
| Delivery as % of restaurant sales | 56.0 | 38.0 | **37.0** | |
| Restaurant-related revenue (in LKR million) | 8,229 | 12,166 | **13,123** | 8% |
| Restaurant-related revenue (in ₹ million) | 2,983 | 2,716 | **3,397** | |
| Gross margin (%) | 66.2 | 58.1 | **61.6** | |
| Restaurant EBITDA (in LKR million) | 1,907 | 1,799 | **1,801** | 1% |
| Restaurant EBITDA (in ₹ million) | 691 | 402 | **466** | |
| Restaurant EBITDA (%) | 22.0[3] | 14.8 | **13.7** | -110 bps |

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

Sapphire Foods, through its 100% subsidiary Gamma Pizzakraft Lanka (Pvt) Ltd, operates Pizza Hut & Taco Bell in Sri Lanka and Maldives. As on 31st March 2024, there were total 111 Pizza Hut and 9 Taco Bells in Sri Lanka.

The macro-economic environment in Sri Lanka was largely stable during the Fiscal Year after the political and economic crisis of the previous year. Inflation started to reduce during the year and the Sri Lankan Rupee appreciated versus the $. There were no operational challenges, with availability of raw material and packaging material having streamlined considerably. Utility cost however increased substantially during the year. General consumer demand continued to be challenged due to the cumulative impact of inflation & high personal taxes.

During the year, the Pizza Hut brand launched innovative products like Melts which have given us encouraging results. Taco Bell however has seen a fall in consumer demand, as a result of the higher inflation due to substantial raw material import dependency.

Overall revenue for Sri Lanka grew by 25% in ₹ (8% in LKR). Restaurant EBITDA grew by 16% in ₹ (1% in LKR). Pizza Hut SSSG in LKR was 2%.

Pizza Hut in the country is the No.1 QSR brand. We are confident that the business will grow as the country navigates itself to the economic recovery in medium term.

## Strategy/Outlook

Sapphire Foods is positioned for robust growth in the coming years, driven by macroeconomic development, increase in consumption of "outside home food" and animal protein.. We are optimistic about the demand revival in Sri Lanka in 2024 with the gradual improvement in the country's economy. The Company is focussed on delivering profitable growth along with its commitment to maintaining a strong presence in both India and Sri Lanka.

The following are the key elements of our growth opportunities:

- **Continuously enhance the relevance of our brands:** We will continue to strengthen the relevance of KFC and Pizza Hut as full meal options in addition to snacking and straddling all parts of the day. We remain committed to menu innovation, offering a range of value meal options at both entry-level and premium price points. We emphasise high standards of food safety, hygiene, and ingredient freshness to align with changing consumer preferences. This approach allows our brands to attract a diverse age demographic, leading to new customer acquisition, more frequent orders, and larger ticket sizes.
- **Rapid expansion of restaurants:** The company plans to grow its restaurant network and boost customer footfall by employing a cluster-based approach and penetration strategy, capitalising on the global brand appeal of KFC and Pizza Hut. The Company is focussed to maximise revenue potential through all channels, expansion of the consumer base through value options and newly-evolved compact restaurant size. We believe that KFC and Pizza Hut are well-placed to capitalise on the opportunity created by the growing middle-class population and dining-out culture.

> "WE ACTIVELY EXPLORE OPPORTUNITIES TO ACQUIRE QUALITY AND SCALABLE QSR AND FOOD BRANDS IN COMPLEMENTARY CATEGORIES IN EXISTING OR NEW GEOGRAPHIES BASIS SAPPHIRE FOODS 7 MANTRAS (REFER PAGE 11) WHICH ARE PARAMOUNT TO DRIVE SUCCESS AND SCALE.

- **Leverage our omni-channel strategy:** Our brands are accessible through dine-in, takeaway, and delivery channels. We invest in technology, our own digital app and CRM programs to provide a frictionless customer experience. For the delivery channel, we work closely with aggregators to improve end-to-end delivery experience. Further, through contemporary design elements, our new restaurants along with existing restaurants being refurbished every 5 years ensures high quality customer experience within our stores.
- **Drive Margins through operating leverage (growth) & cost efficiencies:** We have built organisational capabilities in minimising wastage and enhancing efficiencies through a combination of ERP systems, processes, and people. Restaurant-level cost benchmarking Program such as PACE SETTER have helped us improve restaurant operating margins.
- **Pursue inorganic growth:** Our ambition is to add more restaurant brands to our portfolio. We have built the front-end operations, back-end organisation systems, processes and capabilities to handle the scale and complexities of such a multi-brand portfolio. We actively explore opportunities to acquire quality and scalable QSR and food brands in complementary categories in existing or new geographies basis Sapphire Foods 7 mantras (refer page 11) which are paramount to drive success and scale.

## Financial Overview

Summarised consolidated Profit and Loss statement:

| | | 2024 | 2023 | %age YoY |
|---|---|---|---|---|
| **Total income** | **₹ Million** | **26,277.21** | **22,966.66** | **14.41%** |
| **Revenue from operations** | **₹ Million** | **25,942.79** | **22,655.74** | **14.51%** |
| Cost of materials consumed | ₹ Million | 8,109.06 | 7,406.76 | **9.48%** |
| | % of revenue | 31.3% | 32.7% | |
| Employee benefits expense | ₹ Million | 3,455.55 | 2,929.03 | **17.98%** |
| | % of revenue | 13.3% | 12.9% | |
| Finance costs | ₹ Million | 1,009.08 | 868.86 | **16.14%** |
| | % of revenue | 3.9% | 3.8% | |
| Depreciation and amortisation expense | ₹ Million | 3,238.96 | 2,641.74 | **22.61%** |
| | % of revenue | 12.5% | 11.7% | |
| Other expenses | ₹ Million | 9,765.47 | 8,036.03 | **21.52%** |
| | % of revenue | 37.6% | 35.5% | |
| Total expenses | ₹ Million | 25,578.12 | 21,882.42 | **16.89%** |
| | % of revenue | 98.6% | 96.6% | |
| **Profit / (Loss) before tax** | **₹ Million** | **699.09** | **1,084.24** | **-35.52%** |
| | **% of revenue** | **2.7%** | **4.8%** | |
| **Total Tax expense** | **₹ Million** | **179.53** | **(1,247.67)** | **-114.39%** |
| | **% of revenue** | **0.7%** | **-5.5%** | |
| **Profit / (Loss) after tax** | **₹ Million** | **519.56** | **2,331.91** | **-77.72%** |
| | **% of revenue** | **2.0%** | **10.3%** | |

**Total Income:** Our total income increased by 14.4% to ₹26,277.21 million for the financial year 2023-24 from ₹22,966.66 million for the financial year 2022-23. Increase in Total Income was primarily led by 129 new restaurants opened during the year.

**Revenue from operations:** Our revenue from operations increased by 14.5% to ₹25,942.79 million for the financial year 2023-24 from ₹22,655.74 million during the financial year 2022-23, primarily due to an increase in the sale of products by our new restaurants. Our restaurant sales increased by 14.7% to ₹25,879.61 million for the financial year 2023-24 from ₹22,570.64 million for the financial year 2022-23. This increase was mainly due to increase in sales on account of opening of new restaurants during the year: 88 KFC restaurants, 33 Pizza Hut restaurants in India and 6 restaurants in Sri Lanka and 1 each KFC & Pizza Hut in Maldives. Our other operating income decreased by 25.7% to ₹63.18 million for the financial year 2023-24 from ₹85.10 million for the financial year 2022-23. The decrease in other operating income was primarily due to an decrease in sales to airport dealers / franchisees to ₹17.97 million for the financial year 2023-24 from ₹62.43 million for the financial year 2022-23.

### Expenses

Cost of Materials Consumed: Cost of materials consumed increased by 9.5% to ₹8,109.06 million for the financial year 2023-24 from ₹7,406.76 million during the financial year 2022-23. Such an increase in the cost of materials was primarily due to an increase in purchases to ₹8,045.73 million during the financial year 2023-24. The increase in purchases was in line with the increase in sales by restaurants primarily due to opening of new stores, compared to purchases in the amount of ₹7,688.57 million during the financial year 2022-23. The cost of materials consumed as a percentage of revenue from operation decreased to 31.3% in FY 2023-24 as against 32.7% in FY 2022-23 inflation cooling off in India and in Sri Lanka.

Revenue from operations

**14.5%**

Profit before tax

**(35.5%)**

**Employee Benefits Expense:** Our employee benefits expense increased by 18.0% to ₹3,455.55 million for the financial year 2023-24 from ₹2,929.03 million for the financial year 2022-23. This increase in Employee Benefits Expense was primarily on account of the new restaurants opened during the year and increase in minimum wage cost as compared to 2022-23. The employee benefits expenses as percentage of revenue from operations, increased reasonably to 13.3% in FY 2023-24 from 12.9% in FY 2022-23, on account of lower SSSG, increase in wage offset by cost optimisation measures.

**Finance Costs:** Our Finance Costs increased by 16.1% to ₹1,009.08 million for the financial year 2023-24 from ₹868.86 million for the financial year 2022-23. Such an increase in finance costs was primarily due to an increase in interest on lease liabilities by 20.6% to ₹958.79 million for the financial year 2023-24 from ₹795.14 million for the financial year 2022-23. 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 on loans from banks and other loans.

**Depreciation and Amortisation Expense:** Our Depreciation and Amortisation expenses increased by 22.6% to ₹3,238.96 million for the financial year 2023-24 from ₹2,641.74 million for the financial year 2022-23, primarily due to an increase in Depreciation on property, plant and equipment by 30.7% to ₹1,531.55 million for the financial year 2023-24 from ₹1,171.69 million for the financial year 2022-23 and increase in Depreciation on right of use assets by 14.3% to ₹1,459.08 million for the financial year 2023-24 from ₹1,276.2 million for the financial year 2022-23. Led by opening of new restaurants during the year.

**Other Expenses:** Our Other Expenses increased by 21.5% to ₹9,765.47 million for the financial year 2023-24 from ₹8,036.03 million for the financial year 2022-23.

Reasons of increase in Other Expenses are as follows:

- Increase in royalty by 24.7% to ₹1,698.77 million for the financial year 2023-24 from ₹1,362.55 million for the financial year 2022-23 due to increased revenues from operations
- Increase in electricity expenses by 26.9% to ₹1,887.10 million for the financial year 2023-24 from ₹1,487.08 million for the financial year 2022-23 on account of increase in consumption of energy on account of increase in revenue coupled with higher inflation on energy prices
- Increase in marketing and advertisement expenses by 27.0% to ₹1,155.16 million for the financial year 2023-24 from ₹909.77 million for the financial year 2022-23, primarily due to increased contributions to YUM for marketing activities on account of our increased revenue from news stores and higher marketing spent on PH
- Increase in commission on aggregators and meal coupons by 17.6% to ₹1,701.89 million for the financial year 2023-24 from ₹1,447.16 million for the financial year 2022-23 due to increased aggregator sales on account of new restaurants added during the year
- Increase in rent by 25.2% to ₹805.95 million for the financial year 2023-24 from ₹643.48 million for the financial year 2022-23 on account of an increased number of restaurants opened during the year, and increased rent on account of increased sales under our variable lease rental agreements

Total Tax Expense: Our Total Tax Expense / (credit) was ₹179.53 million for the financial year 2023-24 compared to an income tax credit of (₹1,247.67) million for the financial year 2022-23 towards recognition of deferred tax assets on accumulated tax losses and other items in the standalone financial statement of the company.

### Profit / Loss for the Year After Tax

As a result, our Group reported Profit after tax of ₹519.56 million for the financial year 2023-24 as compared to ₹2,331.91 million for the financial year 2022-23.

Key Balance Sheet Items

| Particulars | 2024 | 2023 | %age YoY |
|---|---|---|---|
| Capital employed | **13,674.34** | 12,981.83 | 5.3% |
| Net Worth | **13,398.12** | 12,539.14 | 6.9% |
| Equity share capital | **637.04** | 635.43 | 0.3% |
| Borrowings | **276.22** | 442.69 | -37.6% |
| Property, Plant and Equipment | **9,623.95** | 7,705.87 | 24.9% |
| Cash and bank balances including fixed deposit and current investment | **2,121.13** | 3,065.92 | -30.8% |
| Current Assets | **3,631.85** | 4,926.00 | -26.3% |
| Inventory | **968.82** | 993.04 | -2.4% |
| Current Liability | **4,443.64** | 5,337.11 | -16.7% |
| Trade Payable | **2,308.33** | 2,169.91 | 6.4% |
| Trade Receivable | **343.84** | 179.49 | 91.6% |

## Key Financial Ratios

| Key ratios | 2024 | 2023 |
|---|---|---|
| Return on Capital Employed % (RoCE) | 5.6% | 9.8% |
| Return on Net Worth % (RoNW) | 4.0% | 20.6% |
| Return on Equity % (RoE) | 4.1% | 20.6% |
| Basic Earnings per Share (₹) | 8.3 | 36.7 |
| Net Profit % | 2.0% | 10.3% |
| Debt Equity Ratio | 0.02 | 0.04 |
| Interest Service Coverage Ratio | 79.9 | 50.6 |
| Debt Service Coverage Ratio | 14.3 | 13.4 |
| Current Ratio | 0.8 | 0.9 |
| Debtor Turnover Ratio | 99.1 | 141.5 |
| Inventory Turnover Ratio | 10.4 | 11.0 |

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

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

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

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

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

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

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

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

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

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

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

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

## Internal Controls and their Adequacy

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

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

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

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

## Risk Management Framework

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

| Key Risks | Definition / Impact on the Company | Mitigation Plan |
|---|---|---|
| **Risks arising from industry, economic and geo-political factors** | Business impact due to changes in industry, and economic factors including global factors impacting the above. | • Collaboration with YUM to proactively assess and address various industry and economic factors impacting YUM Brands.<br>• Proactive tracking of market factors leading to changes in cost of operations to either hedge against the rising costs / secure benefit from declining costs.<br>• Maintaining competitiveness through:-<br>– Optimising Cost<br>– Driving Sales<br>– Value Proposition (Value for money to the customers)<br>– Promotional Offers<br>– Customer Connect<br>– Representation through Industry Associations to take up the industry-wide issues with the government for resolution |
| **Macro-economic and Geo-Political Risks relating to Offshore Subsidiary** | Potential impact on business due to forex shortage, high inflation, fuel shortages, restaurant shutdowns.<br>This is further impacted at time of forex translation for consolidation at India level due to currency depreciation. | Our strength of business in terms of highest number of stores thereby providing accessibility, our own digital and delivery capabilities, price increase and supply chain management with support from parent company in India can help us mitigate the impact to some extent in the short run. We continue to expand stores and in the long run, we believe this would help us further consolidate market leadership position. |
| **IT and Cybersecurity Risks** | • Risks arising from breakdown of/ unauthorised access to the IT systems<br>• Threats from virus attack / hacking | • Strong emphasis on maintaining and preserving secured IT systems and database through adequate IT policies and processes<br>• Regular review and upgradation of IT systems and processes in line with the business requirements<br>• Enhanced cyber-security processes through investment in Next-Gen Security Tools<br>• 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.<br>The laws and regulations are continuously evolving that result in enhanced greater compliance risk and cost of compliance for the company.<br>The fast pace of changes in the regulatory environment requires quick understanding of their implications and adaptation in business operations. Failure to comply could result in penalties, reputational damage, and criminal prosecution. | • Deployment of compliance management framework that enables tracking of regulatory changes and management of compliance risks<br>• In-house digitised regulatory compliance platform facilitating tracking and reporting of compliances and enabling clear accountability and self-governance<br>• Operationalising regulatory requirements through adequate business policies and processes<br>• Regular training and awareness sessions for restaurants and other employees on the evolving food safety and other regulations<br>• Periodic food safety and quality assessments at Restaurants, Supply Chain Centres, Vendors<br>• Emphasis on fostering ethical and compliance culture<br>• 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<br>• Adequate governance at Board, executive and management level |
| **Operational Risks** | Business impact due to:<br>• Sales variations<br>• Delayed pay backs on new restaurants<br>• Disruption in supply chain<br>• High attrition of restaurant staff<br>• Other business uncertainties | • Robust business processes with regard to business plan evaluation, implementation and monitoring<br>• Robust, multi-layered and data-driven approach to site selection for new restaurants<br>• Improved payback through compact omni-channel format<br>• Effective business / marketing strategies through collaboration with YUM to foster brand awareness and combat competitor actions<br>• Enhancing supply chain and distribution systems and processes to ensure uninterrupted supplies<br>• Strategic resource planning across all levels and effective hiring processes<br>• Regular review of remuneration, recognition and training model to ensure retention and development of talent<br>• Proactive approach to BCP processes to deal with business uncertainties |
| **ESG-related Risk** | • Risks arising from non-identification and non-tracking of various sustainability focus areas across company operations<br>• Risk of non-compliance with evolving regulations around sustainability | • Formalised approach towards identification of ESG impacts, determination of ESG material topics, strategising goals and action, and periodic monitoring<br>• Operationalising sustainability within the day-to-day operations through business policies and processes<br>• Aligning ESG reporting with the applicable regulatory / global standards |

## Human Resources

At Sapphire Foods, we value our employees and recognise that our success is an attribute of combined skills, talent, and energy of our diverse teams across offices and restaurants. We relentlessly work towards building a culture that is purpose-driven, safe, inclusive, engaging and collaborative, based on our values of Excellence, Courage, Integrity, Empathy, and Accountability. Our continuous endeavour is to establish an environment that fosters growth and enables our workforce to enhance their skills and achieve excellence. By investing in our employee's growth and well-being, we believe we can drive positive change not only within our organisation but also in the communities we serve. Our people drive relentless execution which has led to the differential performance during the year.

Please refer section "Our People, Our Culture" on page 18 for the details.

## Cautionary Statement

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



# DIRECTORS' REPORT

## Dear Members,

Your directors are pleased to present the 15th Annual Report on the business and operations of Sapphire Foods India Limited ("Company") together with the audited financial statements for the financial year ended 31st March 2024.

## Financial Results and Performance

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

The Company's financial (standalone and consolidated) performance during the financial year ended 31st March 2024 as compared to the previous financial year, is summarized below:

(₹ in Million)

| Particular | Standalone | | Consolidated | |
|---|---|---|---|---|
| | F.Y. 2023-24 | F.Y. 2022-23^ | F.Y. 2023-24 | F.Y. 2022-23 |
| Total Income | 22,676.55 | 20,108.48 | 26,277.21 | 22,966.66 |
| Less: Total Expenses | 22,022.95 | 19,097.33 | 25,578.12 | 21,882.42 |
| Profit/ (Loss) before tax | 653.60 | 1,011.15 | 699.09 | 1,084.24 |
| Less: Total tax expense/(credit) | 145.92 | (1,252.66) | 179.53 | (1,247.67) |
| Profit/ (Loss) after Tax | 507.68 | 2,263.81 | 519.56 | 2,331.91 |
| Total Comprehensive Income/(Loss) for the year, net of tax | 494.97 | 2,262.45 | 568.38 | 2,318.89 |

*^restated pursuant to merger*

During the year under review, the total income of your Company was ₹ 22,676.55 million on a standalone basis and ₹ 26,277.21 million on a consolidated basis as compared to the previous financial year total income of ₹ 20,108.48 million on a standalone basis and ₹ 22,966.66 million on a consolidated basis. The net profit/ (loss) for the year under review after total tax expense/ (credit) stood at ₹ 507.68 million on a standalone basis and ₹ 519.56 million on a consolidated basis.

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

## Business Operations and State of Company's Affairs

Sapphire Foods India Limited, directly and through its' subsidiaries, is one of the largest franchisees of Yum! Brands Inc. in Indian sub-continent with a track record of successfully operating 872 Restaurants of KFC, Pizza Hut and Taco Bell across India, Sri Lanka and Maldives.

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

## Dividend

During the financial year under review, your directors have not recommended any dividend to the shareholders of the Company.

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

The Company has not transferred any amount to the Investor Education & Protection Fund (IEPF) and no amount is lying in Unpaid Dividend Account of the Company.

## Subsidiaries, Joint Venture and Associate Companies:

As at the close of the financial year 31st March 2024, your Company has two wholly-owned subsidiary companies viz., Gamma Pizzakraft Lanka (Private) Limited, Sri Lanka & French Restaurant Private Limited, Sri Lanka and one subsidiary / joint venture viz., Gamma Island Foods Private Limited, Maldives.

During the financial year under review, Gamma Pizzakraft (Overseas) Private Limited ("GPOPL"), wholly-owned subsidiary of Sapphire Foods India Limited ("Company") had subscribed for 81,914 Equity Shares of Gamma Island Foods Private Limited ("GIFPL"), subsidiary of GPOPL and then step-down subsidiary of the Company, for a total consideration of up to MVR 18,840,220. Pursuant to this acquisition, the equity share holding of GPOPL in GIFPL increased from existing 51% up to 75%.

Further, pursuant to Scheme of Merger by Absorption of Gamma Pizzakraft (Overseas) Private Limited ("GPOPL") and Gamma Pizzakraft Private Limited ("GPPL") (hereinafter collectively to be referred as "Transferor Companies") with Sapphire Foods India Limited ("Company") sanctioned by Hon'ble National Company Law Tribunal (NCLT) vide order reference number C.P. (CAA)/312/MB-I/2023 dated 20th March 2024, both the Transferor Companies ceased to be the subsidiaries of the Company effective from the close of business hours of 31st March 2024.

Apart from the above, no other company has become or ceased to be a subsidiary, joint venture or associate of the Company during the financial year under review.

In pursuance of Section 136 of the Companies Act, the annual report of the Company containing its standalone and consolidated financial statements has been uploaded on the website of the Company. Further, financials of the subsidiaries, are available on the website of the Company at https://www.sapphirefoods.in/investors-relation/annual-reports.

The highlights of performance and financial position of each of the subsidiary company for the financial year ended 31st March 2024, is provided in form AOC-1, in accordance with the provisions of Section 129 of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014. The form AOC-1 is enclosed with the Consolidated Financial Statements and forms an integral part of this Annual Report.

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

The Company has obtained a certificate from M/s. S R B C & Co. LLP, Statutory Auditor, for financial year ended 31st March 2024 certifying that the Company is in compliance with the Foreign Exchange Management (Non – Debt Instruments) Rules, 2019 read with Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019 with respect to Downstream Investment. The said certificate issued by the Statutory Auditor does not contain any observation and is free from qualifications.

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

The Board of Directors of your Company at their meeting held on 11th February 2022, subject to requisite approvals/ consents, approved the Scheme of Merger by Absorption of Gamma Pizzakraft (Overseas) Private Limited ("GPOPL") and Gamma Pizzakraft Private Limited ("GPPL") with Sapphire Foods India Limited ("Company") and their respective shareholders ("Scheme") under the applicable provisions of the Companies Act and Listing Regulations. The appointed date of the Scheme was 1st April 2022.

The merger application was jointly filed by the Company together with the Transferor Companies (i.e. GPPL and GPOPL) with Hon'ble NCLT, Mumbai on 5th May 2022 and the same was admitted by the Hon'ble NCLT vide Order dated 4th October 2023. Further, the merger petition jointly filed by the Company together with the Transferor Companies (i.e. GPPL and GPOPL) with Hon'ble NCLT, Mumbai was admitted vide Order dated 15th December 2023. The Hon'ble NCLT, Mumbai approved the Scheme vide order reference number C.P. (CAA)/312/MB-I/2023 dated 20th March 2024 which was filed with the Registrar of Companies at the close of business hours on 31st March, 2024.

## Share Capital

### Authorised Share Capital

Consequent to the Merger by Absorption of Gamma Pizzakraft (Overseas) Private Limited ("GPOPL") and Gamma Pizzakraft Private Limited ("GPPL") with Sapphire Foods India Limited ("Company"), the authorised share capital of the Company increased from ₹ 4,31,68,20,000 comprising 43,16,82,000 Equity Shares of face value of ₹ 10 each to ₹ 467,01,20,000 divided into 46,70,12,000 equity shares of ₹ 10 each.

Accordingly, the Capital Clause of the Memorandum of Association of the Company was altered and substituted with the new Clause V to reflect the corresponding changes in the Authorised Share Capital.

### Issued, Subscribed and Paid-up Share Capital

As on 31st March 2024, the issued, subscribed and paid-up capital of the Company stands at ₹ 63,70,44,160 comprising of 6,37,04,416 equity shares of face value of ₹ 10 each.

During the year under review, your Company had issued and allotted 1,61,875 equity shares to its eligible employees pursuant to the exercise of stock options under Employee Stock Option Schemes.

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

## Employee Stock Option Plan / Schemes

With a view to attract, reward and retain talented and key employees in the competitive environment and encourage them to align their individual performance with Company objectives, your Company has implemented Sapphire Foods Employees Stock Option Plan 2017 ("ESOP Plan") which was originally approved by the Board of Directors and the Shareholders of the Company on 24th May 2018 and 30th May 2018 respectively and subsequently ratified by the shareholders of the Company post IPO. Sapphire Foods Employees Stock Option Scheme 2019 – Scheme III – Management other than CEO ("Scheme III"), Sapphire Foods Employees Stock Option Scheme 2019 – Scheme IV – CEO ("Scheme IV"), Sapphire Foods Employee Stock Option Scheme 2022 – Scheme IIIA – Management other than CEO ("Scheme IIIA") and Sapphire Foods Employee Stock Option Scheme 2022 – Scheme IVA – CEO ("Scheme IVA") (hereinafter collectively referred to as "ESOP Schemes") forms an integral part of the ESOP Plan. With a view to reward loyalty for past services with the Company, retention of critical employees and align employees' interest with company's performance and shareholder's interest, the Company has granted, from time to time, stock options to the eligible employees under the said ESOP Plan / Schemes. During the year under review, there were no material changes in the Employee Stock Option Plan / Schemes (ESOPs) of the Company.

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

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

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

## Credit Rating

As at the end of the financial year 31st March 2024, long-term rating on the bank lines of your company is [ICRA]A (Stable) and the long term/short term unallocated limits is [ICRA]A (Stable) / [ICRA]A2+.

## Deposits

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

## Management Discussion and Analysis Report

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

## Report on Corporate Governance:

Your Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirements set out by Securities and Exchange Board of India. A separate report on Corporate Governance for the financial year ended 31st March 2024 is appended to this report and forms an integral part of this annual report.

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

## Environmental, Social and Governance & Corporate Social Responsibility Practices

Environmental, Social and Governance (ESG) has long been an integral to our journey and your company recognize it as a continuous path that requires a clear strategy and roadmap. As part of the ESG journey, your company is committed for integrating environmental, social, and governance (ESG) considerations into our business operations, guided by our four strategic pillars - Food, People, Planet and Governance. These pillars serve as the foundation for our ESG approach, emphasizing on sustainability, responsible practices, and long-term value creation for our stakeholders.

During the financial year under review, S&P Global Ratings had assigned ESG Score of 42 (Methodology Year: 2023) to the Company. Your Company is ranked No.1 QSR in India and at 95th percentile amongst QSR globally on Dow Jones Sustainability Index (DJSI).

The ESG Report for FY2024 is published alongside this Annual Report and can be accessed at https://www.sapphirefoods.in/investors-relation/annual-reports.

In accordance with the provisions of Section 135 of the Companies Act, 2013 and Rules made thereunder, your Company has formed CSR & ESG Committee to monitor CSR & ESG 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 https://www.sapphirefoods.in/investors-relation/corporate-governance.

The Business Responsibility and Sustainability Report ("BRSR") as mandated under Listing Regulations, detailing the various initiatives taken by your Company from the Environmental, Social and Governance perspective, forms part of this annual report and is appended hereinbelow.

The Annual Report on CSR activities as prescribed under the Companies Act and Rules made thereunder is also annexed to this report.

## Directors and Key Managerial Personnel

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

Your Board consists of eminent personalities with considerable professional expertise and credentials in finance, law, accountancy, retail and other related skills and fields. Their wide experience and professional credentials help the Company with strategy formulation and its implementation, thereby enabling its growth objectives. This is detailed in the Corporate Governance Report which is annexed hereto.

As of 31st March 2024, the composition of Board of Directors of your Company was as under:

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

During the period under review, Mr. Paul Robine (DIN: 07828525), Non-Executive Non-Independent Nominee Director resigned from the Board of Directors of the Company and consequently Mr. Norbert Fernandes ceased to be the Alternate Director to Mr. Paul Robine effective from 12th May 2023.

Further, the Board of Directors at their meeting held on 12th May 2023 based on the recommendation of Nomination and Remuneration Committee had appointed Mr. Norbert Fernandes (DIN: 06716549) as an Additional Director in the capacity of Non-Executive Non-Independent Nominee Director which was regularized by the members at their 14th Annual General Meeting of the Company held on 11th August 2023.

During the financial year under review, except as stated above, there were no other 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. Vinod Nambiar and Mr. Norbert Fernandes, Non-Executive Nominee Directors of the Company, retires by rotation and being eligible, offers themselves for re-appointment at the ensuing 15th Annual General Meeting of the Company.

The brief profile in terms of Regulation 36 of Listing Regulations and the Secretarial Standards on General Meetings (SS-2), in respect of the directors seeking appointment/re-appointment has been annexed to the notice of the 15th Annual General Meeting.

### Independent Directors

Mr. Sunil Chandiramani, Ms. Anu Aggarwal and Ms. Deepa Wadhwa were appointed as Independent Directors of the Company, effective 5th August 2021, for a fixed term of five years from the date of their respective appointment/ 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, retail, etc. 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 2023-24, four (4) meetings of the Board of Directors were convened and held. The meetings were held as per the business requirements and the maximum gap between any two Board Meetings is within the permissible limits as prescribed under the Companies Act and Listing Regulations.

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

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

## Board Committees

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

- Audit Committee
- Nomination and Remuneration Committee
- Stakeholders Relationship Committee
- Risk Management Committee
- CSR & ESG Committee
- Operations Committee
- IPO Committee (dissolved w.e.f. 2nd November, 2023)

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

## Board Evaluation

In accordance with the provisions of the Companies Act and Listing Regulations, the Board of Directors 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 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 15th March 2024, deliberated in detail on the performance evaluation of the Board of Directors (as a whole), its Committees and Non-Independent Directors including Whole-time Director and Chairperson, inter-alia. Thereafter, the feedback from the meeting of the Independent Directors and board evaluation were presented to the Management and Board of Directors for their perusal and implementation thereof.

## Nomination and Remuneration Policy

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

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

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

## Particulars of Employees

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

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

## Auditors

### Statutory Auditors

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

The report given by the Statutory Auditors on the Financial Statements (Standalone and Consolidated) of the Company for the financial year ended 31st March 2024 is annexed to the Financial Statements, forming an integral part of this Annual Report. The Auditors' Report read together with Annexures referred to in the Auditors' Report for the financial year ended 31st March 2024 does not contain any qualification, reservation, adverse remark or disclaimers. During the year under review, the Statutory Auditors have not reported any matter of fraud under Section 143(12) of the Companies Act.

### Internal Auditors

The Company had appointed M/s. Protiviti India Member Private Limited, Chartered Accountants, as Internal Auditor Partner for carrying out the activities of Management Testing of Internal Financial Controls and Internal Audit of various business/ functions process for the financial year 31st March 2024.

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

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

### Secretarial Auditors

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

The Secretarial Audit Report for the financial year ended 31st March 2024 received from M/s. Alwyn Jay & Co., Secretarial Auditor of the Company is annexed to this report and forms an integral part of this Annual Report. The Report does not contain any qualifications, reservations, adverse remarks, disclaimers or reporting of fraud.

### Cost Auditors

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

## Particulars of Investments, Loans, Guarantees and Securities:

The full particulars of the loan, investments, guarantees and securities, in accordance with the applicable provisions of the Companies Act, 2013 and Listing Regulations made by your Company during the financial year 2023-24, has been furnished at Note 5 to the Notes to Accounts of the Financial Statements forming an integral part of this Annual Report.

## Particular of Contracts or Arrangements with Related Parties

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

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

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

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

## Annual Return

Pursuant to the provisions of Section 134(3)(a) and Section 92(3) of the Companies Act, 2013, the copy of the Annual Return of the Company for the financial year ended 31st March 2024 is placed at the Company's Website and can be accessed at https://www.sapphirefoods.in/investors-relation/updates.

## Risk Management Policy

Adequate Risk Management Framework is a necessity for the purpose of Risk Assessment and 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.
- To assure business growth with financial stability.

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

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

## Vigil Mechanism

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

Your Company has adopted a Whistle Blower Policy to provide a mechanism for the employees, vendors and suppliers to report genuine concerns about any unethical behavior, actual or suspected fraud or violation of your Company's Code of Conduct.

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

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

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

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

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

The details of the complaints received during the financial year 2023-24 are as follows:

| Particulars | No. of Complaints |
|---|---|
| Complaints pending as on start of the financial year i.e. 1st April 2023 | 0 |
| Complaints received during the financial year under review | 7 |
| Complaints disposed off during the financial year under review | 5 |
| Complaints pending as on end of the financial year i.e. 31st March 2024 | 2 |

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

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

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

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

## Disclosure of Orders Passed by Regulators or Courts or Tribunal

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

The Company has not filed any application under Insolvency and Bankruptcy Code, 2016 as at the end of the financial year 31st March 2024. However, during the financial year ended on 31st March 2023, the Company had received copies of duly notarized petitions from two operational creditors ("lessors"), related to each other, for initiating the corporate insolvency resolution process against the Company at National Company Law Tribunal ("NCLT"), Mumbai. Prima facie, the said petitions appeared to have been filed before the NCLT, however, after verifying the records with NCLT, it was observed that no such petitions were filed with the NCLT.

Your company would like to clarify and state that the monetary demands raised by the operational creditors in the said petitions are unreasonable and inappropriate. The Company continues to monitor the status of the said petitions through its legal representatives and have not come across any filings of such petitions with NCLT as on the date of this report.

## Internal Financial Controls

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

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, the work performed by the internal auditor, statutory auditors and external partner/consultant, including the audit of internal financial controls over financial reporting by the statutory auditors and the reviews performed by management and the relevant board committees, including the audit committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during the financial year ended 31st March 2024.

## 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 on 31st March 2024 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**

| | |
|---|---|
| Mr. Sunil Chandiramani | Mr. Sanjay Purohit |
| **Chairman and Independent Director** | **Whole Time Director and Group CEO** |
| **DIN: 00524035** | **DIN: 00117676** |

DATE: 10th May 2024
PLACE: Mumbai

# 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 shareholders value and fulfill its responsibilities to the shareholders, employees, customers, community, government and other societal segments. The Company believes that a sound governance discipline also enables the Board to direct and control the affairs of the Company in an effective manner and maximize stakeholders value, including the society at large.

## Board of Directors

The Board is constituted in accordance with the provisions of the Companies Act 2013 and Rules made thereunder ("Companies Act"), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and Articles of Association of the Company. Your Board consists of eminent personalities with considerable professional expertise and credentials in finance, law, accountancy, retail and other related skills and fields. Their wide experience and professional credentials help the Company with 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 the Companies Act 2013 and Listing Regulations.

As on financial year ended 31st March 2024, 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.

## Board Meetings

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

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

Your Board consists of eminent personalities with considerable professional expertise and credentials in finance, banking, law, retail, audit and accountancy, private equity, strategy, planning and execution, management and leadership, functional and managerial experience, risk management, corporate governance systems and practices, etc. As on 31st March 2024, the composition of Board of Directors of your Company was as under:

| Sr. No. | Name of Director | Category | DIN | Skill / Expertise / Competencies |
|---|---|---|---|---|
| 1. | Mr. Sunil Chandiramani | Chairman & Independent Director | 00524035 | Finance, banking, law, audit and accountancy, retail, 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, retail risk management, IT security, law, audit and accountancy, etc |
| 3. | Mr. Sumeet Narang* | Non-Executive Nominee Director | 01874599 | Private Equity, finance, banking, retail, 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, retail, 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, retail, 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, retail, risk management, law, audit and accountancy, etc |
| 7. | Ms. Anu Aggarwal | Independent Director | 07301689 | Finance, banking, audit and accountancy, strategy, management and leadership, risk management, corporate governance systems and practices. |
| 8. | Ms. Deepa Wadhwa | Independent Director | 07862942 | Finance, banking, law, audit and accountancy, strategy, management and leadership, risk management, corporate governance systems and practices. |
| 9. | Mr. Norbert Fernandes*# | Non-Executive Nominee Director | 06716549 | Private Equity, finance, banking, audit and accountancy, retail, strategy, planning and execution, risk management |

* *Mr. Sumeet Narang, Mr. Kabir Thakur, Mr. Norbert Fernandes 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. Norbert Fernandes was appointed as Non-Executive Nominee Director of the Company effective from 12th May 2023.*

During the financial year 2023-24, the Board of Directors met four (4) times on 12th May 2023, 2nd August 2023, 2nd November 2023 and 9th February 2024 in accordance with the provisions of the Companies Act, 2013 and rules made thereunder. The details of attendance of Directors at the Board Meetings and at the last Annual General Meeting held during the financial year 2023-24, Number of Directorships, Membership/Chairmanship on Board Committees, etc. as on 31st March 2024, are as under:

| Name of the Director | No. of Board Meetings attended during the year | | Attendance at last AGM held on 11th August 2023 | No. of Directorships in other Public Cos.* | No. of Board Committees in which Director is a Member / Chairperson^ | | Shareholding as on 31st March 2024 |
|---|---|---|---|---|---|---|---|
| | Held | Attended | | | Member | Chairperson | |
| Mr. Sunil Chandiramani | 4 | 4 | Yes | 5 | 7 | 3 | NIL |
| Mr. Sanjay Purohit | 4 | 4 | Yes | - | - | - | 6,47,778 |
| Ms. Anu Aggarwal | 4 | 4 | No | 1 | 1 | 0 | NIL |
| Ms. Deepa Wadhwa | 4 | 4 | Yes | 7 | 7 | 1 | NIL |
| Mr. Sumeet Narang | 4 | 4 | Yes | 2 | 2 | 1 | NIL |
| Mr. Vikram Agarwal | 4 | 4 | Yes | - | 2 | 1 | NIL |
| Mr. Kabir Thakur | 4 | 4 | Yes | 1 | 1 | - | NIL |
| Mr. Vinod Nambiar | 4 | 4 | Yes | - | - | - | NIL |
| Mr. Norbert Fernandes | 4 | 4 | Yes | - | 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 | 1. Rupa & Company Limited | Independent Director |
| | 2. Updater Services Limited | Independent Director |
| Mr. Sanjay Purohit | - | - |
| Ms. Anu Aggarwal | - | - |
| Ms. Deepa Wadhwa | 1. J.K. Cement Limited; | Independent Director |
| | 2. JK Paper Limited; | Independent Director |
| | 3. Bengal & Assam Company Ltd.; | Independent Director |
| | 4. Artemis Medicare Services Limited; | Independent Director |
| | 5. NDR Auto Components Ltd. | Independent Director |
| Mr. Sumeet Narang | 1. Godrej Consumer Products Limited | Independent Director |
| | 2. Godrej Properties Limited | Independent Director |
| Mr. Vikram Agarwal | - | - |
| Mr. Kabir Thakur | - | - |
| Mr. Vinod Nambiar | - | - |
| Mr. Norbert Fernandes | - | - |

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

## Independent Directors

Mr. Sunil Chandiramani, Ms. Anu Aggarwal and Ms. Deepa Wadhwa, were appointed as Independent Directors of the Company, effective 5th August 2021, for a fixed term of five years from the date of their respective appointment/ 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, retail, corporate governance systems and practices, finance, banking and accounts and they hold highest standards of integrity and are independent of the management.

## Familiarization Program of Independent Directors

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

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

## Board Evaluation & Meeting of Independent Directors

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

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

The results along with feedback were shared with the Independent Directors at a duly convened meeting of the Independent Directors for their consideration. The Independent Directors, at their meeting held on 15th March 2024, deliberated in detail on the performance evaluation of the Board of Directors (as a whole), its Committees and Non-Independent Directors including Whole-time Director and Chairperson, inter-alia. Thereafter, the feedback from the meeting of the Independent Directors and board evaluation were presented to the Management and Board of Directors for their perusal and implementation thereof.

## Committees of the Board of Directors

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

- Audit Committee
- Nomination and Remuneration Committee
- Stakeholders Relationship Committee
- Risk Management Committee
- CSR & ESG Committee
- Operations Committee
- IPO Committee (dissolved w.e.f 2nd November 2023)

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

## Audit Committee

The Company has an adequately qualified Audit Committee constituted in accordance with the provisions of the Companies Act, 2013 read with rules made thereunder and Listing Regulations.

As on 31st March 2024, the Committee comprises of four directors out of whom three directors are Independent Directors viz. Mr. Sunil Chandiramani, Ms. Anu Aggarwal, Ms. Deepa Wadhwa and one Non-Executive Nominee Director viz., Mr. Vikram Agarwal. The Audit Committee is chaired by Mr. Sunil Chandiramani, Independent Director and Chairman of the Board of Directors. The Company Secretary acts as the Secretary to the Committee.

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

The Audit Committee has met five (5) times during the financial year (FY) 2023-24 on 12th May 2023, 2nd August 2023, 20th September 2023, 2nd November 2023 and 9th February 2024. The meetings of the Audit Committee were held as per the requirements of business. The composition of the Audit Committee and attendance details is prescribed as under:

| Name of the Member | Designation | Category | Number of Meetings | |
|---|---|---|---|---|
| | | | Eligible | Attended |
| Mr. Sunil Chandiramani | Committee Chairman | Independent Director | 5 | 5 |
| Ms. Anu Aggarwal | Member | Independent Director | 5 | 5 |
| Ms. Deepa Wadhwa | Member | Independent Director | 5 | 5 |
| Mr. Vikram Agarwal | Member | Non-Executive Nominee Director | 5 | 5 |

## 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 shareholder;

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

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

As on 31st March 2024, the Nomination and Remuneration Committee is comprised of three directors out of which two directors are Independent Directors viz. Ms. Anu Aggarwal and Ms. Deepa Wadhwa and one Non-Executive Nominee Director viz. Mr. Sumeet Narang. The Committee is chaired by Ms. Anu Aggarwal, Independent Director.

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



The Nomination and Remuneration Committee has met four (4) times during the financial year 2023-24 on 12th May 2023, 2nd August 2023, 2nd November 2023 and 9th February 2024. The composition of the Nomination and Remuneration Committee and attendance details is prescribed as under:

| Name of the Member | Designation | Category | Number of Meetings | |
|---|---|---|---|---|
| | | | Eligible | Attended |
| Ms. Anu Aggarwal | Committee Chairperson | Independent Director | 4 | 4 |
| Ms. Deepa Wadhwa | Member | Independent Director | 4 | 4 |
| Mr. Sumeet Narang | Member | Non-Executive Nominee Director | 4 | 4 |

### Terms of Reference

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

1. Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy, relating to the remuneration of the directors, key managerial personnel and other employees. The Nomination and Remuneration Committee, while formulating the above policy, should ensure that:

(a) the level and composition of remuneration be reasonable and sufficient to attract, retain and motivate directors of the quality required to run our Company successfully;

(b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

(c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals;

2. For every appointment of an Independent Director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an Independent Director. The person recommended to the Board for appointment as an Independent Director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the committee may:

(a) use the services of an external agencies, if required;

(b) consider candidates from a wide range of backgrounds, having due regard to diversity; and

(c) consider the time commitments of the candidates.

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

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

5. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal and shall specify the manner for effective evaluation of performance of the Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance. The Company shall disclose the remuneration policy and the evaluation criteria in its Annual Report;

6. Extending or continuing the term of appointment of the independent director, on the basis of the report of performance evaluation of Independent Directors;

7. Recommending to the Board, all remuneration, in whatever form, payable to senior management;

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

9. Carrying out any other function as is mandated by the Board from time to time and / or enforced/ mandated by any statutory notification, amendment or modification, as may be applicable;

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

11. Perform such functions as are required to be performed by the Nomination and Remuneration Committee under the SEBI (Share Based Employee Benefits) Regulations, 2014, as amended, including the following:

(a) Formulating detailed terms and conditions of the Employees Stock Option Plan, 2017 (the "Plan"), which includes the provision as specified by the Board in this regard; and

(b) Administration and superintendence of the Plan.

## Stakeholders Relationship Committee

The Board of Directors of the Company has constituted a Stakeholders Relationship Committee in accordance with the provisions of Companies Act, 2013 read with rules made thereunder and Listing Regulations. The Stakeholders Relationship Committee comprised of four Directors out of which three are Non-Executive Nominee Directors viz. Mr. Vikram Agarwal, Mr. Norbert Fernandes and Mr. Kabir Thakur and one Independent Director viz. Mr. Sunil Chandiramani. The Committee is chaired by

Mr. Vikram Agarwal, Non-Executive Nominee Director. The Company Secretary acts as the Secretary to the Committee. The Company Secretary is also designated as Compliance officer of the Company in terms of provisions of SEBI Listing and PIT Regulations.

The Stakeholders Relationship Committee has met four (4) times during the financial year 2023-24 on 12th May 2023, 2nd August 2023, 2nd November 2023 and 9th February 2024. The composition of the Stakeholders Relationship Committee and attendance details is prescribed as under:

| Name of the Member | Designation | Category | Number of Meetings | |
|---|---|---|---|---|
| | | | Eligible | Attended |
| Mr. Vikram Agarwal | Committee Chairman | Non-Executive Nominee Director | 4 | 4 |
| Mr. Norbert Fernandes* | Member | Non-Executive Nominee Director | 4 | 4 |
| Mr. Sunil Chandiramani | Member | Independent Director | 4 | 4 |
| Mr. Kabir Thakur | Member | Non-Executive Nominee Director | 4 | 4 |

* *Meeting held on 12th May 2023 was attended by Mr. Norbert Fernandes in the capacity of Alternate Director to Mr. Paul Robine, Non-Executive Nominee Director*

## Terms of Reference

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

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

## Shareholders Complaints

The details of shareholders complaints received and disposed off, during the financial year ended 31st March 2024, are as under:

| | |
|---|---|
| Number of Investor's Complaints received during the Financial Year | 1 |
| Number of complaints resolved during the Financial Year | 1 |
| Number of complaints pending during the Financial Year | 0 |

## Risk Management Committee

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

The Risk Management Committee has met two (2) times during the financial year 2023-24 on 27th July 2023 and 23rd January 2024. The composition of the Risk Management Committee and attendance details is prescribed as under:

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

## Terms of Reference

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

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

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

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

As on 31st March 2024, the Committee comprised of four Directors viz. Ms. Deepa Wadhwa, Mr. Sanjay Purohit, Mr. Sumeet Narang and Mr. Vinod Nambiar. The Committee is chaired by Ms. Deepa Wadhwa, Independent Director. The Company Secretary acts as the Secretary to the Committee.

The Committee has met once during the financial year 2023-24 on 12th May 2023. The composition of the Committee and attendance details is prescribed as under:

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

## Terms of Reference:

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

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

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

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

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

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

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

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

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

## Operations Committee

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

As on 31st March 2024, 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 Committee has met twice during the financial year 2023-24 on 4th October 2023 and 15th December 2023. The composition of the Committee and attendance details is prescribed as under:

| Name of the Member | Designation | Category | Number of Meetings | |
|---|---|---|---|---|
| | | | Eligible | Attended |
| Mr. Sanjay Purohit | Committee Chairman | WTD & Group CEO | 2 | 2 |
| Mr. Kabir Thakur | Member | Non-Executive Nominee Director | 2 | 2 |
| Mr. Vikram Agarwal | Member | Non-Executive Nominee Director | 2 | 2 |
| Mr. Vinod Nambiar | Member | Non-Executive Nominee Director | 2 | 1 |

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

No meeting of the IPO Committee was held during the financial year 2023-24.

As the Company had successfully listed its Equity shares on the Stock Exchanges on 18th November 2021 and the post-issue activities in relation to the IPO were completed, the Board of Directors at its meeting held on 2nd November 2023 dissolved the IPO Committee of the Board of Directors 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 22nd July 2021 and 23rd July 2021, respectively, pursuant to the recommendation of the Nomination and Remuneration Committee, in accordance with the provisions of the Companies Act, 2013. The details of the remuneration paid to Mr. Sanjay Purohit, Whole-time Director & Group CEO, for the financial year 2023-24 are as under:

| Sr. No. | Particulars of Remuneration* | Amount in ₹ |
|---|---|---|
| 1. | Gross Salary | 37,816,660.00 |
| 2. | Stock Options granted during FY2024 (Nos.) | - |
| 3. | Sweat Equity (Nos.) | - |
| 4. | Commission | - |
| 5. | Others, please specify | - |
| | **Total** | **37,816,660.00** |

** Notes:*

1. *Mr. Sanjay Purohit is entitled to reimbursement of actual expenses including but not limited to telephone, traveling, hotel bill, conveyance, entertainment, miscellaneous expenses and incidents, incurred by him for and on behalf of and for the business of the Company in accordance with the Company's policy, wherever applicable.*

2. *Stock Options granted to the WTD & Group CEO shall be as per the scheme(s) framed by the Company from time to time.*

3. *Mr. Sanjay Purohit is entitled to Perquisites and other benefits which shall include (but not limited to) stock option perquisites, reimbursement of medical expenses, leave travel concession, provident fund, superannuation fund or annuity fund, special allowance, leave encashment, gratuity, Company maintained car, fuel, driver and mobile/telephone as per Company's policy, wherever applicable and other benefits as may be provided from time to time. Perquisites and allowances shall be evaluated, wherever applicable, as per the provisions of Income Tax Act, 1961 or any rules thereunder or any statutory modification(s) or re-enactment(s) thereof; in the absence of any such rules, perquisites and allowances shall be evaluated at actual cost.*

The Shareholders of the Company at their General Meeting held on 23rd July 2021, pursuant to recommendation of the Nomination and Remuneration Committee and Board of Directors, has approved the remuneration (including in the event of loss or inadequacy of profits in any financial year) to Mr. Sanjay Purohit, Whole-time Director & Group CEO, in accordance with the provisions of Section 197 of the Companies Act, 2013 read with Schedule V of the Act for the period of three years commencing from 1st April 2021.

Further, The Board of Directors, pursuant to the recommendation of the Nomination and Remuneration Committee and subject to the approval of the shareholders at the ensuing 15th AGM, 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 for the period of two years commencing from 1st April 2024.

**Remuneration to Non-Executive Directors**

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

In view of the aforesaid, the Board of Directors, upon recommendation of the Nomination and Remuneration Committee, had considered to pay remuneration at a fixed amount (apart from sitting fees) to the Independent Directors of the Company for a period of three years commencing from 1st April 2021. Mr. Sunil Chandiramani, Chairman and Independent Director, shall be paid up to ₹20 lakhs p.a. and Ms. Deepa Wadhwa shall be paid up to 15 lakhs p.a. Ms. Anu Aggarwal, however, has opted not to receive any remuneration from the Company.

The details of remuneration which was paid during FY 2023-24 to the Independent Directors, is detailed hereunder:

| Sr. No. | Name xof the Independent Director | Remuneration/ Commission* (₹) | Sitting Fees (₹) |
|---|---|---|---|
| 1. | Mr. Sunil Chandiramani | 20,00,000.00 | 5,00,000.00 |
| 2. | Ms. Deepa Wadhwa | 15,00,000.00 | 5,00,000.00 |

** excluding applicable taxes.*

The Board of Directors, pursuant to the recommendation of the Nomination and Remuneration Committee and subject to the approval of the shareholders at the forthcoming 15th Annual General Meeting of the Company, has approved payment of such amount of remuneration payable to the Independent Directors (excluding Ms. Anu Aggarwal), as may be decided by the Board of Directors, not exceeding and within the limits of ₹40,00,000/- p.a. (excluding applicable taxes) for a period of three years, commencing from 1st April 2024.

Further, considering the time and efforts put in by Mr. Sunil Chandiramani, Chairman of the Board of Directors and Audit Committee, during deliberations at the board/ audit meetings, the Board of Directors, pursuant to the recommendation of the Nomination and Remuneration Committee, has approved payment of sitting fees to Mr. Sunil Chandiramani for attending quarterly board/audit committee meetings in relation to the financial results (excluding any special meeting convened) for the next three financial years commencing from 1st April 2024.

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

## Codes and Policies

**Code of Conduct for Directors and Senior Management Personnel's**

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

All members of the Board and Senior Management have affirmed compliance with the Code of Conduct for the financial year 2023-24. The declaration to this effect signed by Mr. Sanjay Purohit, Whole-time Director & Group CEO of the Company, is annexed to this report.

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

**Whistle Blower Policy**

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

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

**Policy on Material Subsidiary**

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

## Details of Material Subsidiary

| | |
|---|---|
| Name of the Subsidiary | Gamma Pizzakraft Lanka (Pvt) Limited |
| Date of Incorporation | 18th August 1975 |
| Country of Incorporation | Sri Lanka |
| Name of Statutory Auditors | Ernst & Young, Chartered Accountants |
| Date of Appointment of Statutory Auditors | 25th March, 2024 |

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

**Nomination and Remuneration Policy**

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

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

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

The Company has adopted a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information ('UPSI') with a view to facilitate prompt, uniform and universal dissemination of UPSI. The Code also includes a 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 Company website at https://www.sapphirefoods.in/investors-relation/corporate-governance

**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 at https://www.sapphirefoods.in/investors-relation/corporate-governance.

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

**Policy on Dividend Distribution**

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

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

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

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

The details of the complaints received during the financial year 2023-24 are as follows:

| Particulars | No. of Complaints |
|---|---|
| Complaints pending as on start of the financial year i.e. 1st April 2023 | 0 |
| Complaints received during the financial year under review | 7 |
| Complaints disposed off during the financial year under review | 5 |
| Complaints pending as on end of the financial year i.e. 31st March 2024 | 2 |

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

## Particulars of Senior Management and changes therein since the close of the previous Financial Year

The Company in accordance with the provisions of the Companies Act and Listing Regulations, has identified category of Senior Management Personnel(s). The details of such Senior Management Personnel(s) as on 31st March 2024, are as under:

| Sr No. | Name of Senior Management Personnel ("SMP") | Designation | Changes if any, since the previous financial year (Yes / No) | Nature of change and effective date |
|---|---|---|---|---|
| 1. | Mr. Sanjay Purohit | Whole Time Director & Group CEO | No | - |
| 2. | Mr. Deepak Taluja | Chief Executive Officer - KFC | No | - |
| 3. | Mr. Vikrant Vohra | Chief Executive Officer – Pizza Hut | No | - |
| 4. | Mr. Vijay Jain | Chief Financial Officer | No | - |
| 5. | Ms. Sandhydeep Purri | Chief People Officer | Yes | Resigned w.e.f 9th September 2023 |
| 6. | Ms. Priya Adiseshan | Chief People Officer | Yes | Appointed w.e.f. 9th February 2024 |
| 7. | Ms. Nandita Bapat | Head - Projects | No | - |
| 8. | Mr. Amar Patel | Chief Technology Officer | No | - |
| 9. | Mr. Niraj Patil | Head - Legal | No | - |
| 10. | Mr. Puneet Bhatia | Head – Business Development | No | - |
| 11. | Mr. Ashu Khanna | Head – Supply Chain Management | No | - |
| 12. | Mr. Sachin Dudam | Company Secretary & Compliance Officer | No | - |

## General Body Meetings

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

| Financial Year | Date of EGM/ AGM | Time of Meeting | Special Resolutions passed in the meeting | Location of the Meeting |
|---|---|---|---|---|
| 2023-24 | 11th August 2023 | 11.30. A.M. | - | Through Video Conferencing (VC) or other audio visual means (OVAM)) |
| 2022-23 | 2nd September 2022 | 11.30. A.M. | 1. Ratification of Sapphire Foods Employees Stock Option Scheme 2019 – Scheme III – Management other than CEO" ("Scheme III") read with Sapphire Foods Employees Stock Option Plan 2017 ("ESOP plan") for grant of options to the eligible employees of Subsidiary companies.<br>2. Approval of Grants under 'Sapphire Foods Employee Stock Option Scheme 2022 – Scheme III A – Management other than CEO' – ("Scheme III A") read with "Sapphire Foods Employee Stock Option Plan 2017" ("ESOP 2017") to the Eligible Employees / Directors of the Subsidiary company(ies) of Sapphire Foods India Limited | Through Video Conferencing (VC) or other audio visual means (OVAM)) |
| 2021-22 | 15th September 2021 | 03.00 P.M. | 1. Maintenance of the Register of members and related books at a place other than the Registered Office of the Company<br>2. Alignment of Sapphire Foods Employee Stock Option Plan / Schemes in accordance with SEBI (SBEB SE) Regulations, 2021 | 702, Prism Tower, A Wing, Mindspace, Link Road, Goregaon (West), Mumbai – 400 062 |

| Financial Year | Date of EGM/ AGM | Time of Meeting | Special Resolutions passed in the meeting | Location of the Meeting |
|---|---|---|---|---|
| | 6th August 2021 | 04.00 P.M | 1. Amendment and Adoption of Articles of Association<br>2. Appointment of Mr. Sunil Chandiramani (DIN: 00524035) as Chairman and Independent Director<br>3. Appointment of Ms. Anu Aggarwal (DIN: 07301689) as Independent Director<br>4. Appointment of Ms. Deepa Wadhwa (DIN: 07862942) as Independent Director<br>5. Approval for payment of remuneration to Non-Executive / Independent Directors | 702, Prism Tower, A Wing, Mindspace, Link Road, Goregaon (West), Mumbai – 400 062 |
| | | | 6. Approval for the payment of remuneration to Mr. Sunil Chandiramani (DIN: 00524035), Chairman and Independent Director of the Company<br>7. Approval for the payment of remuneration to Ms. Anu Aggarwal (DIN: 07301689), Independent Director of the Company.<br>8. Approval for the payment of remuneration to Ms. Deepa Wadhwa (DIN: 07862942), Independent Director of the Company | |
| | 23rd July 2021 | 05.00 P.M. | 1. To approve issuance of equity shares to Arinjaya (Mauritius) Limited and Sapphire Foods Mauritius Limited on Preferential basis<br>2. To approve issuance of equity shares to Edelweiss Alternate Investment Opportunities Trust – Edelweiss Crossover Opportunities Fund – Series II on Preferential basis<br>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<br>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 |
| | 9th July 2021 | 03.00 P.M. | 1. To approve amendment in the Sapphire Foods Employees Stock Option Schemes 2019 – Scheme IV- CEO' read with Sapphire Foods Employee Stock Option Plan 2017<br>2. To authorised secured borrowings (By creation of Charges, Mortgages, Hypothecation on the Movable Properties of the Company) under Section 180(1)(A) of the Companies Act, 2013 | 702, Prism Tower, A Wing, Mindspace, Link Road, Goregaon (West), Mumbai – 400 062 |
| | 15th June 2021 | 03.00 P.M. | 1. To approve conversion of Private Limited Company to Public Limited Company and consequently change of name from "Sapphire Foods India Private Limited" to "Sapphire Foods India Limited"<br>2. To approve amendment of Memorandum of Association of the Company<br>3. To adopt new set of Articles of Association of the Company | 702, Prism Tower, A Wing, Mindspace, Link Road, Goregaon (West), Mumbai – 400 062 |
| | 9th June 2021 | 03.00 P.M. | - | 702, Prism Tower, A Wing, Mindspace, Link Road, Goregaon (West), Mumbai – 400 062 |

| Financial Year | Date of EGM/ AGM | Time of Meeting | Special Resolutions passed in the meeting | Location of the Meeting |
|---|---|---|---|---|
| | 18th May 2021 | 03.00 P.M. | 1. To approve amendments in the 'Sapphire Foods Employee Stock Options Scheme 2019 – Scheme III – Management other than CEO' – ("Scheme III") read with Sapphire Foods Employee Stock Option Plan 2017 ("ESOP 2017")<br>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 |

## Postal Ballot

During the year under review, no business has been transacted through postal ballot.

## 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 Relations" which contains comprehensive information involving interest of stakeholders such as Annual Reports and Financial Statements, Presentations made to Investors and Analysts, etc.

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

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

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

## General Shareholder Information

| | |
|---|---|
| Corporate Identification Number | L55204MH2009PLC197005 |
| Registered Office Address | 702, A Wing, Prism Tower, Mindspace,<br>Link Road, Goregaon (West), Mumbai- 400062<br>Telephone No.: 022- 67522300 |
| Plant Locations | The Company operates Restaurant Outlets of KFC, Pizza Hut and Taco Bell in India, Sri Lanka and Maldives. |
| Listing on Stock Exchanges & Stock Code / Symbol | The Equity shares of the Company are listed on the following recognized stock exchanges. The Company has paid annual listing fees for the financial year 2024-25 to each of these stock exchanges.<br><br>BSE Limited,<br>Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400001,<br>Scrip Code – 543397<br><br>National Stock Exchange of India Limited,<br>Exchange Plaza, C-1, Block – G, Bandra Kurla Complex,<br>Bandra (E), Mumbai – 400051<br>Symbol – SAPPHIRE |
| ISIN Number | INE806T01012 |
| Day, Date, Time of the Annual General Meeting | Friday, 9th August, 2024 at 11.30 a.m. |
| Financial Year | The Company follows the Financial Year starting from 1st April to 31st March. |

| | |
|---|---|
| Day and Date of Book Closure | Not Applicable |
| Dividend Payment | Not Applicable |
| Ratings | Refer Directors' Report for Credit Rating |
| Registrar and Transfer Agents | Link Intime India Private Limited<br>C – 101, 247 Park, 1st Floor, LBS Marg,<br>Vikhroli (West), Mumbai – 400 083<br>Telephone No.: +91 22 49186000<br>Fax No.: +91 22 49186060<br>Email ID: rnt.helpdesk@linkintime.co.in |
| Share Transfer System | The Registrar and Share Transfer Agents of the Company have complied with all the applicable procedural requirements with respect to transfer, transmission and transposition of securities. |
| Dematerialization of Shares | As on 31st March 2024, 100% of the equity share capital of the Company were 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<br>Company Secretary & Compliance Officer<br>702, A Wing, Prism Tower, Mindspace,<br>Link Road, Goregaon (West), Mumbai- 400062<br>Telephone No.: 022- 67522300<br>Email ID: investor@sapphirefoods.in<br><br>LINK INTIME INDIA PRIVATE LIMITED<br>C – 101, 247 Park, 1st Floor, LBS Marg,<br>Vikhroli (West), Mumbai – 400 083<br>Telephone No.: +91 22 49186000<br>Fax No.: +91 22 49186060<br>Email ID: rnt.helpdesk@linkintime.co.in |

## Tentative Calendar of the Board Meetings for consideration of quarterly results for FY 2024-25

| | |
|---|---|
| For the quarter ended 30th June 2024 | On or before 14th August 2024 |
| For the quarter and half year ended 30th September 2024 | On or before 14th November 2024 |
| For the quarter and nine months ended 31st December 2024 | On or before 14th February 2025 |
| For the quarter and year ended 31st March 2025 | On or before 30th May 2025 |

## Shareholding Pattern *

The shareholding pattern as on 31st March 2024, is as under:

| Category | No. of Shares | No. of Holders | % of holding |
|---|---|---|---|
| **A. Promoter and Promoter Group** | | | |
| Promoter | 1,72,58,600 | 2 | 27.09 |
| Promoter Group | 23,90,503 | 1 | 3.75 |
| **B. Public** | | | |
| Resident Individuals | 27,43,717 | 50,410 | 4.31 |
| HUF | 60,902 | 982 | 0.10 |
| Alternate Investment Funds | 8,88,983 | 6 | 1.40 |
| Mutual Funds | 1,75,10,796 | 14 | 27.49 |
| Foreign Portfolio Investors | 1,90,82,229 | 115 | 29.95 |
| Clearing Members | 15,184 | 5 | 0.02 |
| NBFC | 263 | 2 | 0.00 |
| Non-Resident Individuals | 3,21,694 | 1,350 | 0.51 |
| Directors | 6,47,778 | 1 | 1.02 |
| Bodies Corporates | 4,72,513 | 223 | 0.74 |
| Trusts | 1,735 | 4 | 0.00 |
| Insurance Companies | 22,30,603 | 6 | 3.50 |
| Others | 78,916 | 29 | 0.12 |
| **Total** | **6,37,04,416** | **59,150** | **100.00** |

** PAN based*

## DISTRIBUTION OF SHAREHOLDING*:

The distribution of shareholding as on 31st March 2024, is as under:

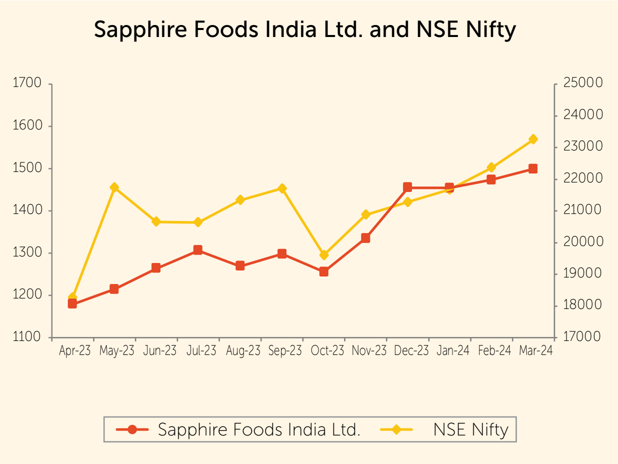
| No. of shares | No. of Shareholders | % of Shareholders | No. of shares | % of Shares |
|---|---|---|---|---|
| 1 – 500 | 52,503 | 98.0210 | 17,16,889 | 2.6951 |
| 501 – 1000 | 573 | 1.0698 | 3,84,673 | 0.6038 |
| 1001 – 2000 | 213 | 0.3977 | 2,99,648 | 0.4704 |
| 2001 – 3000 | 46 | 0.0859 | 1,13,158 | 0.1776 |
| 3001 – 4000 | 34 | 0.0635 | 1,19,932 | 0.1883 |
| 4001 – 5000 | 16 | 0.0299 | 69,578 | 0.1092 |
| 5001 – 10000 | 37 | 0.0691 | 2,53,889 | 0.3985 |
| 10001 - 99999999 | 141 | 0.2632 | 6,07,46,649 | 95.3570 |
| **TOTAL** | **53,563** | **100.00** | **6,37,04,416** | **100.00** |

** Non-PAN based*

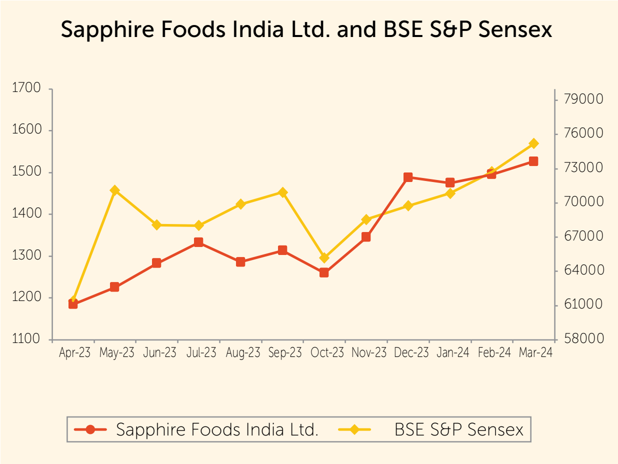
## Market Price Data: High, Low during each month during Financial Year ended 31st March 2024

| MONTH | BSE | | | NSE | | |
|---|---|---|---|---|---|---|
| | High (in ₹) | Low (in ₹) | Volume | High (in ₹) | Low (in ₹) | Volume |
| Apr – 2023 | 1,229.95 | 1,161.80 | 24,013 | 1200.95 | 1170.00 | 75,790 |
| May – 2023 | 1,463.80 | 1,195.05 | 1,13,239 | 1465.00 | 1365.00 | 3,05,088 |
| Jun – 2023 | 1,451.20 | 1,330.15 | 70,879 | 1435.00 | 1372.35 | 2,26,275 |
| Jul – 2023 | 1,477.45 | 1,345.15 | 55,765 | 1405.90 | 1361.50 | 56,441 |
| Aug – 2023 | 1,441.95 | 1,290.05 | 33,86,036 | 1443.15 | 1399.55 | 1,44,965 |
| Sep – 2023 | 1,565.30 | 1,386.95 | 3,66,719 | 1468.70 | 1409.00 | 66,611 |
| Oct – 2023 | 1,480.35 | 1,252.70 | 59,618 | 1311.95 | 1280.50 | 1,93,248 |
| Nov – 2023 | 1,429.95 | 1,218.50 | 51,665 | 1418.00 | 1380.00 | 96,848 |
| Dec – 2023 | 1,475.55 | 1,368.05 | 67,64,340 | 1434.00 | 1397.00 | 94,652 |
| Jan – 2024 | 1,509.00 | 1,380.00 | 1,55,173 | 1475.00 | 1436.70 | 65,515 |
| Feb – 2024 | 1,548.15 | 1,329.00 | 3,53,863 | 1522.95 | 1462.00 | 1,26,328 |
| Mar – 2024 | 1,678.00 | 1,355.25 | 2,37,182 | 1635.00 | 1554.10 | 1,50,293 |

**Performance of the Equity Shares relative to NSE Nifty Indices during the Financial Year 2023-24**




**Performance of the Equity Shares relative to S&P BSE SENSEX during the Financial Year 2023-24**




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

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

## Unpaid / Unclaimed Dividends

As on 31st March 2024, 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 2023-24.

## Directors and Officers Insurance

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

## Disclosure of Non-Acceptance of any recommendation of any Committee by the Board in the FY 2023-24 and its reason

There was no such instance during FY 2023-24 when the Board had not accepted any recommendation of any Committee of the Board.

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

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

## Agreements subsisting as at the date of the notification of clause 5A of part A of para A of Schedule III, of the SEBI (Listing Obligations and Disclosure Requirement) Regulation, 2015

The Company had received disclosures from its promoters/promoter group entities, disclosing the details of such subsisting agreements under the Clause 5/5A to Para A of Part A of Schedule III of Listing Regulations. The said disclosures received from the promoter/promoter group entities can be accessed from the website of the Company at https://www.sapphirefoods.in/investors-relation/updates

## Chief Executive Officer and Chief Financial Officer Certification

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

## Certificate under Regulation 34(3) of Listing Regulations

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

## Compliance Certificate for the Corporate Governance

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

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

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

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

Place: Mumbai
Date: 10th May 2024

## 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, 2024 and that to the best of our knowledge and belief:

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

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

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

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

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

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

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

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

**Sapphire Foods India Limited**

**Sanjay Purohit**
Whole-time Director & Group CEO
DIN: 00117676

Date: 10th May 2024
Place: Mumbai

**Sapphire Foods India Limited**

**Vijay Jain**
Chief Financial Officer

Date: 10th May 2024
Place: Mumbai

## CERTIFICATE OF COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To,
The Members of
**Sapphire Foods India Limited,**

1. We have examined the compliances of the conditions of Corporate Governance by **Sapphire Foods India Limited** ("the Company") for the financial year ended 31st March, 2024, 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 : USA
Date : 10th May 2024

**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 : F005559F000348385]

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

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

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

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2024 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

| Sr. No. | Name of Director | DIN | Designation | Date of appointment |
|---|---|---|---|---|
| 1 | Sanjay Purohit | 00117676 | Wholetime Director & Group CEO | 31/08/2016 |
| 2 | Sumeet Subhash Narang | 01874599 | Nominee Director | 22/07/2021 |
| 3 | Vikram Ranjan Agarwal | 03038370 | Nominee Director | 22/07/2021 |
| 4 | Kabir Kishin Thakur | 08422362 | Nominee Director | 05/08/2021 |
| 5 | Sunil Rewachand Chandiramani | 00524035 | Independent Director | 05/08/2021 |
| 6 | Anu Ram Aggarwal | 07301689 | Independent Director | 05/08/2021 |
| 7 | Deepa Gopalan Wadhwa | 07862942 | Independent Director | 05/08/2021 |
| 8 | Vinod Nambiar | 07290613 | Nominee Director | 10/01/2022 |
| 9 | Norbert Cyril Fernandes | 06716549 | Nominee Director | 12/05/2023 |

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 : USA
Date : 10th May 2024

**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 : F005559F000348385]



# BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORTING (BRSR)

We, Sapphire Foods India Limited ('SFIL' or the 'Company') are delighted to unveil our BRSR for FY 2023-24, compiled as per the amended regulation 34 (2) (f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, following the Gazette notification no. SEBI/HO/CFD/CFD-SEC-2/P/CIR/2023/122 dated July 12, 2023. As part of our commitment to responsible and sustainable business practices, we disclose our business performance and impacts using the Nine NGRBC Principles.

In this third BRSR, we reaffirm our dedication to transforming into a corporate entity that supports a sustainable society, sustains growth, and creates value for stakeholders. Through collaboration with our various stakeholders, we remain steadfast in advancing our sustainability objectives. This report showcases our unwavering commitment to sustainability and our collaborative efforts with stakeholders to realize our shared goals in this transformative endeavour.

By enhancing investor confidence and catering to the diverse needs of all stakeholders, we aim to enhance transparency and foster trust and sustainable growth.

## I. Details of the listed entity

| SECTION A: GENERAL DISCLOSURES | |
|---|---|
| **1. Corporate Identity Number (CIN) of the Listed Entity** | L55204MH2009PLC197005 |
| **2. Name of the Listed Entity** | Sapphire Foods India Limited (SFIL) |
| **3. Year of incorporation** | 2009 |
| **4. Registered office address** | 702, Prism Tower, A Wing, Mindspace, Link Road, Goregaon (West), Mumbai, MH 400062, India |
| **5. Corporate address** | 702, Prism Tower, A Wing, Mindspace, Link Road, Goregaon (West), Mumbai, MH 400062, India |
| **6. E-mail** | info@sapphirefoods.in |
| **7. Telephone** | 022-67522300 |
| **8. Website** | www.sapphirefoods.in |
| **9. Financial year for which reporting is being done** | 1st April 2023 to 31st March 2024 |
| **10. Name of the Stock Exchange(s) where shares are listed** | National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange (BSE) |
| **11. Paid-up Capital** | ₹ 637,044,160 |
| **12. Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report** | Balkrishna Chaturvedi<br>022-67522300<br>sustainability.officer@sapphirefoods.in |
| **13. Reporting boundary *** Are the disclosures under this report made on a standalone basis (i.e., only for the entity) or on a consolidated basis (i.e., for the entity and all the entities which form a part of its consolidated financial statements, taken together). | Disclosures made in this report are on a standalone basis. |
| **14. Name of assurance provider** | Bureau Veritas India Private Limited |
| **15. Type of assurance obtained** | Limited Assurance |

## II. Products/services

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

| S. no. | Description of Main Activity | Description of Business Activity | % Of turnover of the entity |
|---|---|---|---|
| 1. | Quick Service Restaurant (QSR) | SFIL is one of YUM! Brands largest franchisees in India and has 742 restaurant outlets of KFC and Pizza Hut as of 31st March 2024. | 100 |

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

| S. No. | Product/Service | NIC Code | % Of total turnover contributed |
|---|---|---|---|
| 1. | KFC – Chicken, Burgers, and Beverages | Division 56 – Food and Beverage service activities | 66 |
| 2. | Pizza Hut – Pizza, Pasta, and Beverages | Division 56 – Food and Beverage service activities | 34 |

## III. Operations

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

| Location | Number of plants | Number of offices | Total |
|---|---|---|---|
| National | 748 restaurants, 12 warehouses# | 1 Corporate Office, 5 Restaurants Support Centre's | 766 locations |
| International* | 124 (Sri Lanka 120, Maldives 4), 1 Warehouse# | 1 Corporate Office | 126 locations |

**Operated by subsidiaries # warehouse caters to inventory requirements of the restaurants.*

### 19. Markets Served by the Entity

a. Number of locations

| Locations | Number |
|---|---|
| National (No. of States) | KFC - 10 states Pizza Hut - 11 states |
| International (No. of Countries) | 2* |

**Operated by subsidiaries*

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

Nil

c. A brief on types of customers

The Company operates KFC and Pizza Hut restaurants on a franchise basis serving customers across various channels such as dine-in, take-aways and online ordering. We serve a wide-menu offerings across the parts of the day providing safe and delicious food and value for money to our various customer groups.

## IV. Employees

### 20. Details as at the end of the Financial Year:

a. Employees and workers (including differently abled):

| S. No. | Particulars | Total (A) | Male | | Female | |
|---|---|---|---|---|---|---|
| | | | No. (B) | % (B / A) | No. (C) | % (C / A) |
| **EMPLOYEES** | | | | | | |
| 1. | Permanent (D) | 12,499 | 8,520 | 68 | 3,979 | 32 |
| 2. | Other than Permanent (E) | 12 | 3 | 25 | 9 | 75 |
| **3.** | **Total employees (D + E)** | **12,511** | **8,523** | **68** | **3,988** | **32** |
| **WORKERS*** | | | | | | |
| 4. | Permanent (F) | - | - | - | - | - |
| 5. | Other than Permanent (G) | - | - | - | - | - |
| **6.** | **Total workers (F + G)** | **-** | **-** | **-** | **-** | **-** |

** The Company does not employ workers*

b. Differently abled Employees and workers

| S. No | Particulars | Total (A) | Male | | Female | |
|---|---|---|---|---|---|---|
| | | | No. (B) | % (B / A) | No. (C) | % (C / A) |
| **DIFFERENTLY ABLED EMPLOYEES** | | | | | | |
| 1. | Permanent (D) | 115 | 103 | 90 | 12 | 10 |
| 2. | Other than Permanent (E) | - | - | - | - | - |
| **3.** | **Total differently abled employees (D + E)** | **115** | **103** | **90** | **12** | **10** |
| **DIFFERENTLY ABLED WORKERS** | | | | | | |
| 4. | Permanent (F) | - | - | - | - | - |
| 5. | Other than permanent (G) | - | - | - | - | - |
| **6.** | **Total differently abled workers (F + G)** | **-** | **-** | **-** | **-** | **-** |

### 21. Participation/Inclusion/Representation of women

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

### 22. Turnover rate for permanent employees and workers

| | FY 2023-24 (Current FY) | | | FY 2022-23 (Previous FY) | | | FY 2021-22 (Year prior to the previous FY) | | |
|---|---|---|---|---|---|---|---|---|---|
| | Male | Female | Total | Male | Female | Total | Male | Female | Total |
| Permanent Employees | 87% | 71% | 82% | 104% | 88% | 99% | 88% | 67% | 82% |
| Permanent Workers | - | - | - | - | - | - | - | - | - |

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

### 23. Names of holding / subsidiary / associate companies / joint ventures

| S. No. | Name of the holding / subsidiary / associate companies / joint ventures (A) | Indicate whether holding/ Subsidiary/ Associate/ Joint Venture | % of shares held by listed entity | Does the entity indicated at column A participate in the Business Responsibility initiatives of the listed entity? (Yes/No) |
|---|---|---|---|---|
| 1. | Gamma Pizzakraft (Overseas) Private Limited* | Direct Subsidiary | 100 | NO |
| 2. | Gamma Pizzakraft Private Limited* | Indirect Subsidiary | 100 | |
| 3. | Gamma Pizzakraft (Lanka) Private Limited | Indirect Subsidiary | 100 | |
| 4. | French Restaurants Private Limited | Indirect Subsidiary | 100 | |
| 5. | Gamma Island Food Private Limited | Indirect Subsidiary | 75 | |

**Pursuant to Scheme of Merger by Absorption of Gamma Pizzakraft (Overseas) Private Limited ("GPOPL") and Gamma Pizzakraft Private Limited ("GPPL") with Sapphire Foods India Limited ("Company") sanctioned by Hon'ble National Company Law Tribunal (NCLT) vide order reference number C.P. (CAA)/312/MB-I/2023 dated 20th March 2024, GPOPL & GPPL ceased to be subsidiaries of the Company effective from 31st March 2024.*

## VI. CSR Details:

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

(ii) Turnover (in ₹) - 22,360.81 (in millions)

(iii) Net worth (in ₹) – 12,290.81 (in millions)

## VII. Transparency and Disclosures Compliances –

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

To improve stakeholder engagement, the company has laid down various channels for reporting grievances which are governed by various policies. This enables a comprehensive outreach and fosters open communication with all our stakeholders. We actively communicate with our stakeholders to acquire a better understanding of their concerns and potential influence on our operations. There is also a thorough review mechanism in place for our grievances that tracks resolution results and timelines.

| Stakeholder group from whom complaint is received | Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy) | FY 2023-24 (Current FY) | | | FY 2022-23 (Previous FY) | | |
|---|---|---|---|---|---|---|---|
| | | Number of complaints filed during the year | Number of complaints pending resolution at close of the year | Remarks | Number of complaints filed during the year | Number of complaints pending resolution at close of the year | Remarks |
| Communities | No | - | - | - | - | - | - |
| Investors (Other than Shareholders) | Yes | 1 | - | - | 7 | - | - |
| Shareholders | Yes | - | - | - | 10 | - | - |
| Employees and Workers | Yes | 7 | 1 | This has been closed subsequently. | 9 | - | - |
| Customers | Yes | 45,164 | - | - | 31,334 | - | - |
| Value Chain Partners | Yes | - | - | - | - | - | - |
| Others (Please specify) | - | - | - | - | - | - | - |

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

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

| S. No. | Material issue identified | Indicate whether risk or opportunity (R/O) | Rationale for identifying the risk / opportunity | In case of risk, approach to adapt or mitigate | Financial implications of the risk or opportunity (Indicate positive or negative implications) |
|---|---|---|---|---|---|
| 1 | Food Safety | R | Food safety issues, such as foodborne illness concerns, in locations can affect the core of our restaurant's reputation. Reputational damage from food safety issues tends to have a long-term impact. | We have standard operating procedures in conjunction with regional food safety regulations and ensure all our employees are trained in food safety and sanitation for all our restaurants and warehouses. All our restaurants and warehouses are audited on a periodic basis covering our compliance with food safety, hygiene, and operational and brand standards by internal teams/ independent auditors appointed by YUM! | **Negative**<br>Failure to meet product quality and safety can lead to severe reputational and financial risk for the organization. |
| 2 | Responsible supply chain | R | We source ingredients and products from a wide range of suppliers. Supply chain management is crucial for our restaurants to ensure food safety, protect their reputations, and improve revenues. | We make consistent efforts to engage with our distributors and suppliers to ensure strict adherence to food safety standards set forth by YUM! including vendor onboarding and the applicable laws and regulations. | **Negative**<br>Value chain disruption can significantly impact the operations, production, in turn impacting the timely availability of products and profits generated out of it. |
| 3 | Human capital development | O | Our industry is labor intensive, and our employees are the backbone of our success. By offering competitive wages, safe working environments, and other opportunities for professional growth we aim to improve employee morale while reducing turnover rates. | With people-centric policies benchmarked with industry leading practices, we aim to equip our employees with support, so they can excel in their roles. Our employees at the store level often come from economically marginalized backgrounds without access to resources needed for higher education.<br>We have designed a learning and development framework that follows a lifelong learning approach and is aimed towards the sharpening of core competitive advantages of operational excellence and customer-centricity. | **Positive**<br>A bunch of diverse and happy workforce from different genders, ages, ethnicities, and special abilities enables a productive environment, drives innovative thinking, and helps in employee engagement and results in higher efficiency. |
| 4 | Employee engagement and satisfaction | O | | Through different touchpoints we keep engaging with our employees and create memorable experience for our employees | |
| 5 | Diversity and Inclusion | O | | As an equal opportunity employer, we have taken several initiatives towards creating a diverse and inclusive workplace | |
| 6 | Employee health and safety | R | High injury rates may indicate a weak governance structure and a weak workplace safety culture, as well as lead to significant reputational harm | We focus on physical and mental wellbeing of our employees through workplace safety and wellbeing initiatives and trainings on Health and Safety | **Negative**<br>The absence of a proper safety mechanism can result in financial consequences such as fines and penalties, loss of life, high consequence injury and reputational damage |
| 7 | Energy conservation | O | Fossil fuel-based energy production and consumption contribute to significant environmental impacts, including climate change and air pollution, which have the potential to indirectly, yet materially, impact the results of restaurant operations. | By constantly managing energy consumption in our operations, we can reduce operational costs through energy efficiency upgrades and limit exposure to GHG emissions regulations using renewable energy resources. Most of our restaurants are covered by Energy Management Systems (EMS) which helps us in monitoring our energy consumption and improving energy efficiency at our restaurants and facilities. | **Positive**<br>Increasing the renewable energy mix and energy efficiency will help reduce GHG emissions and reduce operational costs and have a positive impact on the environment |

| S. No. | Material issue identified | Indicate whether risk or opportunity (R/O) | Rationale for identifying the risk / opportunity | In case of risk, approach to adapt or mitigate | Financial implications of the risk or opportunity (Indicate positive or negative implications) |
|---|---|---|---|---|---|
| 8 | Water and waste management | O | Our restaurant operations are dependent on water and restaurants located in water-stressed regions may be exposed to water usage restrictions or face high water costs. Reducing the amount of waste that accumulates from daily operations is one of the greatest environmental challenges faced across our industry. | By reducing water use and by implementing water-recycling practices we aim to optimise water usage and reduce operational costs. We ensure that the waste generated by our operations which mainly consists of food, cooking oil, and food packaging is disposed of in accordance with local laws and regulations in India. | **Positive** Judicious use of resources can yield cost benefits, reduce negative impact on environments and build reputational synergy in the sector. |
| 9 | Sustainable Packaging | O | Our industry is heavily reliant on packaging which generates a lot of waste. The regulation around packaging is evolving to reduce packaging and there is a need to improve recyclability or biodegradability of packaging | We are consistently making efforts to transition towards sustainable packaging and all our customer facing packaging is paper based and recyclable. | **Positive** Any cost put for transition to sustainable packaging will fetch positive outcomes and reduced cost in the long run. |

## SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

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

| | |
|---|---|
| PRINCIPLE 1 | Businesses should conduct and govern themselves with integrity and in a manner that is ethical, transparent, and accountable |
| PRINCIPLE 2 | Businesses should provide goods and services in a manner that is sustainable and safe. |
| PRINCIPLE 3 | Businesses should respect and promote the well-being of all employees, including those in their value chains |
| PRINCIPLE 4 | Businesses should respect the interests of and be responsive to all its stakeholders |
| PRINCIPLE 5 | Businesses should respect and promote human rights. |
| PRINCIPLE 6 | Businesses should respect and make efforts to protect and restore the environment. |
| PRINCIPLE 7 | Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent. |
| PRINCIPLE 8 | Businesses should promote inclusive growth and equitable development. |
| PRINCIPLE 9 | Businesses should engage with and provide value to their consumers in a responsible manner. |

| Disclosure Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|---|---|---|---|---|---|---|---|---|
| Policy and management processes | | | | | | | | | |
| **1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)** | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| **b. Has the policy been approved by the Board? (Yes/No)** | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| **c. Web Link of the Policies, if available** | Corporate Governance Policies | | | | | | | | |
| **2. Whether the entity has translated the policy into procedures. (Yes / No)** | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| **3. Do the enlisted policies extend to your value chain partners? (Yes/No)** | Yes, Please refer to our Supplier Code of Conduct | | | | | | | | |

| Disclosure Questions | P1 P2 P3 P4 P5 P6 P7 P8 P9 |
|---|---|
| **4. Name of the national and international codes/certifications/labels/standards (e.g., Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee) standards (e.g., SA 8000, OHSAS, ISO, BIS) mapped to each principle.** | Our sustainability policies are aligned with the National Guidelines on Responsible Business Conduct (NGRBC) guidelines and principles as mentioned below:<br>P1: Code of Conduct<br>P2: Supplier Code of Conduct<br>P3: Code of Conduct, Human Right Policy and Diversity and Inclusion Policy<br>P4: ESG Policy<br>P5: Human Right Policy and Diversity and Inclusion Policy<br>P6: OHS Policy, Environment Policy and ESG Policy<br>P7: Code of Conduct and Anti-Bribery & Corruption Policy<br>P8: CSR policy<br>P9: Privacy Policy |
| **5. Specific commitments, goals and targets set by the entity with defined timelines, if any.** | We endeavour to assure food safety, maintain fair employment practices and employment engagement, lower our environmental footprint through resource conservation and responsible waste management systems, and compliance with governance requirements. |
| **6. Performance of the entity against the specific commitments, goals, and targets along-with reasons in case the same are not met.** | Yes, we worked with numerous stakeholders throughout the preceding fiscal year to identify and prioritise material topics across our four ESG pillars—Our Food, Our People, Our Planet, and Our Governance. As part of our commitment, we are focusing on continuing actions related to food safety, human capital, improving our environmental footprint, and strengthening our governance procedures and strategic action plans. |
| **Governance, leadership, and oversight** | |
| **d. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets, and achievements (listed entity has flexibility regarding the placement of this disclosure) -** | |
| In FY 2023-24, SFIL persisted in its ESG endeavours, and aligning with sustainability goals. The company's sustainability roadmap, built upon four pillars—Our Food, Our People, Our Planet, and Our Governance—underscores its enduring dedication. Collaborative efforts with diverse stakeholders ensured holistic sustainability execution. SFIL achieved an impressive score of 42 in the S&P Dow Jones Sustainability Index, ranking in the 95th percentile globally. Our continuous focus is on consolidation, expansion, profitable growth, and advancing sustainability goals. Prioritizing food safety, environmental stewardship, and employee welfare, SFIL emphasizes initiatives like 'Kshamata' to promote diversity and career advancement. Through tracking our actions on energy efficiency, digital transformation, and governance, we aim to operate sustainably and meet expectation of our various stakeholders. | |
| **8.** Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy/policies | Mr. Sanjay Purohit, Whole Time Director, and Group CEO (DIN: 00117676) under the guidance of the Board of Directors and its Committees is responsible for implementation and oversight of the Business Responsibility policies. |
| **9.** Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details. | Our CSR and ESG committee is responsible for the decision making on sustainability related issues. |

**10.**

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

| | P1 P2 P3 P4 P5 P6 P7 P8 P9 |
|---|---|
| **11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency?** | No, However, the policies are reviewed periodically from a best practice perspective as well as from a risk perspective. Further, compliances with the policies are also reviewed internally by various departmental heads and business heads. |

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

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

## SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

This section is designed to assist organizations in showcasing their integration of Principles and Core Elements into crucial processes and decisions. Information is divided into "Essential" and "Leadership" categories. While entities mandated to file this report are expected to disclose essential indicators, voluntary disclosure of leadership indicators is encouraged for those striving to advance their social, environmental, and ethical responsibility. This enables a comprehensive assessment of organizational commitment and progress in these areas.

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

SFIL instils a values-based culture emphasizing ethics, employment, and safety procedures. Through our Code of Conduct and various Ethics and Compliance program, we uphold legal and ethical standards, ensuring proper processes to prevent unethical practices.


### Essential Indicators

1. **Percentage coverage by training and awareness programmes on any of the principles during the financial year:** [UN SDG: 16.3,16.7]

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

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

**Monetary**

| | NGRBC Principle | Name of the regulatory/ Enforcement agencies/ Judicial institutions | Amount (In ₹) | Brief of the Case | Has an appeal been preferred? (Yes/No) |
|---|---|---|---|---|---|
| Penalty/ Fine | Nil | Nil | Nil | Nil | Nil |
| Settlement | Nil | Nil | Nil | Nil | Nil |
| Compounding fee | Nil | Nil | Nil | Nil | Nil |

**Non-Monetary**

| | NGRBC Principle | Name of the regulatory/ enforcement agencies/ judicial institutions | Brief of the Case | Has an appeal been preferred? (Yes/No) |
|---|---|---|---|---|
| Imprisonment | Nil | Nil | Nil | Nil |
| Punishment | Nil | Nil | Nil | Nil |

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

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

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

   [UN SDG: 16.5]

Yes, through our Anti-Bribery and Anti-Corruption Policy, we prioritize professionalism, fairness, and honesty, leaving no tolerance for corrupt practices. The policy is applicable to all our stakeholders, which delineates various forms of corruption, stressing compliance with ethical norms and imposing severe penalties for violations. SFIL conducts annual awareness training sessions and has established a swift grievance redressal mechanism for reporting incidents. This policy operates in tandem with our Code of conduct to align with the Corporate Governance and Ethics Code, affirming our dedication to responsible business practices and the highest standards of integrity and ethics.

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

   [UN SDG: 16.5]

| | FY 2023-24 (Current FY) | FY 2022-23 (Previous FY) |
|---|---|---|
| Directors | Nil | Nil |
| KMPs | | |
| Employees | | |
| Workers | | |

6. **Details of complaints about conflict of interest:**

   [UN SDG: 16.6]

| | FY 2023-24 (Current FY) | | FY 2022-23 (Previous FY) | |
|---|---|---|---|---|
| | Number | Remarks | Number | Remarks |
| Number of complaints received in relation to issues of Conflict of Interest of the Directors | Nil | | Nil | |
| Number of complaints received in relation to issues of Conflict of Interest of the KMPs | Nil | | Nil | |

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

   [UN SDG: 16.5]

   Not Applicable

8. **Number of days of accounts payables ((Accounts payable *365) / Cost of goods / services procured) in the following format:**

| | FY 2023-24 (Current FY) | FY 2022-23 (Previous FY) |
|---|---|---|
| Number of days of accounts payable* | 45.28 | 48.83 |

*(*cost of goods or services procured includes purchases and other expenses)*

9. **Open-ness of business: Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along-with loans and advances & investments, with related parties, in the following format:**

| Parameter | Metrics | FY 2023-24 (Current FY) | FY 2022-23 (Previous FY) |
|---|---|---|---|
| Concentration of Purchases | a. Purchases from trading houses as % of total purchases | Not Applicable | |
| | b. Number of trading houses where purchases are made from | | |
| | c. Purchases from top 10 trading houses as % of total purchases from trading houses | | |
| Concentration of Sales | a. Sales to dealers / distributors as % of total sales | Not Applicable | |
| | b. Number of dealers / distributors to whom sales are made | | |
| | c. Sales to top 10 dealers / distributors as % of total sales to dealers / distributors | | |
| Share of RPTs in | a. Purchases (Purchases with related parties / Total Purchases) | 0.06% | 0.02% |
| | b. Sales (Sales to related parties / Total Sales) | Nil | 0.10% |
| | c. Loans & advances (Loans & advances given to related parties / Total loans & advances) | 100% | 100% |
| | d. Investments (Investments in related parties / Total Investments made) | 100% | 36.57% |

*Note - Transaction with related party Gamma Pizzakraft Private Limited and Gamma Pizzakraft (Overseas) Private Limited has not disclosed since this entity got merged with Sapphire Foods India Ltd*

**Leadership Indicators**

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

Yes, we have mechanisms in place to prevent and manage conflicts of interest involving Board members through our Code of Conduct for Board Members and Senior Management Executives.

The Code of Conduct establishes explicit criteria for interest disclosure, conflict resolution, confidentiality, non-compete agreements, and voting procedures. The Directors of the Company are required to disclose to the Board actual and apparent conflicts of personal interest in the interest of the Company and disclose all contractual interest, whether directly or indirectly, with the Company.

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

Sustainability is integral to our operations and is embedded into our processes and actions. Guided by our aspirations to be the best restaurant operator, we prioritize food safety and quality. Driven by our values based culture and backed by our sound governance practices, we constantly track our actions and progress to ensure these are aligned with our sustainability objectives.






**Essential Indicators**

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

| | FY 2023-24 (Current FY) | FY 2022-23 (Previous FY) | Details of improvements in environmental and social impacts |
|---|---|---|---|
| R&D | | | We continue to explore opportunities to utilise renewable sources of energy and have installed solar panels at 45 restaurants as of March 31st, 2024. We plan to install solar panels at another 50 restaurants. |
| Capex | | | Further to make our restaurants sustainable we have aligned our processes to comply with the Indian Green Building Council (IGBC) guidelines wherever feasible. |

2 a. **Does the entity have procedures in place for sustainable sourcing? (Yes/No)**

Yes

b. **If yes, what percentage of inputs were sourced sustainably?**

SFIL has developed a supplier code of conduct and an ESG policy that highlight our commitment to going beyond our operations and ensuring sustainability throughout our supply chain. We work with suppliers who are committed to operate in compliance with our sustainability aspirations and applicable laws and regulations as guided by our Supplier Code of Conduct. Our food and packaging suppliers are on boarded as well as audited on an annual basis on food safety and quality standards set forth by YUM!. Our quality assurance team constantly reviews the internal processes to ensure compliance with the food safety and quality standards as well as sustainability guidelines set for the by our franchiser YUM!

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

The company has developed a waste management policy that focuses on disposing of waste responsibly and in accordance with relevant rules.

Plastic Waste: We do not generate considerable amounts of plastic waste because we have removed single-use plastics and switched to paper-based packaging. We serve our customers' food in FSC (Forest Stewardship Council) -certified paper packaging. Any plastic waste generated by supplier packaging is disposed of safely in compliance with the applicable requirements.

E-waste: Electronic waste generated during our operations, if any, is disposed of by authorised recyclers in compliance with the E- trash Management Rules, 2022.

Other waste: Any other waste is identified, collected, segregated, and disposed of in accordance with regulatory requirements and YUM! guidelines, if applicable, in the most environmentally friendly manner possible.

Considering our operational procedures, we do not generate **Plastic (including packaging), E-Waste, or Hazardous waste** post-sale to customers. As a result, these categories are not relevant to our activities.

4. **Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.**

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

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

Employee satisfaction is fundamental at SFIL as it drives higher engagement, productivity, and morale. Recognizing employees as our primary asset, we value their feedback and perspective. We take pride to providing individuals from varied backgrounds with employment and advancement opportunities, with a focus on inclusivity and equal opportunity. As an equal opportunity employer, we value meritocracy at all levels of the employment process.

## Essential Indicators

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

[UN SDG: 3.2,5.4,8.5,8.6]

| Category | Total (A) | % Of employees covered by | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Health insurance | | Accident insurance | | Maternity benefits | | Paternity Benefits | | Day Care facilities | |
| | | Number (B)* | % (B/ A) | Number (C) | % (C/A) | Number (D) | % (D/A) | Number (E) | % (E/ A) | Number (F) | % (F/ A) |
| **Permanent employees** | | | | | | | | | | | |
| Male | 8,520 | 1,652 | 19 | 8,520 | 100 | - | - | 8,520 | 100 | - | - |
| Female | 3,979 | 329 | 8 | 3,979 | 100 | 3,979 | 100 | - | - | - | - |
| **Total** | **12,499** | **1,981** | **16** | **12,499** | **100** | **3,979** | **32** | **8,520** | **68** | **0** | **0** |
| **Other than Permanent employees** | | | | | | | | | | | |
| Male | 3 | - | - | - | - | - | - | - | - | - | - |
| Female | 9 | - | - | - | - | - | - | - | - | - | - |
| **Total** | **12** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |

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

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

| Category | % Of workers covered by | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total (A) | Health Insurance | | Accident insurance | | Maternity benefits | | Paternity Benefits | | Day Care Facilities | |
| | | Number (B) | % (B/A) | Number (C) | % (C/A) | Number (D) | % (D/A) | Number (E) | % (E/A) | Number (F) | % (F/A) |
| **Permanent workers** | | | | | | | | | | | |
| Male | - | - | - | - | - | - | - | - | - | - | |
| Female | - | - | - | - | - | - | - | - | - | - | |
| **Total** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | |
| **Other than Permanent workers** | | | | | | | | | | | |
| Male | - | - | - | - | - | - | - | - | - | - | |
| Female | - | - | - | - | - | - | - | - | - | - | |
| **Total** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | |

c. **Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format –**

| | FY 2023-24 (Current FY) | FY 2022-23 (Previous FY) |
|---|---|---|
| **Cost incurred on wellbeing measures as a % of total revenue of the company** | 0.08% | 0.07% |

2. **Details of retirement benefits.**

| Benefits | FY 2023-24 (Current FY) | | | FY 2022-23 (Previous FY) | | |
|---|---|---|---|---|---|---|
| | No. of employees covered as a % of total employees | No. of workers covered as a % of total workers | Deducted and deposited with the authority (Y/N/N.A.) | No. of employees covered as a % of total employees | No. of workers covered as a % of total workers | Deducted and deposited with the authority (Y/N/N.A.) |
| PF | 95 | 0 | Yes | 90 | 0 | Yes |
| Gratuity | 95 | 0 | Yes | 90 | 0 | Yes |
| ESI | 79 | 0 | Yes | 80 | 0 | Yes |
| Others – please specify | Not Applicable | | | Not Applicable | | |



3. **Accessibility of workplaces**

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

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

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

SFIL has Diversity and Inclusion Policy in place that demonstrates our commitment to providing equal opportunity in accordance with the Rights of Persons with Disabilities Act, 2016. This policy promotes diversity and inclusion throughout the organisation, ensuring a non-discriminatory workplace. It is applicable at all levels, from the Board of Directors to employees and workers. Employees are given equal opportunity for growth and advancement, with accommodations for people with impairments. SFIL maintains this policy through frequent training and monitoring, as well as a grievance redressal procedure.

5. **Return to work and retention rates of permanent employees and workers that took parental leave.** [UN SDG: 5.1,5.4,8.5,8.6]

| Gender | Permanent employees | | Permanent workers | |
|---|---|---|---|---|
| | Return to work rate | Retention rate | Return to work rate | Retention rate |
| Male | 100 | 73% | - | - |
| Female | 100 | 73% | - | - |
| **Total** | **100** | **73%** | **-** | **-** |

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

[UN SDG :16.6]

| | Yes/ No (If yes, then give details of the mechanism in brief) |
|---|---|
| **Permanent Workers** | SFIL has no permanent workers. |
| **Other than Permanent Workers** | SFIL has no permanent workers. |
| **Permanent Employees** | Yes, employee grievances are dealt with in accordance with business policies. We have formed dedicated HR committees to resolve employee issues at the restaurant and corporate levels. Employee grievances are treated in accordance with our code of conduct. |
| **Other than Permanent Employees** | The POSH policy allows employees to file complaints if they encounter sexual harassment at work. The Whistleblower policy allows employees to disclose concerns or incidents that they believe demonstrate malpractice or impropriety, such as criminal activities, unethical behavior, and so on, in a responsible manner. |

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

[UN SDG: 8.8]

| Category | FY 2023-24 (Current FY) | | | FY 2022-23 (Previous FY) | | |
|---|---|---|---|---|---|---|
| | Total employees / workers in respective category (A) | No. of employees / workers in respective category, who are part of association(s) or Union (B) | % (B/A) | Total employees / workers in respective category (C) | No. of employees / workers in respective category, who are part of association(s) or Union (D) | % (D/C) |
| **Total Permanent Employees** | | | | | | |
| - Male | - | - | - | - | - | - |
| - Female | - | - | - | - | - | - |
| **Total Permanent Workers** | | | | | | |
| - Male | - | - | - | - | - | - |
| - Female | - | - | - | - | - | - |

*Note: Our employees and workers do not have membership in association(s) or Unions recognized by the listed entity.*

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

[UN SDG: 4.3,5.1,8.2,8.5,10.3]

| Category | FY 2023-24 (Current FY) | | | | | FY 2022-23 (Previous FY) | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Total (A) | On Health and safety measures | | On Skill upgradation | | Total (D) | On Health and safety measures | | On Skill upgradation | |
| | | No. (B) | % (B/A) | No. (C) | % (C/A) | | No. (E) | % (E/D) | No. (F) | % (F/D) |
| **Employees** | | | | | | | | | | |
| Male | 8,523 | 8,523 | 100 | 8,523 | 100 | 7,455 | 7,455 | 100 | 7,455 | 100 |
| Female | 3,988 | 3,988 | 100 | 3,988 | 100 | 3,168 | 3,168 | 100 | 3,168 | 100 |
| **Total** | **12,511** | **12,511** | **100** | **12,511** | **100** | **10,623** | **10,623** | **100** | **10,623** | **100** |
| **Workers** | | | | | | | | | | |
| Male | - | - | - | - | - | - | - | - | - | - |
| Female | - | - | - | - | - | - | - | - | - | - |
| **Total** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |

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

[UN SDG: 4.3,5.1,8.5,10.3]

| Category | FY 2023-24 (Current FY) | | | FY 2022-23 (Previous FY) | | |
|---|---|---|---|---|---|---|
| | Total (A) | No. (B) | % (B/A) | Total (C) | No. (D) | % (D/C) |
| **Employees** | | | | | | |
| Male | 8,523 | 8,523 | 100 | 7,455 | 7,455 | 100 |
| Female | 3,988 | 3,988 | 100 | 3,168 | 3,168 | 100 |
| **Total** | **12,511** | **12,511** | **100** | **10,623** | **10,623** | **100** |
| **Workers** | | | | | | |
| Male | - | - | - | - | - | - |
| Female | - | - | - | - | - | - |
| **Total** | **-** | **-** | **-** | **-** | **-** | **-** |

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

[UN SDG: 3.3,3.5,3.8,8.8,16.7]

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

Yes, we are committed to providing a safe and healthy work environment for our employees. In line with our Occupational Health and Safety Policy, we have implemented numerous safety measures, including emergency preparedness action plans, safety measures, safety training, and other targeted programs. Our "Store Incident Management Tool" provides information on how to handle any situation. During the fiscal year ending March 31, 2024, we recorded 11 minor occurrences that were managed using our store's incident management system. To avoid operating hazards, we do frequent risk assessments and perform periodic maintenance on all our equipment and safety devices. Security is one of several measures implemented to guarantee the safety and well-being of female workers, particularly those working night shifts.

POSH policy and a regional disciplinary committee with a severe grievance redressal procedure assist our employees in highlighting key issues and concerns, which are resolved within the timeframe specified in policy.

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

Provided under point 15.

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

Yes. There are defined guidelines and reporting channels to guide our employees to report work-related hazards and incident management. These incidents are tracked for actions and redressal by the designated authorities. Insights gained serves as a basis for constant process improvements.

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

Yes, the company provides comprehensive health coverage for all employees and ensures the availability of first aid kits across its commercial sites. Additionally, we promote employee well-being through various health and wellness initiatives under the SoulAce program such as yoga workshops, and mindfulness exercises. These programmes are designed to support staff in enhancing their overall wellness by addressing the interconnected aspects of mind, body, and purpose. Through these efforts, we prioritize the health and happiness of our employees, fostering a work environment that values and promotes holistic well-being.

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

[UN SDG: 3.3,3.43.6,3.9,8.8,16.1]

| Safety Incident/Number | Category* | FY 2023-24 (Current FY) | FY 2022-23 (Previous FY) |
|---|---|---|---|
| Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked) | Employees | - | - |
| | Workers | - | - |
| Total recordable work-related injuries | Employees* | 11 | 9 |
| | Workers | - | - |
| No. of fatalities | Employees | - | - |
| | Workers | - | - |
| High consequence work-related injury or ill-health (excluding fatalities) | Employees | - | - |
| | Workers | - | - |

**Including the contract workforce*

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

[UN SDG: 3.6,8.8,16.1]

Provided under point 10 (a)

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

[UN SDG: 16.6]

| | FY 2023-24 (Current FY) | | | FY 2022-23 (Previous FY) | | |
|---|---|---|---|---|---|---|
| | Filed during the year | Pending resolution at the end of year | Remarks | Filed during the year | Pending resolution at the end of year | Remarks |
| Working Conditions | Nil | Nil | No complaints were filed about working conditions | Nil | Nil | No complaints were filed about working conditions |
| Health & Safety | Nil | Nil | There were no complaints submitted about our health and safety system. | Nil | Nil | There were no complaints submitted about our health and safety system. |

**14. Assessments for the year**

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

**Covered through routine internal inspections, and reviews*

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

[UN SDG: 8.8]

Details on our health and safety measures are provided under point 10 (a). we continue to build awareness on these measures through various employee engagement and training programs. All the safety incidents are tracked for redressal. Insights gained are used for upgrading and benchmarking our processes wherever needed.

**Leadership Indicators**

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

[UN SDG: 5.4,8.5]

(A) Employees: Yes, we have Benevolent funds covering all our employees.

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

We have implemented a supplier code of conduct that specifies our approach to responsible business practices, including legal and regulatory compliance, and all our suppliers are expected to follow it. We engage with our suppliers on a regular basis to raise awareness and ensure that they follow our supplier code of conduct.

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

| | Total no. of affected employees/ workers | | No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment | |
|---|---|---|---|---|
| | FY 2023-24 (Current FY) | FY 2022-23 (Previous FY) | FY 2023-24 (Current FY) | FY 2022-23 (Previous FY) |
| Employees | Nil | Nil | Nil | Nil |
| Working conditions | Nil | Nil | Nil | Nil |

**4. Does the entity provide transition assistance programmes to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)**

[UN SDG: 4.3,8.5,10.3]

No

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

SFILs' primary stakeholders, including the government regulators, shareholders, consumers, suppliers, investors, and communities, seek transparency regarding our sustainability performance. We prioritize recording and disclosing both quantitative and qualitative indicators to address critical sustainability issues. Collaborating with stakeholders is crucial for achieving our sustainability goals and aligning our activities with their expectations, mitigating risks, and identifying opportunities.

16 PEACE AND JUSTICE

**Essential Indicators**

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

[UNSDG: 16.7]

We prioritize and develop long-term partnerships with our stakeholders. Our approach to stakeholder identification and interaction is guided by the notions of materiality, comprehensiveness, and effective evaluation, as outlined in our ESG Policy. Our method includes identifying key stakeholders who are directly or indirectly affected by our operations or influence company choices.

We completed a rigorous Stakeholder Engagement and Materiality Assessment (SEMA) during fiscal year 2021-22, and as part of the process, we performed a 360-degree analysis of our business value chain to identify our major stakeholder groups and map stakeholder engagement mechanisms. These assessments are reviewed every year to ensure these are relevant to our operations and align with the expectations of our stakeholders.

Based on SEMA, we identified the following stakeholders as essential stakeholders:

1. Shareholders, Investors and Management
2. Government and Regulators
3. Employees
4. Customers
5. Supply Chain Partners Suppliers, Logistics providers

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

[UNSDG: 16.7]

| Stakeholder Group | Whether identified as Vulnerable & Marginalized Group (Yes/ No) | Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other | Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify) | Purpose and scope of engagement including key topics and concerns raised during such engagement |
|---|---|---|---|---|
| Shareholders, Investors and Management | No | • Annual investor meetings<br>• Annual general meetings<br>• Board meetings<br>• Quarterly investor calls<br>• Emails | Ongoing | • Business growth and profitability<br>• Risk management<br>• Transparency and disclosure |
| Government and Regulators | No | • Industry level consultations<br>• Discussion with government officials | Ongoing | • Compliance with statutory laws and regulations<br>• Contribute to national development |

| Stakeholder Group | Whether identified as Vulnerable & Marginalized Group (Yes/ No) | Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other | Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify) | Purpose and scope of engagement including key topics and concerns raised during such engagement |
|---|---|---|---|---|
| Employees | No | • Gallup employee engagement surveys<br>• Focused group discussions<br>• Townhalls<br>• Capacity building initiatives and training sessions<br>• Reward and recognitions | Ongoing | • Fair and equal opportunities<br>• Merit based career development<br>• Workplace safety<br>• Employee benefits<br>• Leadership connects sessions.<br>• Training and skill development |
| Customers | No | • Direct communications in restaurants<br>• Customer satisfaction Surveys and feedback<br>• Social media | Ongoing | • Safe, reliable, and delicious food<br>• Good dining experience and food Service<br>• Food quality<br>• Competitive pricing |
| Supply Chain Partners Suppliers, logistics providers | No | • Supplier meets.<br>• Industry associations | Ongoing | • Fulfil contractual obligations.<br>• Timely payment<br>• Long term business opportunity |

### Leadership Indicators

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

[UN SDG 16.7]

Our Board level ESG and CSR Committee is in the forefront of leading our sustainability initiatives and monitoring our ESG performance. This committee examines the identified material ESG topics on a regular basis and reports to the Board as needed. Any stakeholder complaints are resolved in accordance with the defined processes and overseen by the designated authorities for timely redressal and further reporting to the Board, ESG & CSR Committee based on the nature of the concerns.

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

During FY 2021-22, we engaged extensively with stakeholders to discern and rank material topics spanning our four ESG pillars: Our Food, Our People, Our Planet, and Our Governance. These assessments are reviewed every year to ensure these are relevant to our operations and align with the expectations of our stakeholders. Based on this collaborative effort, material topics were prioritised which reaffirmed our steadfast commitments to food safety, human capital, environmental sustainability, and robust governance practices. Through this dialogue, we refined our strategic action plans to effectively address these priorities, ensuring alignment with stakeholder expectations and advancing our sustainable business agenda.

**3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.**

[UN SDG 16.7]

Not Applicable.

**Principle 5: Businesses should respect and promote human rights.**

Our priority is ensuring a healthy, safe, and inclusive workplace. We extend our human rights policies and benefits to both employees and partners. We're committed to integrating human rights systematically into our operations, fostering decent working conditions, protecting stakeholders' rights, and promoting diversity and inclusion. We aim to be exemplary corporate citizens, positively impacting our communities.


### Essential Indicators

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

[UN SDG: 4.3, 8.5, 8.8, 10.3, 16.5, 16.7]

| Category | FY 2023-24 (Current FY) | | | FY 2022-23 (Previous FY) | | |
|---|---|---|---|---|---|---|
| | Total (A) | No. of employees / workers covered (B) | % (B/A) | Total (C) | No. of employees / workers covered (D) | % (D/C) |
| **Employees** | | | | | | |
| Permanent | 12,499 | 12,499 | 100 | 10,604 | 10,604 | 100 |
| Other than permanent | 12 | 12 | 100 | 19 | 19 | 100 |
| **Total employees** | **12,511** | **12,511** | **100** | **10,623** | **10,623** | **100** |
| **Workers** | | | | | | |
| Permanent | - | - | - | - | - | - |
| Other than permanent | - | - | - | - | - | - |
| **Total workers** | **-** | **-** | **-** | **-** | **-** | **-** |

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

[UN SDG: 1.2, 5.1, 8.5, 10.3]

| Category | FY 2023-24 (Current FY) | | | | | FY 2022-23 (Previous FY) | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Total (A) | Equal to minimum wage | | More than minimum wage | | Total (D) | Equal to minimum wage | | More than minimum wage | |
| | | No. (B) | % (B/A) | No. (C) | % (C/A) | | No. (E) | % (E/D) | No. (F) | % (F/D) |
| **Employees** | | | | | | | | | | |
| **Permanent** | **12,499** | **9,190** | **74** | **3,309** | **26** | **10,604** | **6,554** | **62** | **4,050** | **38** |
| Male | 8,520 | 5,954 | 70 | 2,566 | 30 | 7,448 | 4,330 | 58 | 3,118 | 42 |
| Female | 3,979 | 3,236 | 81 | 743 | 19 | 3,156 | 2,224 | 70 | 932 | 30 |
| **Other than Permanent** | **12** | **-** | **-** | **12** | **100** | **19** | **-** | **-** | **19** | **100** |
| Male | 3 | - | - | 3 | 100 | 7 | - | - | 7 | 100 |
| Female | 9 | - | - | 9 | 100 | 12 | - | - | 12 | 100 |
| **Workers** | | | | | | | | | | |
| **Permanent** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| Male | - | - | - | - | - | - | - | - | - | - |
| Female | - | - | - | - | - | - | - | - | - | - |
| **Other than permanent** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| Male | - | - | - | - | - | - | - | - | - | - |
| Female | - | - | - | - | - | - | - | - | - | - |

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

[UN SDG: 16.7]

**a. Median remuneration / wages:**

| | Male | | Female | |
|---|---|---|---|---|
| | Number | Median remuneration/ salary/ wages of respective category | Number | Median remuneration/ salary/ wages of respective category |
| Board of Directors (BoD) | 2 | 20,158,330 | 1 | 2,000,000 |
| Key Managerial Personnel | 2 | 1,10,57,501 | - | - |
| Employees other than BoD and KMP | 8,521 | 1,98,516 | 3,988 | 1,90,956 |
| Workers | - | - | - | - |

**b. Gross wages paid to females as % of total wages paid by the entity, in the following format:**

| | FY 2023-24 (Current FY) | FY 2022-23 (Previous FY) |
|---|---|---|
| **Gross wages paid to females as % of total wages** | **24** | **22** |

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

Yes. The company has a focal point in charge of resolving human rights issues. There are dedicated points of contacts to deal with Human Rights and other issues in accordance with the company policies. Further there is an adequate oversight mechanism over the resolution and reporting of these concerns.

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

[UN SDG: 16.6]

Our Code of Conduct and various policies on human rights provides for mechanisms for raising grievances, defines redressal procedures, authorities, and communication process. There are defined internal committee based on the nature of grievances to oversee the redressal and reporting. In addition to these processes, we regularly engage with our employees through various channels to understand their experience and get attention on any potential issues concerning human rights. The outcomes from these engagements are monitored by senior management team to strategize actions.

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

[UN SDG: 5.1,5.2,8.7,8.8,16.2,16.6]

| | FY 2023-24 (Current FY) | | | FY 2022-23 (Previous FY) | | |
|---|---|---|---|---|---|---|
| | Filed during the year | Pending resolution at the end of year | Remarks | Filed during the year | Pending resolution at the end of year | Remarks |
| Sexual Harassment | 7 | 1 | This has been closed subsequently | 9 | - | - |
| Discrimination at workplace | - | - | - | - | - | - |
| Child Labour | - | - | - | - | - | - |
| Forced Labour/Involuntary Labour | - | - | - | - | - | - |
| Wages | - | - | - | - | - | - |
| Other human rights related issues | - | - | - | - | - | - |

**7. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:**

| | FY 2023-24 (Current FY) | FY 2022-23 (Previous FY) |
|---|---|---|
| Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH) | 7 | 9 |
| Complaints on POSH as a % of female employees / workers | 0.2 | 0.3 |
| Complaints on POSH upheld | - | - |

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

[UN SDG: 16.6]

We are committed to "providing a safe workplace free of physical, verbal, and mental abuse. We also have a "zero tolerance" policy for harassment based on race, color, religion, sex, sexual orientation, gender identity or expression, pregnancy, age, national origin, disability, sexual harassment, and/or other actions that may create an objectionable or intimidating work environment, including unwanted or unsolicited sexual advances.

We have developed and implemented a policy to prevent sexual harassment in the workplace, including a process for receiving and redressing complaints, and constituted a committee to oversee its smooth operation. The policy also ensures that the complainant suffers no negative impacts in situations of discrimination and harassment. We have a policy of keeping the complainant's name anonymous.

We have implemented Whistleblower, Prevention of Sexual Harassment (POSH), and Diversity & Inclusion policies to prevent negative outcomes in discrimination and harassment cases. The goal of these policies is to deepen our commitment to creating a discrimination-free workplace with equal opportunities for all. We encourage our employees and workers to report any occurrence involving discriminatory behavior and adhere to stringent confidentiality protocols when dealing with sensitive information about the incident.

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

[UN SDG: 5.2,8.8,16.1,16.7]

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

**10. Assessments of the year**

[UN SDG: 5.2,8.7,16.2]

| | % of your plants and offices that were assessed (by entity or statutory authorities or third parties) |
|---|---|
| Child labour | 100* |
| Forced Labour/Involuntary Labour | 100* |
| Sexual harassment | 100* |
| Discrimination at workplace | 100* |
| Wages | 100* |
| Others – please specify | - |

**Covered through internal reviews.*

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

No significant risk has been identified during the assessment.

**Leadership Indicators**

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

[UN SDG: 16.6]

We respect human rights and have developed a Human Rights Policy. The policy outlines our approach to human rights and establishes stakeholder expectations about adherence to human rights principles. The policy describes the mechanisms for raising complaints, identifying the redressal authority, outlining the redressal process, and communicating. Our senior management and Company employees are governed by our Code of Conduct. Our "Supplier Code of Conduct" for value chain partners, suppliers, and service providers addresses key human rights concerns and our suppliers are obligated to ensure compliance with this code.

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

We uphold human rights standards via our Code of Conduct, mandating compliance for all employees. Additionally, our Supplier Code of Conduct articulates our human rights expectations, urging suppliers to adhere to these principles. Through these codes, we foster a culture of respect and accountability across our workforce and supply chain, emphasizing the importance of human rights adherence at every level of our operations.

Regular awareness and assessment are facilitated through various engagement programs. Feedback obtained through these programs are analyzed and actioned in accordance with the defined processes.

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

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

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

In line with our commitment to operate sustainably, we constantly monitor our actions to reduce our environmental footprint and impact on climate change. In line with our Environment Policy, we have aligned our processes to ensure energy conservation and increase our renewable energy mix, optimise our water consumption, and responsibly dispose of the waste generated in our operations, reduce our dependency on plastic by transitioning to sustainable packaging'

3 GOOD HEALTH AND WELL-BEING | 6 CLEAN WATER AND SANITATION | 7 AFFORDABLE AND CLEAN ENERGY | 8 DECENT WORK AND ECONOMIC GROWTH | 11 SUSTAINABLE CITIES AND COMMUNITIES | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 13 CLIMATE ACTION | 14 LIFE BELOW WATER | 15 LIFE ON LAND

**Essential Indicators**

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

[UNSDG: 7.2, 7.3, 8.4, 12.2, 13.1]

| Parameter | Unit | FY 2023-24 (Current FY) | FY 2022-23 (Previous FY) |
|---|---|---|---|
| **From Renewable Sources** | | | |
| Total electricity consumption (A) | TJ | 1.4 | 0.4 |
| Total fuel consumption (B) | TJ | - | - |
| Energy consumption through other sources | TJ | - | - |
| **Total energy consumed from renewable sources (A+B+C)** | **TJ** | **1.4** | **0.4** |
| **From Non-Renewable Sources** | | | |
| Total electricity consumption (D) | TJ | 292 | 240 |
| Total fuel consumption(E) | TJ | 172 | 148 |
| Energy consumption through other sources (F) | TJ | - | - |
| **Total energy consumed from non-renewable sources (D+E+F)** | **TJ** | **464** | **388** |
| **Total energy consumed (A+B+C+D+E+F)** | **TJ** | **465.4** | **388.4** |
| **Energy intensity per rupee of turnover** (Total energy consumed / Revenue from operations) | | 0.000000021 | 0.000000020 |
| **Energy intensity per rupee of turnover adjusted for Purchasing Power Parity** (PPP)* (Total energy consumed / Revenue from operations adjusted for PPP) | | 0.00000044 | 0.00000041 |
| **Energy intensity in terms of physical output** | TJ per transaction | 0.000010 | 0.000010 |
| **Energy intensity** (optional) – the relevant metric may be selected by the entity | TJ per restaurant | 0.63 | 0.63 |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

Yes, an independent assurance has been carried out by Bureau Veritas on the FY 2023-24 indicators in the table above.

* For the purpose of calculation of revenue adjusted Purchasing power parity (PPP), conversion factor @20.96 ₹/USD as per World Bank has been considered.

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

[UNSDG: 7.2, 8.4 12.2, 13.2]

We do not have any sites or facilities identified as designated consumers (DCs) under the Government of India's Performance, Achieve, and Trade (PAT) Scheme, hence the following indicator is not applicable to.

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

[UNSDG: 6.3, 6.4, 12.4]

| Parameter | FY 2023-24 (Current FY) | FY 2022-23 (Previous FY) |
|---|---|---|
| **Water withdrawal by source (in kilolitres)** | | |
| (i) Surface water | - | - |
| (ii) Groundwater | 109,856 | 32,021 |
| (iii) Third party water (Municipal water supplies) | 519,467 | 479,823 |
| (iv) Seawater / desalinated water | - | - |
| (v) Others | - | - |
| **Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)** | **629,323** | **511,844** |
| **Total volume of water consumption (in kilolitres)#** | **125,865** | **102,369** |
| **Water intensity per rupee of turnover** (Total water consumption / Revenue from operations) (KL/1 lakh inr) | 0.0000056 | 0.0000052 |
| **Water intensity per rupee of turnover adjusted for Purchasing Power Parity** (PPP)* (Total water consumption / Revenue from operations adjusted for PPP) | 0.000118 | 0.000109 |
| **Water intensity in terms of physical output** | **0.0028** kilolitres per transaction | **0.0025** kilolitres per transaction |
| **Water intensity** (optional) – (Water consumption/Ton of production. KL/TON) | 168 kilolitres per restaurant | 165 kilolitres per restaurant |

*# Water discharged is considered as 80% of the water withdrawn from source based on NITI Aayog report "Urban Wastewater Scenario in India" August 2022. Therefore, it is assumed that of the total water withdrawal, only 20% is consumed.*

Note: Indicate if any independent assessment / evaluation / assurance has been carried out by an external agency? (Y / N) If yes, name of the external agency.

Yes, an independent assurance has been carried out by Bureau Veritas on the FY 2024 indicators in the table above.

* For the purpose of calculation of revenue adjusted Purchasing power parity (PPP), conversion factor @20.96 ₹/USD as per World Bank has been considered.

**4. Provide the following details related to water discharged:**

[UN SDG 6.3]

| Parameter | FY 2023-24 (Current FY) | FY 2022-23 (Previous FY) |
|---|---|---|
| **Water discharge by destination and level of treatment (in kilolitres)** | | |
| **(i) To Surface water** | | |
| - No treatment | - | - |
| - With treatment – please specify level of treatment | - | - |
| **(ii) To Groundwater** | | |
| - No treatment | - | - |
| - With treatment – please specify level of treatment | - | - |
| **(iii) To Seawater** | | |
| - No treatment | - | - |
| - With treatment – please specify level of treatment | - | - |
| **(iv) Sent to third parties** | | |
| - No treatment | - | - |
| - With treatment – please specify level of treatment# | 503,458 | 409,475 |

| Parameter | FY 2023-24 (Current FY) | FY 2022-23 (Previous FY) |
|---|---|---|
| **(v) Others** | | |
| - No treatment | - | - |
| - With treatment – please specify level of treatment | - | - |
| **Total water discharged (in kilolitres)** | **-** | **-** |

*# Discharged water is filtered to remove all waste particles before release through the municipal sewage lines.*

Note: Water discharged is considered as 80% of the water withdrawn from source based on NITI Aayog report "Urban Wastewater Scenario in India" August 2022. Therefore, it is assumed that of the total water withdrawal, only 20% is consumed.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, an independent assurance has been carried out by Bureau Veritas on the FY 2024 indicators in the table above.

* For the purpose of calculation of revenue adjusted Purchasing power parity (PPP), conversion factor @20.96 ₹/USD as per World Bank has been considered.

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

[UN SDG 6.3, 6.4, 6.A, 12.4]

No but we've prioritized water conservation and recycling initiatives. These include advancements in RO membrane technology, aerated faucets, sensor-operated taps, and automated level sensors. Implementation of wastewater disposal systems and RO wastewater repurposing for flushing is in place. Through our RO pilot project, we target a substantial reduction in wastewater rejection over the period from 50-60% down to 15%. Furthermore, rainwater collection systems have been installed at our Mahim restaurant to conserve water. These multifaceted measures collectively aim to mitigate water wastage and promote sustainability within our operations.

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

[UN SDG 3.9, 12.4, 14.3, 15.2]

| Parameter | Please specify unit | FY 2023-24 (Current FY) | FY 2022-23 (Previous FY) |
|---|---|---|---|
| NOx | - | Not available | Not available |
| Sox | | Not available | Not available |
| Particulate Matter (PM) | | Not available | Not available |
| Persistent Organic Pollutants (POP) | | Not available | Not available |
| Volatile organic Compounds (VOC) | | Not available | Not available |
| Hazardous air pollutants (HAP) | | Not available | Not available |
| Others- please specify | | Not available | Not available |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Not Applicable

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

| Parameter | Unit | FY 2023-24 (Current FY) | FY 2022-23 (Previous FY) |
|---|---|---|---|
| **Total Scope 1 emissions** (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available) | Metric tonnes of $CO_2$ equivalent | 11,025 | 9,232 |
| **Total Scope 2 emissions** (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available) | Metric tonnes of $CO_2$ equivalent | 57,865 | 47,248 |
| **Total Scope 1 and Scope 2 emissions per rupee of turnover** (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations) | Metric tonnes of $CO_2$ equivalent | 0.0000031 | 0.0000029 |
| **Total Scope 1 and Scope 2 emission intensity adjusted for Purchasing Power Parity** (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations adjusted for (PPP)*) | Metric tonnes of $CO_2$ equivalent | 0.000065 | 0.000060 |
| **Total Scope 1 and Scope 2 emission intensity in terms of physical output** | Metric tonnes of $CO_2$ equivalent per transaction | 0.0015 | 0.0014 |
| **Total Scope 1 and Scope 2 emission intensity** (optional) – the relevant metric may be selected by the entity | Metric tonnes of $CO_2$ equivalent per restaurant | 92 | 91 |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, an independent assurance has been carried out by Bureau Veritas on the FY 2024 indicators in the table above.

* For the purpose of calculation of revenue adjusted Purchasing power parity (PPP), conversion factor @20.96 ₹/USD as per World Bank has been considered.

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

[UN SDG 3.9, 7.2, 12.4, 13.1, 14.3, 15.2]

Yes. We are focused on ensuring that our new restaurants adhere to green building standards. In addition, we are increasing our renewable installations to use solar energy, which has been put in 45 restaurants. We installed a VFD for the exhaust and used capacitor improvement technologies to conserve energy and minimise overall GHG emissions. We employ LED lighting, and all our electrical equipment are environment friendly, with a moderate to high star rating. To run efficiently, conserve energy and reduce total emissions, we employ an automated Energy Management System to control our restaurant's electrical equipment. We have an internal checklist based on IGBG guidelines for green building which helps us to select and operate new restaurants in a more sustainable and eco-friendly manner.

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

[UNSDG: 3.9, 6.6, 8.4, 11.2, 11.6, 12.4, 15.1]

| Parameter | FY 2023-24 (Current FY) | | FY 2022-23 (Previous FY) | |
|---|---|---|---|---|
| **Total Waste generated (in metric tonnes)** | | | | |
| Plastic waste **(A)** | - | | - | |
| E-waste **(B)** | - | | - | |
| Bio-medical waste **(C)** | - | | - | |
| Construction and demolition waste **(D)** | - | | - | |
| Battery Waste **(E)** | - | | - | |
| Radioactive waste **(F)** | - | | - | |
| Other Hazardous waste. Please specify, if any. **(G)** | | | | |
| Other Non-hazardous waste generated **(H)**. Please specify, if any. (Break-up by composition i.e., by materials relevant to the sector) | Type of waste | Weight in Mt | Type of waste | Weight in Mt |
| | Used Cooking oil | 377 | Used Cooking oil | 183 |
| | Restaurant Food | 1,076 | Restaurant Food | 1,050 |
| | Restaurant Beverage | 5 | Restaurant Beverage | 4 |
| | Restaurant Paper & Packaging | 0.6 | Restaurant Paper & Packaging | 7 |
| | Packaging (at customer end) | 2,380 | Packaging (at customer end) | 1,965 |
| **Total (A+B + C + D + E + F + G + H)** | **3,839** | | **3,209** | |
| **Waste intensity per rupee of turnover (Total waste generated / Revenue from operations)** | 0.00000017 | | 0.00000016 | |
| **Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total waste generated / Revenue from operations adjusted for PPP)** | 0.0000036 | | 0.0000034 | |

| Parameter | FY 2023-24 (Current FY) | FY 2022-23 (Previous FY) |
|---|---|---|
| **Waste intensity in terms of physical output** | 0.000084 Mt per transaction | 0.000080 Mt per transaction |
| **Waste intensity (optional) – the relevant metric may be selected by the entity** | 5 Mt Per Restaurant | 5 Mt Per Restaurant |

| **For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)** | | |
|---|---|---|
| **Category of waste** | | |
| (i) Recycled | Used Cooking oil – 377 | Used cooking oil – 183 |
| (ii) Re-used | - | - |
| (iii) Other recovery operations | - | - |
| **Total** | **377** | **183** |
| **For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)** | | |
| **Category of waste** | | |
| (i) Incineration | - | - |
| (ii) Landfilling | - | - |
| (iii) Other disposal operations | 1,082 | 1,061 |
| **Total** | **1,082** | **1,061** |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, an independent assurance has been carried out by Bureau Veritas on the FY 2024 indicators in the table above.

* For the purpose of calculation of revenue adjusted Purchasing power parity (PPP), conversion factor @20.96 ₹/USD as per World Bank has been considered.

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

[UN SDG 3.9, 6.3, 6.6, 8.4, 11.6, 12.4]

Our food waste reduction programme is an important part of our efforts to reduce our environmental impact. Our meal estimating programme, which utilises real-time data points, is a critical initiative. This enables us to prepare the appropriate amount of food for a given period, considerably reducing food waste. We recycle 100% of used cooking oil through licenced vendors who are contractually required to dispose of it in compliance with legislation.

Our waste management policy illustrates our determination to appropriately manage our waste. We ensure that our E-waste is safely disposed of by authorised partners. We are developing a variety of methods and practices for collecting and monitoring waste generation in order to reduce waste and recycle as much waste as feasible.

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

[UN SDG 6.6, 14.2, 15.1, 15.5]

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

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

[UN SDG 6.3, 6.A, 12.4]

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

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

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

**Leadership Indicators**

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

[UN SDG 8.4, 11.6, 12.2, 12.4]

| Initiative undertaken | Details of the initiative (Web-link, if any, may be provided along-with summary) | Outcome of the initiative |
|---|---|---|
| Green Buildings | As we grow our restaurant portfolio, we are incorporating Indian Green Building Council (IGBC) methods and recommendations in all our new restaurants. While opening new restaurants we implement IGBC guidelines wherever possible. This is accomplished by utilizing our energy management systems (EMS), waste reduction methods, water conservation strategies, and green building goods for both interior and exterior construction. We are further working on expanding this endeavour to include our present establishments. | Increased restaurant sustainability |
| Renewable Energy | We are committed to growing our use of renewable energy while working to reduce energy consumption across all our locations. As we expand, our operations teams search for ways to increase the amount of renewable energy we utilise, such as adding solar at our restaurants wherever possible. In our effort to reduce greenhouse gas emissions, we've expanded our solar rooftop capacity from 12 to 45 restaurants. As a continuous process, we are committed to increasing this capacity in the upcoming years as part of our sustainability objectives. | Reduced overall GHG emission |
| Energy Management System (EMS) | In our restaurants, the automated EMS system manages power distribution and usage. It helps to extract and analyse data on a regular basis. This information enables us to detect energy conservation opportunities and implement corrective actions. With the integration of IoT (internet of things) in our EMS we are reducing and optimising our energy efficiency throughout our operations. | Increased restaurant efficiency |
| Packaging Waste | We have significantly reduced our plastic waste by substituting single-use plastics with paper-based packaging at the consumer end. All our paper-based packaging used in our consumer side of supply chain are FSC (Forest Stewardship Council) certified | Reduced plastic waste and responsible supply chain |
| Cooking Oil Waste | We use RSPO-certified cooking oil, and responsibly recycle 100% of used cooking oil into biofuels, reinforcing our sustainable future commitment. | Responsible Supply Chain Sustainable waste recycling |
| Food Waste Management | We make use of IoT (internet of things) at our restaurant to estimate our food production quantity. This helps us store our raw food efficiently and serve them fresh as estimated by our IoT (internet of things) based algorithm at our restaurants. | Reducing Food Waste |

| Initiative undertaken | Details of the initiative (Web-link, if any, may be provided along-with summary) | Outcome of the initiative |
|---|---|---|
| Water Conservation | To minimise overall water usage and boost water consumption efficiency, our restaurants use low-flow fixtures and aerated faucets, foot operated and sensor-based taps, and reject less water in our RO systems. We have a rainwater harvesting pilot plan in place and are looking for ways to expand it. | Reduced Water Consumption |

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

Yes. We have a Business Continuity Policy in place. The policy describes the various business continuity impacts and events, defines our plan of action to address and recover, assigns responsibilities, and establishes reporting and review procedures.

We understand the importance of sustaining smooth operations even in the face of unexpected circumstances. Our Risk Management framework (ERM) encompasses practices relating to the identification, evaluation, response, mitigation, and monitoring of the strategic, operational, reporting and compliance risks to achieve our key business objectives.

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

SFIL is committed to open communication, ethical conduct, ensuring compliance with regulatory standards and prioritizing the public interest. Our approach ensures clear communication of our objectives and impacts, avoiding conflicts of interest, and upholding high ethical standards. By doing so, we aim to contribute positively to the communities we serve while fostering trust and credibility in our advocacy efforts.


**Essential Indicators**

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

SFIL actively interacts and communicates with trade and industry chambers/associations to maintain links and address common issues affecting businesses and communities. SFIL is affiliated with two important trade and industrial chambers/ associations, which promotes knowledge sharing and drives beneficial reforms. By participating in these alliances, SFIL demonstrates its commitment to supporting sustainable practices and making a meaningful difference in the communities it serves.

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

Engaging with industry associations provides a valuable opportunity to stay current, allowing us to be prepared in a turbulent world. As a prominent player in the service business, we engage in a variety of interactions with members of the associations listed below.

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

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

[UN SDG: 16.3]

During the reporting period, SFIL did not encounter any instances of anti-competitive behaviour reported by regulatory authorities, demonstrating our commitment to ethical business practices and compliance with competition regulations.





| Name of authority | Brief of the case | Corrective action taken |
|---|---|---|
| Nil | Nil | Nil |

**Principle 8: Businesses should promote inclusive growth and equitable development**

Decades of globalization and technological advancement have spurred swift economic growth, yet the benefits have been unevenly shared. SFIL aims to address this imbalance, tackling heightened economic and social insecurity, along with global issues. We prioritize integrating Inclusive Growth into critical business decisions, offering a framework for both our company and Stakeholder


**Essential Indicators**

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

[UN SDG 1.4, 2.3, 9.1, 9.4, 11.2]

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

| Name and brief details of project | SIA Notification No. | Date of notification | Whether conducted by independent external agency (Yes / No) | Results communicated in public domain (Yes / No) | Relevant Web link |
|---|---|---|---|---|---|
| Not applicable. As we are a service-based industry, SIAs do not apply to use. | | | | | |

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

[UN SDG 1.4, 2.3, 9.1, 11.2]

Not Applicable

| S. No. | Name of Project for which R&R is ongoing | State | District | No. of Project Affected Families (PAFs) | % Of PAFs covered by R&R | Amounts paid to PAFs in the 2022-23 (In ₹) |
|---|---|---|---|---|---|---|
| NA | NA | NA | NA | NA | NA | NA |

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

[UN SDG 1.4, 2.3, 9.1, 9.4, 16.6]

Through our community involvement programmes, we are committed to the social and economic development of the communities in which we operate. We constantly communicate with communities to resolve their concerns and grievances. We contribute to institutions that engage in activities that are congruent with their CSR policy. Furthermore, the Company has a Whistleblower Policy in place that allows all stakeholders to report grievances.

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

[UN SDG 8.3]

| | FY 2023-24 (Current FY) | FY 2022-23 (Previous FY) |
|---|---|---|
| Directly sourced from MSMEs / small producers | 30 | We procure raw materials from MSMEs and regional vendors and establish partnerships with local businesses near our restaurants across India. This collaboration fosters local employment opportunities while fulfilling our supply requirements, emphasizing our commitment to supporting local economies and communities. |
| Directly from within India | 100 | |

**5. Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis) in the following locations, as % of total wage cost:**

| Location | FY 2023-24 (Current FY) | FY 2022-23 (Previous FY) |
|---|---|---|
| Rural | - | - |
| Semi-urban | 1 | 1 |
| Urban | 16 | 15 |
| Metropolitan | 83 | 84 |

*(Place to be categorized as per RBI Classification System - rural / semi-urban / urban / metropolitan)*

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

At SFIL, we prioritize consumer satisfaction by engaging with them responsibly and delivering value through uncompromising food safety and quality. Transparency in sourcing and production processes builds trust with our patrons. By consistently prioritizing consumer well-being and contentment, we foster lasting relationships and trust in every bite.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

16 PEACE AND JUSTICE

**Essential Indicators**

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

[UN SDG: 16.6]

We utilize a Guest Experience Survey to gauge customer sentiments, covering aspects like friendliness, cleanliness, and food quality. Following our service, customers receive this survey via SMS to provide their feedback.. We also monitor social media for further customer reviews and address them promptly to ensure satisfaction. Additionally, a mystery audit is conducted to gain deeper insights into the client experience, enabling us to enhance our services effectively.

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

[UN SDG: 12.8]

| | As a percentage to total turnover |
|---|---|
| Environmental and social parameters relevant to the product | 100%, all products offered contain information on nutritional value, per served value, warnings, allergens, and recycling |
| Safe and responsible usage | |
| Recycling and/or safe disposal | |

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

[UN SDG: 16.3,16.10]

| | FY 2023-24 (Current FY) | | Remarks | FY 2022-23 (Previous FY) | | Remarks |
|---|---|---|---|---|---|---|
| | Received during the year | Pending resolution at end of year | | Received during the year | Pending resolution at end of year | |
| Data privacy | Nil | Nil | - | Nil | Nil | - |
| Advertising | Nil | Nil | - | Nil | Nil | - |
| Cyber-security | Nil | Nil | - | Nil | Nil | - |
| Delivery of essential services | Nil | Nil | - | Nil | Nil | - |
| Restrictive Trade Practices | Nil | Nil | - | Nil | Nil | - |
| Unfair Trade Practices | Nil | Nil | - | Nil | Nil | - |
| Other* | 45,164 | Nil | - | 34,144 | Nil | - |

**Retail customer complaints*

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

[UN SDG: 16.3]

| | Number | Reasons for recall |
|---|---|---|
| Voluntary recalls | Not Applicable | |
| Forced recalls | | |

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

[UN SDG: 16.3, 16.10]

Yes, our IT policy and privacy policy serve as a framework and data confidentiality is also enforced through our Code of Conduct.

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

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

**7. Provide the following information relating to data breaches:**

[UN SDG: 16.3]

During FY 2023-24 there were no such instances faced at SFIL.

**a. Number of instances of data breaches.**

0

**b. Percentage of data breaches involving personally identifiable information of consumers**

0

**c. Impact if any of the breaches**

Not Applicable

**Leadership Indicators**

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

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

Pizza Hut Corporate Website: http://www.pizzahut.co.in

KFC Corporate Website: http://www.kfc.co.in

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

   [UN SDG 12.8, 16.3]

We uphold compliance with marketing communication regulations encompassing advertising, promotions, and sponsorships. Our commitment extends to ensuring ethical marketing and advertising practices, ensuring customers are well-informed about allergens present in their meals through our comprehensive nutrition brochure. This empowers them to make informed decisions. These informational pamphlets are readily available to customers upon request at all our restaurants, facilitating transparency and customer satisfaction. By adhering to these standards and providing valuable resources, we prioritize customer safety and choice while maintaining regulatory standards across our marketing initiatives.

4. **Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole. (Yes/No)**

   [UN SDG 12.8,16.3]

No, we show all necessary product information in compliance with the applicable legal requirements established by national and state legislation. Furthermore, we display additional product information to help customers consume our food products more efficiently.

Yes, we perform customer satisfaction surveys on a regular basis and improvises our processes wherever necessary.

# INDEPENDENT ASSURANCE STATEMENT

To

**The Board of Directors of Sapphire Foods India Limited**

## Introduction and objectives of work

Sapphire Foods India Limited (hereafter stated as 'Sapphire Foods' or the 'Company') has engaged us to undertake an Independent Assurance of the company's Sustainability/ Non-Financial Performance disclosures in its Business Responsibility & Sustainability Report (BRSR) for the financial year ended 31st March 2024 and provide Limited Assurance Statement on the aforesaid report.

## Scope of Work

We have performed the Limited Assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), Standard on Sustainability Assurance Engagements (SSAE) 3000 and in line with the requirements of Bureau Veritas's standard procedures and guidelines for external Assurance of Sustainability Reports, based on current best practice in independent assurance.

The reporting boundaries considered for this reporting period are as follows:

Entire organization of Sapphire Foods India Limited on Standalone basis for the reporting period 1st April 2023 to 31st March 2024.

As part of independent Limited assurance, we assessed the appropriateness and robustness of underlying reporting systems and processes, used to collect, analyse and review the information reported. In this process, we undertook the following activities:

Assessment was conducted by means of physical site visits at corporate office and sample stores. Bureau Veritas interviewed personnel of Company including Maintenance & Operations, HR, Finance, Supply Chain Management and other relevant departments and review of Company's data & information systems for collection, aggregation, analysis and review.

The assurance process involved carrying out an Assessment by experienced assessors from Bureau Veritas.

Data on various BRSR topics was assessed for the locations that were visited. Later, it was confirmed that the same assessed data went into preparation of the final data within the BRSR Report 2023-24.

## Management Responsibility

The Selection of reporting criteria, reporting period, reporting boundary, monitoring and measurement of data, preparation, and presentation of information in the BRSR report are the sole responsibility of the Company and its management. We are not involved in drafting or preparation of BRSR Report. Our sole responsibility is to provide independent Limited assurance on the BRSR report for the financial year ended 31st March 2024.

## Our findings

On the basis of our methodology and the activities described above,

- Nothing has come to our attention to indicate that the BRSR disclosures are inaccurate or that the information included therein is not fairly stated.
- It is our opinion that Company has established appropriate systems for the collection, aggregation, and analysis of data on Sustainability / Non-Financial performance disclosures in the BRSR.
- The BRSR Report provides a fair representation of the Company's sustainability activities as included therein.
- The information is presented in a clear, understandable, and accessible manner, and allows readers to form a balanced opinion over Sustainability / Non-Financial performance disclosures of the Company as reported in BRSR for the reporting period.

## Limitations and Exclusions

Excluded from the scope of our work is any assurance of information relating to:

- Activities outside the defined assurance period.

- Positional statements (expressions of opinion, belief, aim or future intention by the Company and statements of future commitment.
- Competitive claims, if any, in the report claiming, "first company in India", "first time in India", "first of its kind", etc.

Our assurance does not extend to the activities and operations of the Company outside of the scope and reporting boundaries as well as the operations undertaken by any subsidiaries or joint ventures of the Company.

Our assurance on economic and financial performance data or information of the Company is based only on the annual audited statement of accounts of the Company for the Financial Year 2023-24 and our conclusions rest solely upon that audited report.

This independent statement should not be relied upon to detect all errors, omissions or misstatements that may exist within the Report.

## Statement of Independence, Integrity, and Competence

Bureau Veritas is an independent professional services company that specialises in quality, environmental, health, safety, and social accountability with over 195 years history. Its assurance team has extensive experience in conducting assessment over environmental, social, ethical and health and safety information, systems and processes.

Bureau Veritas operates a certified Quality Management System which complies with the requirements of ISO 9001:2015, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Bureau Veritas has implemented and applies a Code of Ethics, which meets the requirements of the International Federation of Inspections Agencies (IFIA), across the business to ensure that its employees maintain integrity, objectivity, professional competence and due care, confidentiality, professional behaviour, and high ethical standards in their day-to-day business activities.

The assurance team for this work does not have any involvement in any other Bureau Veritas projects with Sapphire Limited.

## Competence

The assurance team has extensive experience in conducting assurance over environmental, social, ethical, and health & safety information, systems and processes an excellent understanding of Bureau Veritas standard methodology for the Assurance of Sustainability Reports.

## Restriction on use of Our Report

Our Limited assurance report has been prepared and addressed to the Board of Directors of the Company at the request of the company solely to assist the company in reporting on the Company's Sustainability performance and activities. Accordingly, we accept no liability to anyone, other than the Company. Our deliverables should not be used for any other purpose or by any person other than the addressees of our deliverables. The Firm neither accepts nor assumes any duty of care or liability for any other purpose or to any other party to whom our Deliverables are shown or into whose hands it may come without our prior consent in writing.

**M Rama Mohan Rao**
Lead Assuror
Bureau Veritas India Private Limited

Hyderabad, India
Dt: July 1st, 2024

**Mr Rupam Baruah**
Technical Reviewer
Bureau Veritas India Private Limited

Kolkata, India
Dt: July 3rd, 2024



# ANNUAL REPORT ON CSR ACTIVITIES

## 1. Brief outline on CSR Policy of the Company:

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

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

**CSR Policy – Objectives & Initiatives**

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

In line with Schedule VII of the Act and the CSR Rules, the Company shall undertake CSR activities included in its Annual CSR Plan, as recommended by the CSR & ESG Committee at the beginning of each year. The Committee is 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 & ESG Committee

The Composition of CSR & ESG Committee of the Board of Directors of Sapphire Foods India Limited as on 31st March 2024, was as under:

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

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

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

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

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

C. CSR Projects approved by the Board: Not Applicable

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

Not Applicable

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

Not Applicable

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

NIL

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

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

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

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

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

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

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

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

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

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

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

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

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

**10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details):**

Not Applicable

**11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5):**

Not Applicable

Date: 10th May 2024
Place: Mumbai

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

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

# DISCLOSURE UNDER SECTION 197(12) OF THE COMPANIES ACT 2013:

## PART (A) – DISCLOSURE AS REQUIRED UNDER RULE 5(1) OF THE COMPANIES (MANGEMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014:

**1. The ratio of the remuneration of each director to the median remuneration of the employees of the company and percentage increase in remuneration of Director, CFO, CS or Manager if any for the financial year ending 31st March 2024:**

| Sr. No. | Name of the Director / KMP | Designation | Ratio of remuneration of each Director/ KMP to the median remuneration of employees for FY 2023-24 | Percentage Increase in Remuneration (%) |
|---|---|---|---|---|
| 1. | Mr. Sanjay Purohit* | Whole-time Director & Group CEO | 194.95 | - |
| 2. | Mr. Sumeet Narang | Non-Executive Nominee Director | - | - |
| 3. | Mr. Vikram Agarwal | Non-Executive Nominee Director | - | - |
| 4. | Mr. Kabir Thakur | Non-Executive Nominee Director | - | - |
| 5. | Mr. Vinod Nambiar | Non-Executive Nominee Director | - | - |
| 6. | Mr. Norbert Fernandes | Non-Executive Nominee Director | - | - |
| 7. | Mr. Sunil Chandiramani | Independent Director | 12.88 | 25% |
| 8 | Ms. Anu Aggarwal | Independent Director | - | - |
| 9. | Ms. Deepa Wadhwa | Independent Director | 10.31 | 33% |
| 10. | Mr. Vijay Jain | Chief Financial Officer | 98.06 | 12% |
| 11 | Mr. Sachin Dudam | Company Secretary & Compliance Officer | 15.94 | 8% |

** There has been no increase in the remuneration of Mr. Sanjay Purohit.*

**2.** The percentage increase in the median remuneration of employees in the financial year ending 31st March 2024: **6.2 %**

**3.** The number of permanent employees on the rolls of the company as on 31st March 2024: **12500**

**4.** 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: **9.9%**

**5.** It is hereby affirmed that the remuneration paid is as per the Remuneration Policy of the Company.

FORM No. MR-3

# SECRETARIAL AUDIT REPORT

## FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2024

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
**Sapphire Foods India Limited**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Sapphire Foods India Limited** (CIN: L55204MH2009PLC197005) (hereinafter called "the Company").

The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing 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, 2024 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, 2024 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the Rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder for compliance to the extent of Foreign Direct Investment and Overseas Direct Investment and External Commercial Borrowings, **as applicable**;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'), **as amended from time to time:**-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

(d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;

(e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client – **Not Applicable to the Company**;

(f) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 - **Not applicable to the Company**;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 - **Not applicable to the Company**;

(h) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 - **Not applicable to the Company**;

(i) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.

(vi) Other specific business/industry related laws applicable to the Company:

The Company has complied with specific applicable laws, rules, regulations and guidelines viz.,

a) Food Safety and Standards Act, 2006 and Rules thereunder;

b) Prevention of Food Adulteration Act, 1954 and Rules thereunder;

c) The Legal Metrology Act, 2009 and Rules thereunder;

d) The Legal Metrology (Packaged Commodities) Rules, 2011 and;

other applicable general laws, rules, regulations and guidelines.

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India; and

(ii) SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**We further report that**

As on the end of the reporting period, the Board of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for a meaningful participation at the meeting.

The minutes of the Board Meetings and Committee Meetings have not identified any dissent by members of the Board/Committee of the Board, hence we have no reason to believe that the decisions by the Board were not approved by all the directors present. The Minutes of the Board Meetings and Committee Meetings were duly approved at the meeting by the Chairman of the Meeting.

**We further report that** there are adequate systems and processes in the Company commensurate with its size and operations, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. As informed, the Company has responded appropriately to communication received from various statutory / regulatory authorities including initiating actions for corrective measures, wherever found necessary.

**We further report that** during the audit period the following events/actions have taken place, having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines and standards:

1. Issue and Allotment of 1,61,875 Equity shares of face value of ₹ 10/- each under the Sapphire Foods Employee Stock Option Plan 2017 during the financial year.

2. The Merger Petition was jointly filed by the Company together with the Transferor Companies viz. Gamma Pizzakraft Private Limited ("GPPL") and Gamma Pizzakraft (Overseas) Private Limited ("GPOPL") under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 before the Hon'ble National Company Law Tribunal ("NCLT"), Mumbai Bench on 15th December 2023. Hon'ble NCLT, Mumbai vide order reference number C.P. (CAA)/312/MB-I/2023 dated 20th March 2024, approved the Scheme of Merger by absorption of Gamma Pizzakraft Private Limited ("GPPL") and Gamma Pizzakraft (Overseas) Private Limited ("GPOPL") with the Company and the said Scheme Order was effective from the close of business hours of 31st March 2024.

Place : USA
Date : 10th May 2024

**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 : F005559F000348330]

**Note:** This report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report.

## Annexure A

To,
The Members,
**Sapphire Foods India Limited**

Our Secretarial Audit Report of even date is to be read along with this letter.

1. The compliance of provisions of all laws, rules, regulations, standards applicable to **Sapphire Foods India Limited** (hereinafter called 'the Company') is the responsibility of the management of the Company. Our examination was limited to the verification of records and procedures on test check basis for the purpose of issue of the Secretarial Audit Report.
2. Maintenance of secretarial and other records of applicable laws is the responsibility of the management of the Company. Our responsibility is to issue Secretarial Audit Report, based on the audit of the relevant records maintained and furnished to us by the Company, along with explanations where so required.
3. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial and other legal records, legal compliance mechanism and corporate conduct. Further part of the verification was done on the basis of electronic data provided to us by the Company and on test check basis to ensure that correct facts as reflected in secretarial and other records produced to us. We believe that the processes and practices we followed, provides a reasonable basis for our opinion for the purpose of issue of the Secretarial Audit Report.
4. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
5. Wherever required, we have obtained the management representation about list of applicable laws, compliance of laws, rules and regulations and major events during the audit period.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place : USA
Date : 10th May 2024

**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 : F005559F000348330]





# 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, 2024, 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 material accounting policies and other explanatory information.in which are included the financial statements for the year ended on that date audited by the other auditors of the Company's merged subsidiaries namely Gamma Pizzakraft Overseas Private Limited and Gamma Pizzakraft Private Limited, located in Mumbai, India.

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 merged subsidiaries, 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, 2024, its profit including other comprehensive income, 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, 2024. 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, 2024, the Company has carrying amount of Goodwill of 1,058.61 million pertaining to a single cash generating unit (CGU) i.e KFC brand<br>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, 2024. | Our audit procedures included the following:<br>• Obtained an understanding of the process followed by the management to determine the recoverable` amounts of cash generating units determined by the Company.<br>• Evaluated the design and implementation and tested the operating effectiveness of key internal financial controls related to the Company's process relating to review of the annual impairment analysis. |

| Key audit matters | How our audit addressed the key audit matter |
|---|---|
| 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.<br>Changes in certain methodologies and assumptions can lead to significant changes in the assessment of the recoverable value.<br>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. | • Assessed Company's valuation methodology applied in determining recoverable value including the reasonableness of identification of cash generating units and around the key drivers (cash flow forecasts, discount rates, expected growth rates, forecasted margins and terminal growth rates) based on our knowledge of the Company and Industry. Compared the historical accuracy by comparing past forecasts to actual results achieved.<br>• Assessed the recoverable value headroom by performing sensitivity testing of key assumptions used by the Company.<br>• Tested the arithmetical accuracy of the computation of recoverable amounts of cash generating unit.<br>• Assessed the disclosures made in the standalone financial statements. |
| **Impairment assessment of Investments and Inter Corporate Deposit in Subsidiary** *(as described in Note 33(b) of the standalone financial statements)* | |
| The Company has a gross investment amounting to ₹ 215.96 million and inter-corporate deposit (ICD) amounting to ₹ 241.56 million as at 31 March 2024 in its wholly owned subsidiaries namely Gamma Pizzakraft (Lanka) Private Limited.<br>Considering the macroeconomic challenges faced by Sri Lanka on account of high inflationary pressures, depletion of forex reserves, significant depreciation of Sri Lankan currency to INR, shortage of fuel, and the Sri Lankan government seeking financial assistance from International Monetary Fund (IMF), the situation provides an indicator for impairment in the investment. In the current year, there has been improvement in the economy, the forex rate has started stabilizing with controlled inflation.<br>Management has used external specialists for determination of discount rates to be applied to the future cash flows as forecasted by the Company to support the computation of recoverable amounts of its investments based on value-in-use method after taking into consideration potential impact of ongoing crisis.<br>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 (Lanka) Private Limited included the following:<br>• Evaluated the design and implementation and tested the operating effectiveness of key internal financial controls related to the Company's process relating to impairment review.<br>• Evaluated the assumptions applied by the Company in relation to the future projections of the business in Sri Lanka including understanding of management's assessment of business impact based on current market and economic conditions arising from the ongoing macroeconomic challenges faced by Sri Lanka.<br>• Assessed Company's valuation methodology applied in determining recoverable value including the reasonableness of the key drivers (cash flow forecasts, discount rates, expected growth rates, forecasted margins and terminal growth rates) based on our knowledge of the Company and Industry. Compared the historical accuracy by comparing past forecasts to actual results achieved.<br>• 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.<br>• We also assessed the recoverable value headroom by performing sensitivity testing of key assumptions used.<br>• Assessed the disclosures made in the standalone financial statements. |

We have determined that there are no other key audit matters to communicate in our report.

## Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial statements of the merged subsidiaries to express an opinion on the standalone financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of the components which have been audited by us. For the merged subsidiaries included in the standalone 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 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, 2024 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

In connection with the merger of two wholly owned subsidiaries Gamma Pizzakraft Overseas Private Limited and Gamma Pizzakraft Private Limited into the Company as more fully described in note 41 of the standalone financial statements (referred to as "merged subsidiaries"), we did not audit the comparative financial information of the merged subsidiaries as considered in these standalone financial statements for the year ended March 31, 2023, whose financial statements reflects total assets of ₹ 1,022.53 million as at March 31, 2023 and total revenues of ₹ 183.63 million and net cash inflows of ₹ 1.74 million for the year ended March 31, 2023.

We also did not audit the financial statements and other financial information of the merged subsidiaries included in the accompanying standalone financial statements for the year ended March 31, 2024 of the Company whose financial statements and other financial information reflect total assets of ₹ 854.81 million as at March 31, 2024 and the total revenues of ₹ 173.51 million and net cash outflows of 27.39 million for the year ended on that date.

The above financial statements and other financial information has been audited by another auditor whose report has been furnished to us by the management and our opinion on the standalone financial statements, in so far as it relates to the amounts and disclosures included in respect to the merged subsidiaries, is based solely on the report of the other auditor, as adjusted for the accounting effects of the Scheme recorded by the Company (in particular, the accounting effects of Ind AS 103 – Business Combinations) and other consequential adjustments, which have been audited by us.

Our opinion is not modified in respect of these matters.

## 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 merged subsidiaries, as noted in the 'Other Matter' paragraph 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, to the extent applicable, 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 and proper reports adequate for the purposes of our audit have been received from the other auditors except for the matters stated in the paragraph 2(i)(vi) below on reporting under Rule 11(g).

   (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 and with the reports received from the other auditors of the merged subsidiaries.

   (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, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act;

   (f) The modification relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph 2(b) above on reporting under Section 143(3)(b) and paragraph 2(i)(vi) below on reporting under Rule 11(g).

   (g) 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;

   (h) In our opinion, the managerial remuneration for the year ended March 31, 2024 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;

   (i) 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, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

      b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

      c) Based on such audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v. No dividend has been declared or paid during the year by the Company.

vi. Based on our examination which included test checks, the Company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software except that, audit trail feature is not enabled for certain changes made, if any, using administrative access rights, as described in note 47 to the financial statements. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with in respect of the accounting software.

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

per **Poonam Todarwal**
Partner
Membership Number: 136454
UDIN: 24136454BKFOEO1610

Place of Signature: Mumbai
Date: May 10, 2024

## "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.

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

(i) (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.

(i) (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 13 lease agreements of immovable properties as indicated below as at March 31, 2024 and as disclosed in note 44 to the financial statements, the lease agreements are not duly executed in favour of the Company and hence we are unable to comment on the same.

| Description of Property | Gross carrying value (₹ In million) | Held in name of | Whether promoter, director or their relative or employee | Period held – indicate range, where appropriate | Reason for not being held in the name of Company |
|---|---|---|---|---|---|
| Leasehold Improvements | 12.42 | NA | NA | 3 months to 2 years | The original term has expired and these contracts are in the process of getting renewed |

(i) (d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2024.

(i) (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 at reasonable intervals during the year. In our opinion the coverage and the procedure of such verification by the management 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.

(ii) (b) As disclosed in note 14 to the financial statements, the Company has been sanctioned working capital limits in excess of ₹ five crores in aggregate from banks during the year on the basis of security of current assets of the Company. Based on the records examined by us in the normal course of audit of the financial statements, the annual audited financial statements filed by the Company with such banks are in agreement with the books of accounts of the Company. The Company do not have sanctioned working capital limits in excess of ₹ five crores in aggregate from financial institutions during the year on the basis of security of current assets of the Company.

(iii) (a) During the year the Company has not provided loans, advances in the nature of loans, stood guarantee or provided security to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(a) of the Order is not applicable to the Company.

(iii) (b) During the year the Company has not made investments, provided guarantees, provided security and granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(b) of the Order is not applicable to the Company.

(iii) (c) The Company has granted loans to a company where the schedule of repayment of principal and payment of interest has been stipulated and the repayment or receipts are regular.

(iii) (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.

(iii) (e) There were no loans or advance in the nature of loan granted to companies which was fallen due during the year, that have been renewed or extended or fresh loans granted to settle the over-dues of existing loans given to the same parties.

(iii) (f) As disclosed in note 46 to the financial statements, the Company has granted loans repayable on demand to a companies. Of these following are the details of the aggregate amount of loans granted to promoters or related parties as defined in clause (76) of section 2 of the Companies Act, 2013:

| | All Parties (USD in million) | Promoters | Related Parties (USD in million) |
|---|---|---|---|
| Aggregate amount of loans | | | |
| - Repayable on demand | 3.04 | - | 3.04 |
| Percentage of loans to the total loans | 100% | - | 100% |

(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, there are no undisputed dues in respect of goods and services tax, provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other statutory dues which were outstanding, at the year end, for a period of more than six months from the date they became payable.

(vii) (b) The dues of goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess, and other statutory dues have not been deposited on account of any dispute, are as follows:

| Name of the statute | Nature of dues | Amount (₹ in million) | Period (FY) | Forum where the dispute is pending |
|---|---|---|---|---|
| Income Tax Act, 1961 | Income Tax | 43.14 | 2015-16 to 2018-19 | CIT (Appeals) |
| The Employees' State Insurance Act, 1948 | ESI Act | 16.07 | 2011 to 2018 | ESIC Officer |
| Gujarat Vat Act | Sales Tax | 3.19 | 2014-15 to 2017-18 | Deputy Commissioner |
| Employees' Provident Funds and Miscellaneous Provisions Act, 1952 | EPF Act | 1.17 | 2014-2015 | Provident Fund officer |
| Tamil Nadu GST Act, 2017 | Sales Tax | 6.82 | 2018-19 | Assistant Commissioner |
| Goods and Service tax Act, 2017 | GST | 0.05 | 2018-19 | Assistant Commissioner |
| Karnataka Goods and Services Tax Act, 2017 | Goods & Service Tax | 62.29 | 2018-19 to 2019-20 | Deputy Commissioner Appeal |
| UP Goods and Services Tax Act, 2017 | Goods & Service Tax | 14.84 | 2017-19 | Deputy Commissioner Appeal |
| The Gujarat Goods & Services Tax Act, 2017 | Goods & Service Tax | 0.27 | 2017-18 | Deputy Commissioner Appeal |
| Income Tax Act, 1961 | Income Tax | 15.47 | 2016-17 | CIT (Appeals) |
| Professional Tax Act | Professional Tax Act | 0.15 | FY-20-21 to FY-22-23 | Professional Tax Officer |

(viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

(ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

(ix) (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(ix) (c) Term loans were applied for the purpose for which the loans were obtained.

(ix) (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.

(ix) (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.

(ix) (f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries. Hence, the requirement to report on clause (ix)(f) of the Order is not applicable to the Company.

(x) (a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.

(x) (b) The Company has not made any preferential allotment or private placement of shares/fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) No fraud by the Company or no material fraud on the Company has been noticed or reported during the year.

(xi) (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.

(xi) (c) We have taken into consideration the whistle blower complaints received by the Company during the year while determining the nature, timing and extent of audit procedures.

(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.

(xiv) (b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.

(xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.

(xvi) (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.

(xvi) (b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause (xvi)(b) of the Order is not applicable to the Company.

(xvi) (c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.

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

(xvii) The Company has not incurred cash losses in the current financial year and in the immediately preceding financial year respectively.

(xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.

(xix) On the basis of the financial ratios disclosed in note 48 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) The provisions of Section 135 to the Companies Act, 2013 in relation to Corporate Social Responsibility spend is not applicable to the Company as disclosed in Note 45 of the financial statements. Accordingly, the requirement to report on clause 3(xx)(a) and (b) 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 **Poonam Todarwal**
Partner
Membership Number: 136454
UDIN: 24136454BKFOEO1610

Place of Signature: Mumbai
Date: May 10, 2024

# ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF SAPPHIRE FOODS INDIA LIMTED

## Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to standalone financial statements of Sapphire Foods India Limited ("the Company") as of March 31, 2024 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

## Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to these standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to these standalone financial statements.

## Meaning of Internal Financial Controls With Reference to these Standalone Financial Statements

A company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## Inherent Limitations of Internal Financial Controls With Reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2024, 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.

## 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 the standalone financial statements of the Company, in so far as it relates to the two merged subsidiaries which are companies incorporated in India and merged with the Company in the current year, is based on the corresponding reports of the auditors of such merged subsidiaries.

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

per **Poonam Todarwal**
Partner
Membership Number: 136454
UDIN: 24136454BKFOEO1610

Place of Signature: Mumbai
Date: May 10, 2024

# STANDALONE BALANCE SHEET

**as at March 31, 2024**

(₹ in million)

| Particulars | Note | As at March 31, 2024 | As at March 31, 2023^ |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, Plant and Equipment | 3 | 8,472.78 | 6,737.25 |
| Capital work-in-progress | 3 | 597.92 | 488.27 |
| Right of use assets | 43 | 9,411.77 | 7,528.62 |
| Goodwill | 4 | 1,058.61 | 1,058.61 |
| Other Intangible assets | 4 | 574.46 | 455.81 |
| Intangible assets under development | 4 | 7.10 | 11.47 |
| Financial assets | | | |
| i) Investment in subsidiary | 5 | 402.72 | 380.10 |
| ii) Other financial assets | 5 | 1,194.37 | 803.75 |
| Deferred Tax Assets (net) | 15 | 1,145.96 | 1,253.18 |
| Income tax assets (net) | | 53.70 | 68.95 |
| Other non-current assets | 6 | 167.13 | 450.96 |
| **Total non-current assets** | | **23,086.52** | **19,236.97** |
| **Current assets** | | | |
| Inventories | 7 | 659.93 | 737.73 |
| Financial assets | | | |
| i) Investments | 5 | - | 659.35 |
| ii) Trade receivables | 8 | 293.11 | 154.04 |
| ii) Cash and cash equivalents | 9 | 745.47 | 201.66 |
| iv) Bank balances other than cash and cash equivalents | 10 | 700.20 | 1,740.05 |
| v) Other financial assets | 5 | 477.57 | 1,055.49 |
| Other current assets | 11 | 136.05 | 100.16 |
| **Total current assets** | | **3,012.33** | **4,648.48** |
| **Total Assets** | | **26,098.85** | **23,885.45** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Equity share capital | 12 | 637.04 | 635.43 |
| Other equity | 13 | 11,653.77 | 10,867.80 |
| **Total equity** | | **12,290.81** | **11,503.23** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Financial liabilities | | | |
| i) Borrowings | 14 | 122.32 | 185.79 |
| ii) Lease Liabilities | 16 | 9,807.74 | 7,297.47 |
| Other non-current liabilities | 19 | 8.40 | - |
| Provisions | 20 | 98.74 | 81.98 |
| **Total non-current liabilities** | | **10,037.20** | **7,565.24** |
| **Current liabilities** | | | |
| **Financial liabilities** | | | |
| i) Borrowings | 14 | 63.11 | 191.94 |
| ii) Lease Liabilities | 16 | 1,036.08 | 1,408.87 |
| iii) Trade payables | 17 | | |
| (a) total outstanding dues of micro enterprises and small enterprises | | 34.07 | 23.15 |
| (b) total outstanding dues of creditors other than micro enterprises and small enterprises | | 1,851.41 | 1,801.73 |
| iv) Other financial liabilities | 18 | 523.66 | 1,182.35 |
| Other current liabilities | 19 | 202.00 | 151.78 |
| Provisions | 20 | 60.51 | 57.16 |
| **Total current liabilities** | | **3,770.84** | **4,816.98** |
| **Total Equity and Liabilities** | | **26,098.85** | **23,885.45** |

See accompanying notes to the Standalone financial statements 1 to 51
^ Restated pursuant to merger (refer Note 41)

As per our report of even date

**For S R B C & CO LLP**
Chartered Accountants
ICAI Registration No: 324982E/ E300003

**per Poonam Todarwal**
Partner
Membership No: 136454

Place: Mumbai
Date: May 10, 2024

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 10, 2024

# STANDALONE STATEMENT OF PROFIT AND LOSS

**for the year ended March 31, 2024**

(₹ in million)

| Particulars | Note | Year ended March 31, 2024 | Year ended March 31, 2023^ |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | 21 | 22,360.81 | 19,811.40 |
| Other income | 22 | 315.74 | 297.08 |
| **Total income** | | **22,676.55** | **20,108.48** |
| **Expenses** | | | |
| Cost of materials consumed | 23 | 6,733.92 | 6,232.47 |
| Employee benefits expense | 24 | 2,896.74 | 2,454.53 |
| Finance costs | 25 | 935.79 | 802.07 |
| Depreciation and amortisation expense | 26 | 2,906.64 | 2,390.49 |
| Other expenses | 27 | 8,549.86 | 7,217.96 |
| **Total expenses** | | **22,022.95** | **19,097.52** |
| **Profit before tax** | | **653.60** | **1,010.96** |
| **Tax expense/ (credit)** | | | |
| Current tax | 15 | - | - |
| Deferred tax | 15 | 145.92 | (1,252.66) |
| **Total Tax expense/ (credit)** | | **145.92** | **(1,252.66)** |
| **Profit for the year after tax** | | **507.68** | **2,263.62** |
| **Other comprehensive loss** | | | |
| Items that will not be reclassified to profit or loss in subsequent periods | | | |
| Remeasurements losses of net defined benefit plan | | (16.90) | (1.88) |
| Tax effect on remeasurements losses of net defined benefit plan | 15 | 4.19 | 0.52 |
| **Total other comprehensive loss for the year, net of tax** | | **(12.71)** | **(1.36)** |
| **Total comprehensive income for the year, net of tax** | | **494.97** | **2,262.26** |
| **Earnings per equity share of ₹ 10 each:** | | | |
| Basic earnings per share (₹) | 28 | 7.98 | 35.62 |
| Diluted earnings per share (₹) | | 7.89 | 35.21 |

See accompanying notes to the Standalone financial statements 1 to 51

^ Restated pursuant to merger (refer Note 41)

As per our report of even date

**For S R B C & CO LLP**
Chartered Accountants
ICAI Registration No: 324982E/ E300003

**per Poonam Todarwal**
Partner
Membership No: 136454

Place: Mumbai
Date: May 10, 2024

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 10, 2024

# STANDALONE STATEMENT OF CASH FLOWS

**for the year ended March 31, 2024**

(₹ in million)

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023^ |
|---|---|---|
| **Cash flow from operating activities** | | |
| **Profit before tax** | **653.60** | 1,010.96 |
| Adjustments for: | | |
| Depreciation and amortisation expense | 2,906.64 | 2,390.49 |
| Finance cost | 935.79 | 802.07 |
| Interest income | (195.28) | (204.47) |
| Rental waiver | - | (4.53) |
| Expenses on employee stock option scheme | 151.63 | 148.15 |
| Provision for slow moving inventories | 2.40 | 2.36 |
| Sundry balances written back | (16.76) | (11.80) |
| Sundry balances written off | 1.45 | - |
| Provision for doubtful deposits | 1.00 | - |
| Gain on fair value/sale of mutual funds | (31.99) | (43.89) |
| Loss on sale/ discard of property, plant and equipment | 5.47 | 15.63 |
| Gain on termination of lease contract | (62.57) | (15.12) |
| Gain on remeasurement of lease contract | (1.83) | - |
| **Operating profit before working capital changes** | **4,349.55** | **4,089.85** |
| **Changes in Working Capital** | | |
| Increase in Trade Payables | 59.15 | 161.10 |
| Increase/ (Decrease) in Other Liabilities | 75.38 | (0.97) |
| Decrease in Financial Liabilities | (315.49) | (286.63) |
| Increase in Provisions | 3.21 | 3.84 |
| Decrease/ (Increase) in Inventories | 75.44 | (246.37) |
| Increase in Trade and Other Receivables | (140.07) | (34.17) |
| Decrease in Financial Assets | 126.54 | 453.30 |
| (Increase)/ Decrease in Other Assets | (27.77) | 39.67 |
| **Cash flow from operations** | **4,205.94** | **4,179.62** |
| Income tax refund/ (paid) (net) | 15.25 | (4.64) |
| **Net cash flow from Operating Activities (A)** | **4,221.19** | **4,174.98** |
| **Cash flow from investing activities** | | |
| Purchase of property, plant and equipment and other intangible assets | (3,571.61) | (3,452.90) |
| Proceeds from Sale of property, plant and equipment | 1.10 | 16.11 |
| Investment in subsidiary | - | (100.35) |
| Inter corporate deposit placed with Subsidiary | - | (256.22) |
| Inter corporate deposit realised from Subsidiary | 138.28 | - |
| Purchase of current Investments | (4,200.00) | (12,106.44) |
| Proceeds from sale of current Investment | 4,891.34 | 13,016.20 |
| Interest received | 138.49 | 135.78 |
| Fixed deposits with banks placed / realised (net) | 893.18 | 207.28 |
| **Net cash used in investing activities (B)** | **(1,709.22)** | **(2,540.54)** |
| **Cash flow from financing activities** | | |
| Proceeds from exercise of employee stock option | 82.65 | - |
| Repayment of borrowings | (196.43) | (174.63) |
| Payment of principal portion of lease liabilities | (922.73) | (841.05) |

# STANDALONE STATEMENT OF CASH FLOWS

**for the year ended March 31, 2024**

(₹ in million)

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023^ |
|---|---|---|
| Interest paid on lease liabilities | (894.25) | (743.27) |
| Finance cost paid | (37.40) | (54.67) |
| **Net cash used in financing activities (C)** | **(1,968.16)** | **(1,813.62)** |
| **Net Increase/ (Decrease) in cash and cash equivalents (A+B+C)** | **543.81** | **(179.18)** |
| Cash and cash equivalents at the beginning of the year | 201.66 | 342.34 |
| Pursuant to merger (refer Note 41) | - | 38.50 |
| Cash and cash equivalents at the end of the year | **745.47** | **201.66** |
| **Cash and cash equivalents comprise (refer note 9)** | | |
| Balances with banks in current accounts | 661.39 | 129.89 |
| Cash on hand | 84.08 | 71.77 |
| **Total cash and cash equivalents at the end of the year** | **745.47** | **201.66** |

^ Restated pursuant to merger (refer Note 41)

**Note :** i. Refer Note 43 - Regarding non-cash adjustment relating to leases.

As per our report of even date

**For S R B C & CO LLP**
Chartered Accountants
ICAI Registration No: 324982E/ E300003

**per Poonam Todarwal**
Partner
Membership No: 136454

Place: Mumbai
Date: May 10, 2024

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 10, 2024

# STANDALONE STATEMENT OF CHANGES IN EQUITY

**for the year ended March 31, 2024**

**A. Equity share capital**

| Particulars | Note | As at March 31, 2024 | | As at March 31, 2023 | |
|---|---|---|---|---|---|
| | | No. of shares | Amount (₹ in million) | No. of shares | Amount (₹ in million) |
| Balance at the beginning of the year | | 6,35,42,541 | 635.43 | 6,35,42,541 | 635.43 |
| Add: Shares issued during the year | 12 | 1,61,875 | 1.61 | - | - |
| Balance as at the end of the year | | 6,37,04,416 | 637.04 | 6,35,42,541 | 635.43 |

**B. Other equity**

**For the year ended March 31, 2024**

(₹ in million)

| Particulars | Reserves and surplus | | | | Share based payment reserve | Share application money pending allotment | Total |
|---|---|---|---|---|---|---|---|
| | Capital reserve | Capital reserve on account of Merger | Securities premium | Retained earnings | | | |
| **Balance as at April 01, 2023 (restated)** | **359.00** | **(1,437.04)** | **14,867.62** | **(3,143.81)** | **222.03** | **-** | **10,867.80** |
| Issue of Share Capital | - | - | 108.36 | - | - | - | **108.36** |
| ESOP exercised pending allotment | - | - | - | - | - | 0.67 | **0.67** |
| Recognition of share based payment | - | - | - | - | 175.46 | - | **175.46** |
| Profit for the year after tax | - | - | - | 507.68 | - | - | **507.68** |
| Other comprehensive loss for the year (net of tax) | - | - | - | (12.71) | - | - | **(12.71)** |
| Transfer from ESOP reserve for lapsed options | - | - | - | 0.44 | (0.44) | - | **-** |
| Option exercise during the year | - | - | - | - | (28.00) | - | **(28.00)** |
| Deferred Tax Asset on share based payment (refer note 15) | - | - | - | 34.51 | - | - | **34.51** |
| **Balance as at March 31, 2024** | **359.00** | **(1,437.04)** | **14,975.98** | **(2,613.89)** | **369.05** | **0.67** | **11,653.77** |

# STANDALONE STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2024

(₹ in million)

**For the year ended March 31, 2023**

| Particulars | Reserves and surplus | | | | Share based payment reserve | Share application money pending allotment | Total |
|---|---|---|---|---|---|---|---|
| | Capital reserve | Capital reserve on account of Merger | Securities premium | Retained earnings | | | |
| Balance as at April 01, 2022 | 356.10 | - | 14,305.02 | (4,936.32) | 56.09 | - | 9,780.89 |
| Pursuant to merger (refer Note 41) | 2.90 | (1,437.04) | 562.60 | (469.75) | (0.01) | - | (1,341.30) |
| Recognition of share based payment | - | - | - | - | 165.95 | - | 165.95 |
| Profit for the year (net of tax) (restated) | - | - | - | 2,263.62 | - | - | 2,263.62 |
| Other comprehensive loss for the year (net of tax) (restated) | - | - | - | (1.36) | - | - | (1.36) |
| **Balance as at March 31, 2023^** | **359.00** | **(1,437.04)** | **14,867.62** | **(3,143.81)** | **222.03** | **-** | **10,867.80** |

^ Restated pursuant to merger (refer Note 41)

As per our report of even date

**For S R B C & CO LLP**
Chartered Accountants
ICAI Registration No: 324982E/ E300003

**per Poonam Todarwal**
Partner
Membership No: 136454

Place: Mumbai
Date: May 10, 2024

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 10, 2024





# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2024

## 1. Corporate information

Sapphire Foods India Limited (formerly known as Sapphire Foods India Private Limited) ('the Company') (CIN: L55204MH2009PLC197005) 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 and Pizza Hut and branded restaurants.

The equity shares of the Company are listed on the NSE Limited and BSE Limited.

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 10 May 2024.

## 2. Material accounting policies

### 2.1 Statement of compliance and basis of preparation

The Standalone financial statements (SFS) of the Company as at and for the year ended March 31, 2024 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 and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the SFS.

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 (₹) and all values are rounded to the nearest millions (₹ 000,000), except when otherwise indicated.

The financial statements provide comparative information in respect of the previous period. In addition, the Company presents an additional balance sheet at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in standalone financial statements.

### 2.2 Basis of measurement

The standalone financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Certain financial assets and financial liabilities measured at fair value (refer accounting policy regarding financial instruments), and
- Defined Benefit Plans- Plan assets measured at fair value

### 2.3 Summary of material 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.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2024

- 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, the Ind AS Transition Facilitation Group Clarification Bulletin 9 (ITFG 9) and an EAC opinion issued Basis the EAC opinion, carrying values as appearing in the Standalone Financial Statements of subsidiaries are considered for the preparation of these financial statements.

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 terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

The Company's Standalone financial statements are presented in INR, which is also the Company's functional currency.

**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 (₹). 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 initially recorded by the Company at functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Company 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. Differences arising on settlement or translation of monetary items are recognised in the statement of profit and loss.

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.

### .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.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2024

- 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**

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

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. However, trade receivables that do not contain a significant financing component are measured at transaction price. Subsequently, financial instruments are measured according to the category in which they are classified.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

**Subsequent measurement**

The subsequent measurement of financial assets depends on their classification as follows:

**i) Financial assets at amortised cost:**

A financial asset is classified as "financial asset at amortised cost" (amortised cost) under IND AS 109 Financial Instruments if it meets both the following criteria:

(1) The asset is held within a business model whose objective is to hold the financial asset in order to collect contractual cash flows, and

(2) The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified date (the 'SPPI' contractual cash flow characteristics test).

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

**ii) Financial assets at fair value through other comprehensive income (FVTOCI):**

All equity investment in scope of IND AS 109 Financial Instruments are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which IND AS 103 Business Combinations applies are classified as fair value through profit or loss. For all other equity instruments, the Company may make irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-to-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument through fair value through other comprehensive income (FVTOCL), then all fair value changes in the instruments excluding dividends, are recognised in OCI and is never recycled to statement of profit and loss, even on sale of the instrument.



# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2024

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 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:

i) **Financial liabilities measured at amortized cost**

After initial recognition, financial liabilities are subsequently measured at amortized cost using

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2024

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 transaction price (net of variable consideration) received or receivable, taking into account contractually defined terms of payment, various discounts and schemes offered by the Company and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to credit risks.

However, sales tax/ value added tax (VAT)/ Goods and Service (GST) is not received by the company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

No element of financing is deemed present as majority of sales are on cash basis and credit sales are made with normal credit period consistent with market practice.

The following specific recognition criteria must also be met before revenue is recognised:

**Income from retail sales**

Revenue from sale of goods is recognised at the time of satisfaction of performance obligation i.e. when



# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2024

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 transaction price (net of variable consideration) received or receivable, taking into account contractually defined terms of payment, various discounts and schemes offered by the Company and excluding taxes or duties collected on behalf of the government.

Gift vouchers sales are recognised when the vouchers are redeemed and goods are sold to the customer.

**Income from trading sales**

Revenue from sale of goods is recognised at the time of satisfaction of performance obligation i.e.

when the goods are delivered to customers, all significant contractual obligations have been satisfied and the collection of the resulting receivable is reasonably expected. Revenue is measured at the transaction price (net of variable consideration) received or receivable. Amounts disclosed as revenue are net of customer returns, trade allowance, rebates, goods and services tax and amount collected on behalf of third parties

**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) at the time of satisfaction of performance obligation i.e. when the service is performed.

The Company also receives one-time alliance income from the landlord on certain properties. Alliance income is recognised as deferred revenue over a period as determined by the management basis the agreements with the landlords.

**Incentive**

The Company is eligible for certain benefits basis the target stores opening as agreed to in the development agreement with franchisor. These benefits are recognised basis the satisfaction of performance obligation i.e. pro-rata basis the number of stores opened. The income has been netted off against the royalty expenses considering the substance of transaction.

**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.

**Contract balances-**

**Trade receivables**

A receivable is recognised if an amount of consideration is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in point (d) above.

**Contract liabilities**

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

f. **Taxes**

Tax expense comprises of current and deferred tax.

**Current income tax**

Current income tax is measured at the amount expected to be paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in India.. 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.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2024

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company shall reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

**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.

In assessing the recoverability of deferred tax assets, the Company relies on the same forecast assumptions used elsewhere in the financial statements and in other management reports, which, among other things, reflect the potential impact of climate-related development on the business.

## 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.

.**Depreciation on Property, plant and equipment**

Depreciation is calculated on the straight-line basis over the estimated useful lives of the assets. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. The company has used the following life to provide depreciation on its property, plant and equipment.

The rates of depreciation are based on technical evaluation of the economic life of assets by the management, which are given below and are equal to the corresponding rates prescribed in Schedule II to the Companies Act, 2013:

| Class of asset | Useful lives estimated by the management (years) |
|---|---|
| Plant and machinery | 15 years |
| Office equipment | 5 years |
| Computers | 3 years |
| Furniture and fixtures | 8 years |
| Vehicles | 10 years |
| Leasehold improvements | Over the Lease term |

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

## 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.

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

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2024

period over which the assets are likely to be used. The company has used the following life to provide amortisation on its intangible assets.

| Class of asset | Useful lives estimated by the management (years) |
|---|---|
| License fees | Over the period of license (upto 10 years) |
| Computer Software | 3 years |
| Franchisee fees | 10 years |

There are no intangible assets with indefinite useful lives other than goodwill.

**i. Leases**

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Company as a lessee**

The Company's lease asset classes primarily consist of leases for buildings, Plant and Equipment and Computers. The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets.

**Right-of-use assets**

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

**Lease Liabilities**

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of the future lease payments. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments 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.

**Amendments to Ind AS 116: Covid-19-Related Rent Concessions for the year ended March 31, 2023**

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 June 30, 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 or for the year ended March 31, 2024.

**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 packing material 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.

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.

Goodwill is tested for impairment annually as at 31 March and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than it's

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2024

carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

## l. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

The amount 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. Provisions are reviewed at each balance sheet date.

## m. Retirement and other employee benefits

**Defined benefit plan**

In accordance with applicable laws in India, the Company provides for gratuity, a defined benefit retirement plan ("the Gratuity Plan") for every employee who has completed 5 years or more of service on departure at 15 days salary (last drawn salary) for each completed year of service. The Gratuity Plan provides for a lump sum payment to eligible employees at retirement, death, incapacitation or termination of employment based on last drawn salary and tenure of employment with the Company. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation on the reporting date using projected unit credit method.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company 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.

## n. Share-based payments

Employees of the Company also receive remuneration in the form of share-based payments whereby employees render services as consideration for equity instruments (equity-settled transactions).



# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2024

**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. The approach used to account for vesting conditions when measuring equity-settled transactions also applies to cash-settled transactions.

## o. Investment in subsidiaries

A subsidiary is an entity that is controlled by the entity. Investment in Subsidiary entities is carried at cost less accumulated impairment losses, if any.

Impairment of investments:

The Company reviews its carrying value of investments carried at cost annually, or more frequently when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is recorded in the Statement of Profit and Loss.

When an impairment loss subsequently reverses, the carrying amount of the Investment is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the cost of the Investment. A reversal of an impairment loss is recognised immediately in Statement of Profit or Loss.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2024

**p. Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

**q. Contingencies**

A contingent liability is:

A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are recognised when virtually certain on the balance sheet of the Company, except for contingent liabilities assumed in a business combination that are present obligations arising from past events and which the fair values can be reliably determined.

Contingent liabilities recognised in a business combination

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions above or the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the requirements for revenue recognition. Contingent liabilities are reviewed at each Balance Sheet date

**r. Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit/(loss) attributable to ordinary equity holders of the Company using the weighted-average number of equity shares considered for deriving basic earnings per share and weighted average number of dilutive equivalent shares outstanding during the period, except where the results would be anti-dilutive. Dilutive potential shares are deemed converted at the beginning of the period, unless issued at later date.

Ordinary shares that will be issued upon the conversion of mandatorily convertible instruments are included in the calculation of basic earnings per share from the date the contract is entered into.

**s. Fair value measurement**

The fair value of the financial instruments is included at the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Management of the Company have assessed that the fair values of cash and cash equivalents, restricted cash, trade receivables (not subject to provisional pricing), trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

There have been no transfers between fair value levels during the reporting period.

**t. Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker being Managing Director of the company. The Managing Director assesses the financial performance and position of the company as a whole and makes strategic decisions. Operating segments have been aggregated in accordance with the Standard.



# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2024

**u. Cash Flow**

Ind AS 7 requires an entity to exclude non-cash transaction relating to investing and financing activities from the statement of cash flow. However, such transactions should be disclosed elsewhere in the financial statements. The investing and financing activities in cash flow statement do not have a direct impact on current cash flows although they do affect the capital and asset structure of an entity. The company has disclosed these transactions, to the extent material in relevant notes.

Cash and cash equivalents consist of cash on hand and balances with banks which are unrestricted for withdrawal and usage.

**v. Recent accounting pronouncements**

New and amended standards

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standards) Amendment Rules, 2023 dated 31 March 2023 to amend the following Ind AS which are effective for annual periods beginning on or after 1 April 2023. The Company applied for the first-time these amendments.

(i) Definition of Accounting Estimates - Amendments to Ind AS 8

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. It has also been clarified how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Company's standalone financial statements.

(ii) Disclosure of Accounting Policies - Amendments to Ind AS 1

The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company's financial statements.

(iii) Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to Ind AS 12

The amendments narrow the scope of the initial recognition exception under Ind AS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases.

The Company previously recognised for deferred tax on leases on a net basis. As a result of these amendments, the Company has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets. Since, these balances qualify for offset as per the requirements of paragraph 74 of Ind AS 12,there is no impact in the balance sheet. There was also no impact on the opening retained earnings as at 1 April 2022.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2024

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

**i) Property, Plant and Equipment**

(₹ in million)

| Particulars | Plant and machinery | Furniture and fixtures | Vehicles | Office equipments | Computers | Leasehold improvements | Total |
|---|---|---|---|---|---|---|---|
| **Gross Carrying Amount** | | | | | | | |
| **As at April 01, 2022** | **3,139.87** | **269.06** | **62.33** | **192.55** | **573.10** | **3,658.59** | **7,895.50** |
| Pursuant to merger (refer Note 41) | 40.29 | 4.89 | 8.71 | 2.13 | 4.44 | 34.41 | 94.87 |
| Additions^ | 1,340.74 | 95.55 | 27.63 | 62.52 | 224.99 | 1,309.96 | 3,061.39 |
| Disposals^ | (105.65) | (15.25) | (24.14) | (9.80) | (37.20) | (69.62) | (261.66) |
| **As at March 31, 2023^** | **4,415.25** | **354.25** | **74.53** | **247.40** | **765.33** | **4,933.34** | **10,790.10** |
| Additions | 1,418.03 | 103.72 | 3.41 | 74.88 | 265.86 | 1,240.88 | 3,106.78 |
| Disposals | (100.90) | (30.40) | (2.94) | (22.71) | (29.02) | (837.87) | (1,023.84) |
| **As at March 31, 2024** | **5,732.38** | **427.57** | **75.00** | **299.57** | **1,002.17** | **5,336.35** | **12,873.04** |
| **Accumulated depreciation** | | | | | | | |
| **As at April 01, 2022** | **891.67** | **113.19** | **26.54** | **114.03** | **335.58** | **1,672.50** | **3,153.51** |
| Pursuant to merger (refer Note 41) | 29.64 | 3.55 | 4.01 | 1.59 | 2.51 | 26.13 | 67.43 |
| Depreciation for the year^ | 349.81 | 41.18 | 7.54 | 30.23 | 137.79 | 495.27 | 1,061.82 |
| Disposals^ | (84.60) | (13.16) | (17.50) | (9.73) | (35.36) | (69.56) | (229.91) |
| **As at March 31, 2023^** | **1,186.52** | **144.76** | **20.59** | **136.12** | **440.52** | **2,124.34** | **4,052.85** |
| Depreciation for the year | 415.36 | 47.62 | 6.67 | 41.08 | 194.80 | 659.15 | 1,364.68 |
| Disposals | (95.55) | (29.69) | (2.92) | (22.70) | (28.83) | (837.58) | (1,017.27) |
| **As at March 31, 2024** | **1,506.33** | **162.69** | **24.34** | **154.50** | **606.49** | **1,945.91** | **4,400.26** |
| **Net Carrying Amount** | | | | | | | |
| **As at March 31, 2024** | 4,226.05 | 264.88 | 50.66 | 145.07 | 395.68 | 3,390.44 | 8,472.78 |
| As at March 31, 2023^ | 3,228.73 | 209.49 | 53.94 | 111.28 | 324.81 | 2,809.00 | 6,737.25 |

**ii) Capital work-in-progress**

(₹ in million)

| Particulars | As at March 31, 2024 | As at March 31, 2023^ |
|---|---|---|
| **Opening Balance** | 488.27 | 265.18 |
| Additions | 3,209.93 | 3,275.96 |
| Capitalised | (3,100.28) | (3,052.87) |
| **Closing Balance** | **597.92** | **488.27** |

**Note:**

**a) Ageing for capital work-in-progress**

(₹ in million)

| Particulars | As at | Amount of Capital work-in -progress for the year of | | | | Total |
|---|---|---|---|---|---|---|
| | | Less than 1 year | 1-2 years | 2-3 years* | More than 3 years* | |
| Projects in progress | March 31, 2024 | 535.29 | 50.70 | 8.71 | 3.22 | 597.92 |
| Projects in progress | March 31, 2023^ | 455.51 | 28.95 | 2.06 | 1.75 | 488.27 |

* Amount comprises of capital inventory

b) Capital work-in-progress mainly comprises of assets being constructed or held for utilisation at new stores. These will get appropriated towards new stores to be opened in future. There are no projects as on each reporting period where activity had been suspended. All the upcoming projects of the Company are within the timelines as estimated during the original plan and the actual cost of projects are within the total cost as estimated by the management of the Company as on March 31, 2024.





NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2024

## 4 Intangible assets and Intangible assets under development

**i) Intangible assets**

(₹ in million)

| Particulars | Computer Softwares | License fees | Franchisee fees | Total | Goodwill |
|---|---|---|---|---|---|
| **Gross Carrying Amount** | | | | | |
| **As at April 01, 2022** | **155.37** | **168.33** | **376.11** | **699.81** | **1,835.22** |
| Pursuant to merger (refer Note 41) | 5.19 | - | 5.67 | 10.86 | - |
| Additions^ | 54.68 | 67.08 | 146.99 | 268.75 | - |
| Disposals^ | (3.48) | - | (0.52) | (4.00) | - |
| **As at March 31, 2023^** | **211.76** | **235.41** | **528.25** | **975.42** | **1,835.22** |
| Additions | 72.45 | 56.01 | 163.53 | 291.99 | - |
| Disposals | (39.84) | (2.84) | (38.88) | (81.56) | - |
| **As at March 31, 2024** | **244.37** | **288.58** | **652.90** | **1,185.85** | **1,835.22** |
| **Accumulated amortisation and Impairment** | | | | | |
| **As at April 01, 2022** | **128.48** | **57.10** | **207.01** | **392.59** | **776.61** |
| Pursuant to merger (refer Note 41) | 3.97 | - | 3.12 | 7.09 | - |
| Charge for the year^ | 22.80 | 58.44 | 42.70 | 123.94 | - |
| Disposals^ | (3.49) | - | (0.52) | (4.01) | - |
| **As at March 31, 2023^** | **151.76** | **115.54** | **252.31** | **519.61** | **776.61** |
| Charge for the year | 41.24 | 76.82 | 55.26 | 173.32 | - |
| Disposals | (39.82) | (2.84) | (38.88) | (81.54) | - |
| **As at March 31, 2024** | **153.18** | **189.52** | **268.69** | **611.39** | **776.61** |
| **Net Carrying Amount** | | | | | |
| **As at March 31, 2024** | **91.19** | **99.06** | **384.21** | **574.46** | **1,058.61** |
| **As at March 31, 2023^** | **60.00** | **119.87** | **275.94** | **455.81** | **1,058.61** |

**ii) Intangible assets under development**

(₹ in million)

| Particulars | As at March 31, 2024 | As at March 31, 2023^ |
|---|---|---|
| Opening Balance | 11.47 | 4.76 |
| Additions | 287.56 | 275.44 |
| Capitalised | (291.93) | (268.73) |
| **Closing Balance** | **7.10** | **11.47** |

**Note:**

**a) Ageing for Intangible assets under development**

(₹ in million)

| Particulars | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
|---|---|---|---|---|---|
| Projects in progress (As At March 31, 2024) | 6.36 | 0.74 | - | - | 7.10 |
| Projects in progress (As At March 31, 2023)^ | 11.47 | - | - | - | 11.47 |

b) There are no projects as on each reporting period where activity had been suspended. All the upcoming projects of the Company are within the timelines as estimated during the original plan and the actual cost of projects are within the total cost as estimated by the management of the Company as on March 31, 2024.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2024

## 5 Financial assets

(₹ in million)

| Particulars | As at March 31, 2024 | As at March 31, 2023^ |
|---|---|---|
| **i) Investments** | | |
| **a) Investments in subsidiary measured at Cost - Unquoted equity shares** | | |
| **(i) French Restaurants Private Limited, Fully Paid up** | | |
| 5,10,000 Equity Shares of SLR.10/- each | 20.74 | 20.74 |
| Less : Permanent Diminution in the Value of Investment | (19.75) | (19.75) |
| **(ii) Gamma Pizza Kraft Lanka Private Limited Fully Paid up** | 215.96 | 215.96 |
| 82,34,500 Equity Shares of SLR.10/- each | | |
| **(iii) Gamma Island Food Private Limited - Maldives** | | |
| 1,26,364 (March 31, 2023 : 44,450) Equity Shares of MVR 230 each | 143.50 | 43.45 |
| Investment in equity of subsidiary pending allotment | - | 100.20 |
| **b) Quoted mutual fund** | | |
| Investment in Mutual Fund measured at fair value through profit or loss (FVTPL) (Refer note below) | - | 360.67 |
| **c) Quoted Securities - Investments in Securities measured at amortised cost Secured, Redeemable and Non Convertible Bonds in Nature of Debentures** | | |
| Investment in Mutual Fund measured at fair value through profit or loss (FVTPL) (Refer note below) | - | 360.67 |
| 6.59% Indian Railway Finance Corporation Limited - 14 April 2023 | - | 99.98 |
| 5.90% Mahindra & Mahindra Financial Services Ltd - 31 July 2023 | - | 198.70 |
| **d) Others** | | |
| Deemed Investment in Gamma Pizzkraft Lanka Private Limited (share based payment) (refer note 36) | 42.27 | 19.50 |
| **Total investments** | **402.72** | **1,039.45** |
| Current | - | 659.35 |
| Non-current | 402.72 | 380.10 |

**Note: Investment in quoted mutual fund***

| Name of Mutual Fund Scheme | As at March 31, 2024 | | As at March 31, 2023^ | |
|---|---|---|---|---|
| | Number of unit | Amount | Number of unit | Amount |
| Axis Overnight Fund- Direct | - | - | 168,722.73 | 200.03 |
| Bharat Bond FOF | - | - | 13,145,112.21 | 160.64 |
| **Total** | - | - | | **360.67** |

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

**ii) Other financial assets (unsecured)**

(₹ in million)

| Particulars | As at March 31, 2024 | As at March 31, 2023^ |
|---|---|---|
| **Non-current** | | |
| Term deposits with maturity of more than 12 months | - | 19.00 |
| Inter Corporate Deposit placed with related party (Refer note a below and note 36) | | |
| - Subsidiary | 253.30 | - |
| Margin money/ deposits with banks (placed as security with government body and banks) (Refer note b below) | 310.02 | 163.35 |
| Security Deposits | | |
| Considered good | 631.05 | 621.40 |
| Credit impaired | 22.90 | 23.30 |
| Less: Allowance for expected credit losses (Refer note e below) | (22.90) | (23.30) |
| | 631.05 | 621.40 |
| **Total Non-current financial assets** | **1,194.37** | **803.75** |
| **Current** | | |
| Term deposits with maturity of less than 12 months | 135.36 | 20.00 |
| Inter Corporate Deposit placed with related party (Refer note a below and note 36) | | |
| - Subsidiary | - | 391.58 |
| Security Deposits | | |
| Considered good | 256.44 | 223.22 |
| Balance with banks (for IPO escrow account) (Refer note d below) | - | 321.24 |
| Interest accrued on fixed deposits and loan | | |
| - Related party (Note 36) | 12.93 | 11.68 |
| - Others | 46.05 | 49.65 |
| Other receivables (Considered good) | | |
| - Related party (Refer note c below and Note 36) | - | 0.04 |
| - Unbilled (Refer note f below) | 24.30 | 34.52 |
| - Others | 2.49 | 3.56 |
| **Total current financial assets** | **477.57** | **1,055.49** |

*^ Restated pursuant to merger (refer Note 41)*

**Note:**

a) Inter Corporate Deposit in subsidiary are denominated in USD 31,52,699 as on March 2024 (March 2023 : USD 47,57,272) and carries an interest rate of 5.50% - 8% p.a. The ICD was originally given for a period of 2 to 3 years for business purposes and does not include interest receivable of 12.93 million which is included above as "interest accrued on fixed deposits and loan" (March 2023 : 11.68 million). (Refer note 46).

b) Amount includes 75.26 million as at March 31, 2024 (March 31, 2023 : 75.26 million) is restricted balance in current account and hence, restricted from current use of the Company.

c) These were receivable as at March 2023 towards sale of materials, call centre charges and reimbursement of expenses which are in the normal course of business. These have been realised as per payment terms agreed which is 20-25 days from the date of invoice.

d) This money was held in escrow account towards IPO related expenses which has been settled in the current year.

**e) Movements in allowance for credit losses of security deposits is as below:**

(₹ in million)

| Particulars | As at March 31, 2024 | As at March 31, 2023^ |
|---|---|---|
| Balance as at the beginning of the year | 23.30 | 26.89 |
| Charge during the year | 1.00 | - |
| Utilised during the year | (1.40) | (3.59) |
| **Balance at the end of the year** | **22.90** | **23.30** |

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

f) This amount is accrued towards incentive basis number of stores opened as per agreement with the franchisor and is to be billed basis terms agreed in the development agreement with franchisor.

^ Restated pursuant to merger (refer Note 41)

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2024

## 6 Other non-current assets (unsecured)

(₹ in million)

| Particulars | As at March 31, 2024 | As at March 31, 2023^ |
|---|---|---|
| Prepaid expenses | 3.66 | - |
| **Capital advances** | | |
| Considered good | 124.38 | 400.09 |
| Considered doubtful | 23.97 | 24.93 |
| Less : Allowance for doubtful balances (refer note a below) | (23.97) | (24.93) |
| | 124.38 | 400.09 |
| **Balances with government authorities** | | |
| Considered good | 39.09 | 50.87 |
| Considered doubtful | 21.89 | 23.22 |
| Less: Allowance for doubtful balances (refer note b below) | (21.89) | (23.22) |
| | 39.09 | 50.87 |
| **Total other non-current assets** | **167.13** | **450.96** |

a) **Movements in allowance for doubtful balances of Capital advances is as below**

(₹ in million)

| Particulars | As at March 31, 2024 | As at March 31, 2023^ |
|---|---|---|
| Balance as at the beginning of the year | 24.93 | 28.66 |
| Charge during the year | - | - |
| Utilised during the year | (0.96) | (3.73) |
| **Balance at the end of the year** | **23.97** | **24.93** |

b) **Movements in allowance for doubtful balance of Balances with government authorities is as below:**

(₹ in million)

| Particulars | As at March 31, 2024 | As at March 31, 2023^ |
|---|---|---|
| Balance as at the beginning of the year | 23.22 | 23.97 |
| Charge during the year | - | - |
| Utilised during the year | (1.33) | (0.75) |
| **Balance at the end of the year** | **21.89** | **23.22** |

*^ Restated pursuant to merger (refer Note 41)*

## 7 Inventories

(₹ in million)

| Particulars | As at March 31, 2024 | As at March 31, 2023^ |
|---|---|---|
| (At lower of cost or net realisable value) | | |
| Raw materials | 494.05 | 595.67 |
| Packing materials | 101.70 | 83.55 |
| Goods in transit for raw materials | - | 0.45 |
| Less : Provision for slow moving inventories | (2.40) | (2.36) |
| | 593.35 | 677.31 |
| Small wares, cleaning, uniform and operating supplies | 66.58 | 60.42 |
| **Total inventories** | **659.93** | **737.73** |

*^ Restated pursuant to merger (refer Note 41)*

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2024

## 8 Trade receivables

(₹ in million)

| Particulars | As at March 31, 2024 | As at March 31, 2023^ |
|---|---|---|
| Unsecured, considered good | 293.11 | 154.04 |
| Unsecured, credit impaired | - | 0.10 |
| | 293.11 | 154.14 |
| Less : Allowance for expected credit losses | - | (0.10) |
| **Total trade receivables** | **293.11** | **154.04** |

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

(₹ in million)

| Particulars | As at March 31, 2024 | As at March 31, 2023^ |
|---|---|---|
| Balance as at the beginning of the year | 0.10 | 0.10 |
| Charge/(release) during the year | (0.10) | - |
| **Balance at the end of the year** | **-** | **0.10** |

a) **Ageing of undisputed trade receivables**

(₹ in million)

| Particulars | Outstanding for following periods from due date of payment | | | |
|---|---|---|---|---|
| | As at March 31, 2024 | | As at March 31, 2023^ | |
| | Considered Good | Credit Impaired | Considered Good | Credit Impaired |
| Unbilled | - | - | - | - |
| Not due | 259.09 | - | 131.64 | - |
| Less than 6 months | 34.02 | - | 22.40 | - |
| 6 months to 1 year | - | - | - | - |
| 1-2 years | - | - | - | 0.10 |
| 2-3 years | - | - | - | - |
| More than 3 years | - | - | - | - |
| **Total** | **293.11** | **-** | **154.04** | **0.10** |

*^ Restated pursuant to merger (refer Note 41)*

b) There are no disputed trade receivables, hence the same is not disclosed in ageing schedule.

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

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

e) 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

(₹ in million)

| Particulars | As at March 31, 2024 | As at March 31, 2023^ |
|---|---|---|
| Balances with banks - In current accounts | 661.39 | 129.89 |
| Cash on hand | 84.08 | 71.77 |
| **Total cash and cash equivalents** | **745.47** | **201.66** |

*^ Restated pursuant to merger (refer Note 41)*

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2024

## 10 Bank balances other than cash and cash equivalents

(₹ in million)

| Particulars | As at March 31, 2024 | As at March 31, 2023^ |
|---|---|---|
| Term deposits with original maturity more than 3 months but less than 12 months | 700.20 | 1,740.05 |
| **Total bank balances other than cash and cash equivalents** | **700.20** | **1,740.05** |

*^ Restated pursuant to merger (refer Note 41)*

## 11 Other current assets (unsecured)

(₹ in million)

| Particulars | As at March 31, 2024 | As at March 31, 2023^ |
|---|---|---|
| Prepaid expenses | 67.84 | 47.91 |
| Advances to suppliers: | | |
| Considered good | 61.07 | 47.30 |
| Considered doubtful | 0.77 | 0.77 |
| Less : Allowance for doubtful balances | (0.77) | (0.77) |
| | 61.07 | 47.30 |
| Employee advances | 7.14 | 4.95 |
| **Total other current assets** | **136.05** | **100.16** |

*^ Restated pursuant to merger (refer Note 41)*

## 12 Equity share capital

(₹ in million)

| Particulars | As at March 31, 2024 | As at March 31, 2023^ |
|---|---|---|
| **a. Authorised shares:** | | |
| 46,70,12,000 (March 31, 2023: 46,70,12,000) Equity shares of ₹ 10 each (refer note j below) | 4,670.12 | 4,670.12 |
| | **4,670.12** | **4,670.12** |
| **b. Issued, subscribed and fully paid-up shares:** | | |
| 6,37,04,416 (March 31, 2023: 6,35,42,541) Equity shares of ₹ 10 each fully paid up | 635.43 | 635.43 |
| Shares issued during the year - 1,61,875 Equity shares of ₹ 10 each fully paid up | 1.61 | - |
| | **637.04** | **635.43** |
| **c. Reconciliation of number of shares outstanding at the beginning and end of the year (in numbers):** | | |
| Equity shares | | |
| Outstanding at the beginning of the year | 63,542,541 | 63,542,541 |
| Issued during the year (Note h) | 161,875 | - |
| **Outstanding at the end of the year** | **63,704,416** | **63,542,541** |
| **d. Rights, preferences and restrictions attached to equity shares** | | |

The Company has one class of equity share having par value of ₹ 10 each. Each holder of equity share is eligible to one vote per share. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the company, the holders of the equity shares will be entitled to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.



NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2024

**e. Shareholders holding more than 5% shares in the company**

| Particulars | As at March 31, 2024 | | As at March 31, 2023 | |
|---|---|---|---|---|
| | % holding | No. of Shares | % holding | No. of Shares |
| **Equity shares** | | | | |
| Sapphire Foods Mauritius Limited | 24.03% | 15,306,970 | 31.90% | 20,269,227 |
| Arinjaya (Mauritius) Limited | 3.75% | 2,390,503 | 8.01% | 5,090,503 |
| HDFC Trustee Company Limited | 7.88% | 5,021,965 | 0.23% | 144,072 |
| Government of Singapore | 7.84% | 4,994,265 | 1.90% | 1,208,709 |
| Mirae Asset Trustee Company Private Limited | 7.62% | 4,855,492 | 8.48% | 5,385,955 |
| Nippon Life India Trustee Limited | 7.22% | 4,597,413 | 5.56% | 3,532,147 |

*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**

| Particulars | As at March 31, 2024 | | As at March 31, 2023 | | % change during the year |
|---|---|---|---|---|---|
| | % holding | No. of Shares | % holding | No. of Shares | |
| Sapphire Foods Mauritius Limited | 24.03% | 15,306,970 | 31.90% | 20,269,227 | -7.87% |
| QSR Management Trust through trustee Sagista Realty Advisors Private Limited | 3.06% | 1,951,630 | 4.27% | 2,714,385 | -1.21% |
| Arinjaya (Mauritius) Limited | 3.75% | 2,390,503 | 8.01% | 5,090,503 | -4.26% |
| Samara Capital Partners Fund II Limited | - | - | 0.71% | 449,999 | -0.71% |
| Ironman Investments Limited | - | - | 0.01% | 4,301 | -0.01% |
| | **30.84%** | **19,649,103** | **44.90%** | **28,528,415** | **-14.05%** |

**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, 2024 includes:**

i) Exercise of stock options 1,61,875 shares

**No shares issued during the year ended March 31, 2023."**

**i. Shares allotted as fully paid-up without payment being received in cash during the period of 5 years immediately preceding the date of Balance Sheet are as under :**

Nil

**j.** Pursuant to Composite Scheme of Arrangement with Gamma Pizzakraft (Overseas) Private Limited and Gamma Pizzakraft Private Limited, the authorised share capital of the Company has automatically increased by 3,53,30,000 equity shares upon scheme becoming effective (refer note 41).

*^ Restated pursuant to merger (refer Note 41)*

## 13 Other equity

(₹ in million)

| Particulars | As at March 31, 2024 | As at March 31, 2023^ |
|---|---|---|
| **Share application money pending allotment** | | |
| Balance at the beginning of the year (Restated pursuant to merger (refer Note 41)) | - | - |
| Add: Addition during the year | 0.67 | - |
| **Balance as at the end of the year** | **0.67** | **-** |
| **Securities premium** | | |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2024

(₹ in million)

| Particulars | As at March 31, 2024 | As at March 31, 2023^ |
|---|---|---|
| Balance at the beginning of the year (Restated pursuant to merger (refer Note 41)) | 14,867.62 | 14,867.62 |
| Add: Premium on issue of equity shares | 108.36 | - |
| **Balance as at the end of the year** | **14,975.98** | **14,867.62** |
| **Capital reserve** | | |
| Balance at the beginning of the year (Restated pursuant to merger (refer Note 41)) | 359.00 | 359.00 |
| Add: Additions during the year | - | - |
| **Balance as at the end of the year** | **359.00** | **359.00** |
| **Capital reserve on merger (Refer Note 41)** | | |
| Balance at the beginning of the year | (1,437.04) | - |
| Add: On account of Merger | - | (1,437.04) |
| **Balance as at the end of the year** | **(1,437.04)** | **(1,437.04)** |
| **Share based payment reserve** | | |
| Balance at the beginning of the year (Restated pursuant to merger (refer Note 41)) | 222.03 | 56.08 |
| Employee stock option expense (refer Note 24) | 175.46 | 165.95 |
| Transfer to retained earnings | (0.44) | - |
| Exercise of employee stock options | (28.00) | - |
| **Balance as at the end of the year** | **369.05** | **222.03** |
| **Retained earnings** | | |
| Balance at the beginning of the year (Restated pursuant to merger (refer Note 41)) | (3,143.81) | (5,406.07) |
| Profit for the year after tax | 507.68 | 2,263.62 |
| Re-measurement losses on defined benefit plans [net of deferred tax] | (12.71) | (1.36) |
| Transfer from ESOP reserve for lapsed options | 0.44 | - |
| Deferred Tax Asset on share based payment (refer note 15) | 34.51 | - |
| Balance as at the end of the year | (2,613.89) | (3,143.81) |
| **Total other equity** | **11,653.77** | **10,867.80** |

*^ Restated pursuant to merger (refer Note 41)*

**Note : Nature and purpose of reserves**

a) Retained earnings- Retained earnings are the profits/ losses that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders. Retained earnings includes re-measurement loss/(gain) on defined benefit plans, net of taxes that will not be reclassified to Statement of Profit and Loss. Retained earnings is a free reserve available to the Company.

b) Share based payment reserve - The Company offers ESOP, under which options to subscribe for the Company's share have been granted to certain employees and senior management. The share based payment reserve is used to recognise the value of equity settled share based payments provided as part of the ESOP scheme.

c) Capital reserve- Reserve is primarily created on amalgamation as per statutory requirement. This reserve is utilised in accordance with the specific provisions of the Companies Act, 2013.

d) Securities premium- The amount received in excess of face value of the equity shares is recognised in securities premium. This reserve is utilised in accordance with the specific provisions of the Companies Act, 2013.

e) Capital Reserve on merger - This reserve comprises of the impact pursuant to merger of Gamma Pizzakraft Overseas Private Limited & Gamma Pizzakraft Private Limited on a going concern basis from the appointed date of the scheme ie 1st April 2022 (Refer Note 41).

f) Share application money pending allotment - This is amount received on account of exercise of employee stock option during the year the allotment for which is pending as on the reporting date and will be completed subsequently.



# NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2024

## 14 Borrowings (measured at amortised cost)

(₹ in million)

| Particulars | As at March 31, 2024 | As at March 31, 2023^ |
|---|---|---|
| **Non-current borrowings (secured)** | | |
| **Secured Term Loan (At amortised cost)** | | |
| Term Loan from Banks | 185.43 | 377.73 |
| | 185.43 | 377.73 |
| Less:- current maturities (shown as current borrowings) | (63.11) | (191.94) |
| **Total non-current borrowings** | **122.32** | **185.79** |

**(a) Term Loan from HDFC Bank - RTL 1**

| Interest Rate | Repayment term | Security | As at March 31, 2024 | As at March 31, 2023^ |
|---|---|---|---|---|
| The interest rate on loan ranged from 6.5% p.a to 8.30% p.a. | Repayable in 35 quarterly instalments from the date of first disbursement. | Pari passu charge on all movable tangibles and intangibles assets, current assets and receivables and all bank accounts. | - | 135.13 |

**Term Loan from HDFC Bank - RTL 2**

| Interest Rate | Repayment term | Security | As at March 31, 2024 | As at March 31, 2023^ |
|---|---|---|---|---|
| The interest rate on loan ranged from 6.5% p.a to 8.30% p.a. | Repayable in 17 quarterly instalments from the date of first disbursement with moratorium of 15 months | Pari passu charge on all movable tangibles and intangibles assets, current assets and receivables and all bank accounts. | 109.17 | 148.81 |

**Term Loan from HDFC Bank - RTL 4**

| Interest Rate | Repayment term | Security | As at March 31, 2024 | As at March 31, 2023^ |
|---|---|---|---|---|
| The interest rate on loan is 6.5% p.a to 9.00% p.a. | Repayable in 48 monthly instalments from the date of first disbursement with moratorium of 24 months | Second charge on all movable tangibles and intangibles assets, current assets and receivables and all bank accounts | 76.26 | 93.79 |

**Overdraft from Yes Bank**

| Interest Rate | Repayment term | Security | As at March 31, 2024 | As at March 31, 2023^ |
|---|---|---|---|---|
| 0.75% margin over and above applicable fixed deposit rate | Repayable on demand | Charge over fixed deposits amounting to 165 mio | - | - |
| Current borrowings (secured) | | | | |
| Current maturities of non-current borrowings | | | 63.11 | 191.94 |
| **Total current borrowings** | | | **63.11** | **191.94** |

*^ Restated pursuant to merger (refer Note 41)*

## 15 Income tax

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

(₹ in million)

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023^ |
|---|---|---|
| **Current income tax** | | |
| **Deferred tax** | | |
| Relating to originating and reversal of temporary differences | 107.22 | (1,253.18) |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2024

(₹ in million)

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023^ |
|---|---|---|
| **Income tax expense/(income) reported in the financials** | 107.22 | (1,253.18) |
| - Income tax expense/(income) reported in the statement of profit/ (loss) | 145.92 | (1,252.66) |
| - Income tax income reported in the statement of other comprehensive income/ (loss) | (4.19) | (0.52) |
| - Income tax income reported directly in Equity (refer note a) | (34.51) | - |

**Note:**

a) Refers to income tax deduction claimed and received for AY 2023-2024 with respect to market value of ESOP's exercised over the Face Value of ESOPs debited to profit or loss. The tax impact has been adjusted against equity in accordance with the standard.

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

(₹ in million)

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023^ |
|---|---|---|
| **Profit before taxes** | 653.60 | 1,010.96 |
| Statutory income tax rate | 25.17% | 25.17% |
| **Expected income tax expense (A)** | 164.51 | 254.46 |
| **Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense :-** | | |
| Deferred tax assets recognised | (24.01) | (1,253.18) |
| Utilization of tax losses against taxable profits | - | (977.42) |
| Expenses not deductible for tax purpose | 1.23 | 0.28 |
| Difference in applicable tax rates and tax rates used to measure deferred taxes | - | 722.68 |
| **Total income tax expense / (income) (B)** | (22.78) | (1,507.64) |
| **Deferred Tax recognised during the year in the statement of profit and loss (A-B)** | 141.73 | (1,253.18) |

**Deferred tax**

Deferred tax relates to the following:

(₹ in million)

| Particulars | Balance Sheet | | Profit and Loss | |
|---|---|---|---|---|
| | Year ended March 31, 2024 | Year ended March 31, 2023^ | Year ended March 31, 2024 | Year ended March 31, 2023^ |
| **Deferred tax liabilities** | | | | |
| Goodwill | 236.14 | 236.14 | - | (56.57) |
| Lease Liabilities | 781.47 | 555.41 | 226.06 | 125.70 |
| Mutual Funds | 3.98 | 5.54 | (1.56) | (8.69) |
| | 1,021.59 | 797.09 | 224.50 | 60.44 |
| **Deferred tax assets** | | | | |
| Property, plant and equipment/ Intangible assets | 313.24 | 297.83 | 15.41 | (80.04) |
| Employee benefits payable | 42.91 | 38.56 | 4.35 | (8.59) |
| Long term/ Short term provisions | 34.53 | 24.66 | 9.87 | (3.75) |
| Provision for slow moving inventories | 0.60 | 0.59 | 0.01 | (1.60) |
| Right of Use Assets | 1,347.00 | 1,033.56 | 313.43 | 103.18 |
| Provisions for doubtful advances | 17.47 | 17.48 | - | (4.18) |
| Disallowance under section 40(a)(i) of Income Tax Act,1961 | 3.70 | 32.14 | (28.43) | (27.09) |
| Brought forward Business loss and Unabsorbed depreciation | 408.10 | 605.45 | (197.36) | (581.55) |
| Deferred tax income not recognized earlier due to absence of probability of profits | - | - | - | 1,917.24 |
| | 2,167.55 | 2,050.27 | 117.28 | 1,313.62 |
| **Deferred tax expense/ (income) #** | - | - | 107.22 | (1,253.18) |
| **Net deferred tax assets #** | 1,145.96 | 1,253.18 | | |
| **Deferred tax expense/ (income) of which :** | | | | |
| **Deferred tax recognised during the year in the statement of profit and loss** | | | 141.73 | (1,253.18) |
| **Deferred tax reported directly in equity** | | | (34.51) | |

*^ Restated pursuant to merger (refer Note 41)*

*# As at March 31, 2023, the Company has reassessed the recoverability of unrecognised deferred tax assets on unabsorbed depreciation and other deductible temporary differences. Considering the Company has generated profits in previous year and continued generating the profits for the current year and forecasts taxable profits in future, the Company is confident of utilisation of unabsorbed depreciation and other temporary differences accordingly, has recognised deferred tax assets amounting to ₹ 1,253.18 million as at March 31, 2023.*

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

(₹ in million)

| Expiry of losses financial year wise | Business losses | Unabsorbed depreciation | Short term capital loss |
|---|---|---|---|
| Indefinite | - | 1,641.36 | - |
| **Total** | **-** | **1,641.36** | **-** |

## 16 Lease Liabilities

(₹ in million)

| Particulars | As at March 31, 2024 | As at March 31, 2023^ |
|---|---|---|
| Carried at amortised cost (unsecured) | | |
| Lease Liabilities (Refer Note 43) | 10,843.82 | 8,706.34 |
| **Total Lease Liabilities** | **10,843.82** | **8,706.34** |
| Current | 1,036.08 | 1,408.87 |
| Non-current | 9,807.74 | 7,297.47 |

*^ Restated pursuant to merger (refer Note 41)*

## 17 Trade payables

(₹ in million)

| Particulars | As at March 31, 2024 | As at March 31, 2023^ |
|---|---|---|
| Total outstanding dues of micro enterprises and small enterprises (Note 34) (MSME) | 34.07 | 23.15 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises : | | |
| - Others | 1,851.41 | 1,801.73 |
| **Total trade payables** | **1,885.48** | **1,824.88** |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2024

**a) Ageing of undisputed trade payables**

(₹ in million)

| Particulars | Outstanding for following periods from due date of payment | | | |
|---|---|---|---|---|
| | As at March 31, 2024 | | As at March 31, 2023^ | |
| | MSME | Others | MSME | Others |
| Unbilled | - | - | - | - |
| Not due | 22.99 | 78.75 | 5.03 | 92.95 |
| Less than 1 year | 11.08 | 64.82 | 5.83 | 64.20 |
| 1 to 2 years | - | (2.52) | 2.40 | 6.12 |
| 2 to 3 years | - | 4.13 | 7.13 | 2.30 |
| More than 3 years | - | 22.28 | 2.76 | 28.85 |
| **Total** | **34.07** | **167.46** | **23.15** | **194.42** |

(₹ in million)

| Particulars | Outstanding for following periods from date of transaction | | | |
|---|---|---|---|---|
| | As at March 31, 2024 | | As at March 31, 2023^ | |
| | MSME | Others | MSME | Others |
| Unbilled | - | 1,288.11 | - | 1,152.80 |
| Not due | - | - | - | - |
| Less than 1 year | - | 356.16 | - | 438.02 |
| 1 to 2 years | - | 23.37 | - | 13.83 |
| 2 to 3 years | - | 7.71 | - | 1.30 |
| More than 3 years | - | 8.60 | - | 1.36 |
| **Total** | **-** | **1,683.95** | **-** | **1,607.31** |

b) There are no disputed trade payables, hence the same is not disclosed in ageing schedule.

c) Terms and conditions of the above trade payables:

- Trade payables are non-interest bearing and are normally settled on 30-60 days terms.

## 18 Other current financial liabilities

(₹ in million)

| Particulars | As at March 31, 2024 | As at March 31, 2023^ |
|---|---|---|
| Employees benefits payable | 167.49 | 160.78 |
| Capital creditors | 354.14 | 697.35 |
| Other payables : | | |
| - Others (refer note below) | 2.03 | 324.22 |
| **Total other current financial liabilities** | **523.66** | **1,182.35** |

*^ Restated pursuant to merger (refer Note 41)*

During November, 2021, the company has completed its initial public offering (IPO) of its equity shares, pursuant to which, the equity shares of the Company have got listed on the NSE Limited and BSE Limited on 18 November 2021. Other payables include balance of NIL (March 31, 2023 ₹ 321.24 million) towards amounts refundable to shareholders pursuant to their offer for sale in the IPO.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2024

## 19 Other liabilities

**Other current liabilities**

(₹ in million)

| Particulars | As at March 31, 2024 | As at March 31, 2023^ |
|---|---|---|
| Advance from customers (contract liabilities under Ind AS 115) | 73.66 | 0.80 |
| Deferred revenue (contract liabilities under Ind AS 115) | 5.60 | - |
| Statutory dues | 122.74 | 150.98 |
| **Total other current liabilities** | **202.00** | **151.78** |

**Other non-current liabilities**

(₹ in million)

| Particulars | As at March 31, 2024 | As at March 31, 2023^ |
|---|---|---|
| Deferred revenue (contract liabilities under Ind AS 115) | 8.40 | - |
| **Total non-current liabilities** | **8.40** | **-** |

*^ Restated pursuant to merger (refer Note 41)*

## 20 Provisions

(₹ in million)

| Particulars | As at March 31, 2024 | As at March 31, 2024 | As at March 31, 2023^ | As at March 31, 2023^ |
|---|---|---|---|---|
| | Non-Current | Current | Non-Current | Current |
| Gratuity (Note 35) | 98.74 | 7.20 | 81.98 | 5.75 |
| Leave encashment | - | 14.60 | - | 12.36 |
| Others (refer note below) | - | 38.71 | - | 39.05 |
| **Total provisions** | **98.74** | **60.51** | **81.98** | **57.16** |

**Movement for provision others**

(₹ in million)

| Particulars | As at March 31, 2024 | As at March 31, 2023^ |
|---|---|---|
| Balance at the beginning of the year | 39.05 | 39.54 |
| Provision during the year | - | - |
| Reversal during the year | (0.34) | (0.49) |
| **Balance as at the end of the year** | **38.71** | **39.05** |

*^ Restated pursuant to merger (refer Note 41)*

**Note:**

Others includes provision for certain litigation relating to service tax on rentals and other cases which is currently pending judgement in the Supreme Court/other authorities. The company had applied for Service tax amnesty scheme for above litigation which was rejected pursuant to which company had filed a writ petition in the High Court of Mumbai. The Company has received a favourable order in the March 31, 2022, from the Bombay High court directing the service tax authority to quash the orders for rejecting the Sabka Vishwas - (Legacy Dispute Resolution) Scheme, 2019 (SVLDRS) filed by the company.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2024

## 21 Revenue from operations (refer Note 42)

(₹ in million)

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023^ |
|---|---|---|
| **Revenue from contract with customers** | | |
| Restaurant sales | 22,297.63 | 19,726.30 |
| Other operating income | | |
| Sale to Airport dealers/ franchisees | 17.97 | 62.43 |
| Alliance Income | 17.83 | 5.14 |
| Scrap sales and others | 27.38 | 17.53 |
| **Total** | 22,360.81 | 19,811.40 |

*^ Restated pursuant to merger (refer Note 41)*

## 22 Other income

(₹ in million)

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023^ |
|---|---|---|
| Interest on fixed deposits and loan at amortised cost | 136.14 | 151.11 |
| Interest income from security deposit at amortised cost | 59.14 | 53.36 |
| Fair value gain on financial instruments at fair value through profit or loss | 31.99 | 43.89 |
| Rent waiver due to COVID (Refer note 43) | - | 4.53 |
| Sundry balances written back | 16.76 | 11.80 |
| Gain on termination of lease contract (Refer note 43) | 62.57 | 15.12 |
| Gain on remeasurement of lease contract (Refer note 43) | 1.83 | - |
| Gain on foreign currency transactions and translation | 5.04 | 16.55 |
| Miscellaneous income * | 2.27 | 0.72 |
| **Total** | **315.74** | **297.08** |

** Represents interest on income tax refund.*
*^ Restated pursuant to merger (refer Note 41)*

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

(₹ in million)

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023^ |
|---|---|---|
| Inventory as at the beginning of the year (restated) | 677.31 | 443.66 |
| Add: Purchases | 6,649.96 | 6,466.12 |
| Less: Inventory at the end of the year | 593.35 | 677.31 |
| **Total** | **6,733.92** | **6,232.47** |

*^ Restated pursuant to merger (refer Note 41)*

## 24 Employee benefits expense

(₹ in million)

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023^ |
|---|---|---|
| Salaries, wages and bonus | 2,467.96 | 2,068.42 |
| Contribution to provident fund and other funds (refer Note 35) | 191.90 | 159.21 |
| Gratuity (refer Note 35) | 19.36 | 17.75 |
| Employee stock option scheme (refer Note 40 and note a below) | 151.63 | 148.15 |
| Staff welfare expenses | 65.89 | 61.00 |
| **Total** | **2,896.74** | **2,454.53** |

*^ Restated pursuant to merger (refer Note 41)*



NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2024

a) Expenses on employee stock option scheme includes (1.06) million (net of lapsed) (March 31, 2023 : 3.47 million) towards long term incentive plan for the specified employees as per the scheme.

## 25 Finance costs

(₹ in million)

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023^ |
|---|---|---|
| Interest on loans from banks | 29.53 | 47.09 |
| Interest - others | 5.85 | 4.13 |
| Interest on lease liabilities (Note 43) | 894.25 | 743.27 |
| Other borrowing cost | 6.16 | 7.58 |
| **Total** | **935.79** | **802.07** |

*^ Restated pursuant to merger (refer Note 41)*

## 26 Depreciation and amortization expense

(₹ in million)

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023^ |
|---|---|---|
| Depreciation on property, plant and equipment (Note 3) | 1,364.68 | 1,061.82 |
| Amortisation on intangible assets (Note 4) | 173.32 | 123.94 |
| Depreciation on right of use asset (Note 43) | 1,368.64 | 1,204.73 |
| **Total** | **2,906.64** | **2,390.49** |

*^ Restated pursuant to merger (refer Note 41)*

## 27 Other expenses

(₹ in million)

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023^ |
|---|---|---|
| Rent (Note 42) | 739.83 | 611.34 |
| Electricity and utilities charges | 1,558.63 | 1,291.43 |
| Royalty (Refer note (ii) below) | 1,488.47 | 1,223.88 |
| Marketing and advertisement expenses | 1,002.41 | 791.32 |
| Commission on aggregators and meal coupons | 1,668.26 | 1,426.44 |
| Common area maintenance expenses | 322.05 | 296.59 |
| Distribution and warehousing charges | 295.41 | 301.28 |
| Repairs and maintenance: | | |
| - Plant and machinery | 111.71 | 115.23 |
| - Others | 356.56 | 299.56 |
| Professional fees | 241.57 | 207.85 |
| Director sitting fees | 1.18 | - |
| Small wares, cleaning, operating and other supplies | 207.26 | 183.33 |
| Home delivery charges | 81.15 | 49.95 |
| Travelling and conveyance | 122.24 | 110.17 |
| Payment to auditors (Refer note (i) below) | 11.47 | 11.29 |
| Provision for doubtful deposits | 1.00 | - |
| Sundry balances written off | 1.45 | - |
| Loss on sale/ discard of property, plant and equipment | 5.47 | 15.63 |
| Miscellaneous expenses | 333.74 | 282.67 |
| **Total** | **8,549.86** | **7,217.96** |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2024

(₹ in million)

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023^ |
|---|---|---|
| **Note :** | | |
| i. Payment to Auditors (Refer Note iii) | | |
| **As Auditor** | | |
| Audit fees | 8.12 | 7.88 |
| Tax Audit fee | - | 0.48 |
| Limited review fees | 2.01 | 1.77 |
| **In Other capacity** | | |
| Other service | 1.21 | 1.04 |
| Reimbursement of expenses | 0.13 | 0.12 |
| | 11.47 | 11.29 |

*^ Restated pursuant to merger (refer Note 41)*

ii. The Company is eligible for incentive basis the agreement with the franchisor and the same has been netted off against the royalty expenses.

iii. Payment to auditor includes payment to auditors of merged entity Gamma Pizzakraft Private Limited and Gamma Pizzakraft (Overseas) Private Limited for March 2024 ₹0.76 million (March 2023 : ₹1.65 million).

## 28 Earnings Per Share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of Equity shares outstanding during the year. Diluted EPS amounts are calculated by dividing the profit attributable to equity holders (after adjusting for cost of options) by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

The following reflects the profit and share data used in the basic and diluted EPS computations:

(₹ in million)

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023^ |
|---|---|---|
| Profit attributable to the equity holders of the Company (₹ in million) (A) | 507.68 | 2,263.62 |
| Weighted average number of equity shares outstanding during the year (B) | 63,643,335 | 63,542,541 |
| Effect of dilution: | | |
| Share options under ESOP ('C) | 709,504 | 755,285 |
| Weighted average number of equity shares adjusted for the effect of dilution (D)=(B)+(C') | 64,352,839 | 64,297,826 |
| Basic Earning Per Share (Face value of ₹ 10 per share) (A)/(B) | 7.98 | 35.62 |
| Diluted Earning Per Share (Face value of ₹ 10 per share) (A)/(D) | 7.89 | 35.21 |

*^ Restated pursuant to merger (refer Note 41)*

## 29 Contingent liabilities

(₹ in million)

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023^ |
|---|---|---|
| i) Claims against the Company (excluding Interest) not acknowledged as debts in respect of | | |
| - Indirect Tax | 90.54 | 13.13 |
| - Income Tax | 69.39 | 69.39 |
| - Statutory dues | 17.39 | 17.66 |
| - Bank Gaurantee | - | 0.10 |
| - Other matters | 126.48 | 83.30 |
| **Total** | 303.80 | 183.58 |

*^ Restated pursuant to merger (refer Note 41)*



NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2024

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

ii) The Company has entered into business transfer agreement with A. N. Traders Pvt Limited (ANTPL) in August 2016. The obligation of the parties was completed and the transaction of transferring the franchisee has been closed. One of the promoter of ANTPL has filed FIR against the company and various other parties. The Company has filed a quashing petition in the High Court of Delhi seeking an order to quash the FIR as the same had been filed on false and frivolous grounds. The petition is pending for hearing in the High Court of Delhi. The Company does not foresee any financial obligation against the FIR.

iii) The Hon'ble Collector of Stamps, Enforcement – I, Mumbai ("COS, Mumbai") had demanded stamp duty of ₹ 194.60 million in the subject matter of Scheme of Arrangement between the Sapphire Foods India Limited (previously known as Sapphire Foods India Private Limited) ("Company") & Sapphire Hospitality and Recreation Private Limited ("SHRPL"), Hansazone Private Limited ("HPL"), Pizzeria Fast Foods Restaurants (Madras) Private Limited ("Pizzeria"), KFCH Restaurants Private Limited ("KFCH"). As per Company's estimation, the stamp duty amount shall not exceed ₹ 2.74 million. The Company believes that the excessive stamp duty is on account of calculation error by the Authority and therefore the Company had contested the demand and filed appeal u/s 53(1A) of Bombay Stamp Act, 1958 with Chief Controlling Revenue Authority, Pune, Department of Registrations & Stamps, Maharashtra ("CCRA, Pune"). The Company on 11th April, 2022 had further received demand notice from COS, Mumbai for payment of ₹ 404.77 million as stamp duty including penalty. The Company, thereafter, appealed before CCRA, Pune, for applying stay on the demand notice and disposal of final hearing at the earliest. CCRA, Pune, subsequently, remanded back the case to COS, Mumbai to review its order as a fresh and decide the matter basis the facts involved. The stamp duty as per Company's estimation i.e. ₹ 2.74 million which has been provided and has already been paid to the Authority and hence, the Company does not expect any further financial implications given the strong merits of the case.

iv) The Company has filed a writ petition before the High Court of Gujarat at Ahmedabad challenging the anti-profiteering investigation being conducted by the Directorate General of Anti-Profiteering ("Respondent"), on the grounds that the anti-profiteering investigation is ex-facie illegal and suffers from various infirmities including malice in law on the part of the Respondents including the National Anti-Profiteering Authority. The Respondents had initiated an anti-profiteering investigation under Section 171 of the Central Goods and Services Tax Act, 2017, basis a complaint against a singular Pizza Hut restaurant located in Ahmedabad, Gujarat. This investigation was initiated basis a reconsidered reference made by the Standing Committee on Anti-Profiteering in respect to a complaint filed with respect to supply of a product named 'veggie supreme' by restaurant. Thereafter, the Company had responded and provided information to various summons and notices as demanded by the Respondent during the investigation. However, being aggrieved by the way the investigation was being conducted, the Company challenged the proceedings by the way of writ petition on the grounds that it was being conducted without any methodology or guidelines and was therefore manifestly arbitrary. By an order dated June 30, 2020, the High Court of Gujarat had directed the Respondent to not inquire about any other product of the Company other than the complained product. 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 judgement.

Future cash outflows, if any, in respect of above are determinable only on receipt of judgement/ decisions pending at various forums/ authorities or final outcome of matter.

The Company's pending litigations comprise of proceedings pending with tax authorities and government body. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have materially adverse impact on its financial statements.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2024

## 30 Commitments

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

(₹ in million)

| Particulars | As at March 31, 2024 | As at March 31, 2023^ |
|---|---|---|
| Estimated amount of contracts to be executed on capital account and not provided for | 798.05 | 969.04 |

^ Restated pursuant to merger (refer Note 41)

(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 December 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 475.09 million for the year 2024. 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 USD 500,000, refundable on meeting the annual build targets. In case the annual targets are not met Yum shall be entitled to forfeit such deposit.

## 31 Segment Reporting

**Description of segments and principal activities and information about products and services**

As the Company's business activity primarily falls within a single business and geographical segment i.e. Food and Beverages, thus there are no additional disclosures to be provided under Ind AS 108 – "Operating Segment'. The management considers that the various goods and services provided by the Company constitutes single business segment, since the risk and rewards from these services are not different from one another.

**Geographical information**

All revenue and non-current assets of the Company is situated in India, hence, disclosure pertaining to geographical areas has not been presented.

**Information about major customers**

Company is not dependent on any single customer for its revenue and none of the customers contribute to more than 10% of revenue individually.

## 32 Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**(a) Impairment of Non Financial Assets:**

Impairment exists when the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a Discounted Cash Flow (DCF) model. The cash flows are derived from the budget for the next five years. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are as under:

- Gross Margins
- Discount Rates
- Material Price inflation
- Growth rate
- Rent expense
- Salaries and wages
- Royalty and marketing fees

The management believes that no reasonably possible change in any of the key assumptions used in value in use calculation would cause the carrying value of the CGU to materially exceed its value in use.

**Gross Margins -** Gross margins are based on average values achieved in the preceding years and is expected to remain constant during the budget period. These have not increased over the budget period for anticipated efficiency improvements as the increase, if any, is expected to be marginal.

**Discount rates -** Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Company and is derived from its weighted average cost of capital (WACC). The cost of equity is derived from the expected return on investment by the Company's investors.

**Materials price inflation -** Past actual material price movements are used as an indicator of future price movements.

**Growth rate estimates -** Rates are based on management's estimate through internal and published industry research.

**Rent expense, Salaries and wages, Royalty and Marketing expenses -** Past actual rate movements are used as an indicator of future rate movements.

Any subsequent changes in the above factors could impact the recoverable value.

**(b) Investment impairment**

Determining whether the investments in subsidiaries are impaired requires an estimate in the value in use of investments. In considering the value in use, the directors have anticipated various assumptions which includes sales growth rate, gross margin, EBITDA margins, price inflation, long-term growth rate and the risk-adjusted discount rate and other factors of the underlying businesses / operations of the investee companies as more fully described in note 33. The discount rates are derived from the Company's weighted average cost of capital, taking into account the cost of capital, to which specific market-related premium adjustments are made.

Any subsequent changes to the cash flows due to changes in the above mentioned factors could impact the carrying value of investments.

**(c) Taxes**

The Company has exposure to income taxes in Indian jurisdiction. Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. (Refer Note 15).

**(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 lives of property, plant and equipment and intangible assets**

The cost of property, plant and equipment is depreciated on a straight-line basis over the property, plant and equipment's estimated economic useful lives. Management estimates the useful lives of these property, plant and equipment to be within 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

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2024

lives of these assets to be within 1 to 10 years, which Management believes are realistic and reflect fair approximation of the period over which assets are likely to be used. There are no intangible assets with indefinite useful life, other than goodwill.

**(f) Contingencies**

In the normal course of business, contingent liabilities may arise from litigations and other claims against the company. Potential liabilities that are possible but not probable of crystallizing or are very difficult to quantify reliably are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not recognised. Refer Note 29 for further details.

**(g) Leases**

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination.

The Company included the renewal period as part of the lease term for leases of stores with shorter period (i.e., up to 10 years). The Company typically exercises its option to renew for these leases because there will be a potential negative effect on the revenue. The renewal periods for leases of stores with longer 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.

**(h) Share based payments**

The company initially measures the cost of equity settled transaction with employees using Black Scholes model to determine the fair value of the liability incurred. Estimating fair value for share-based payment transaction requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. The estimates also requires determination of the most appropriate inputs to the valuation model including expected life of the share option, volatility and dividend yield and making assumptions about them. The assumption and models used for estimating the fair value for share based-payment transaction are disclosed in note no. 40.

**(i) Incentive**

The Company is eligible for certain incentive income basis the development agreement with franchisor basis opening of committed number of stores in a calendar year. The Company has considered past experience and future outlook in determining whether the Company shall be able to achieve the opening of target number of outlets. Accordingly incentive is recognised on pro-rata basis the number of stores opened as on reporting date.

## 33 a) Impairment Testing of Goodwill

Carrying amount of Goodwill as on March 31, 2024 is ₹ 1058.61 million pertain to single CGU i:e KFC brand (March 31, 2023 : ₹ 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, 2024. The Company performed its impairment test for the year ended March 31, 2024 on March 31, 2024.

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 covering period upto the year 2029. 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 2029. As a result of this analysis there is no impairment charge as at March 31, 2024.

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



# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2024

**Sensitivity to change in assumptions**

(₹ in million)

| Key assumptions | As at March 31, 2024 | As at March 31, 2023^ |
|---|---|---|
| Discount rate | 14% | 14% |
| Revenue growth rate | 21%-26% | 21%-26% |
| Terminal growth rate | 5% | 5% |

**Discount rate assumption**

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

(₹ in million)

| Particulars | As at March 31, 2024 | As at March 31, 2023^ |
|---|---|---|
| Increase in 100 basis points and its impact on the recoverable value | (5,913.40) | (5,000.56) |
| Decrease in 100 basis points and its impact on the recoverable value | 7,454.46 | 6,330.16 |

**Terminal growth rate assumption**

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

(₹ in million)

| Particulars | As at March 31, 2024 | As at March 31, 2023^ |
|---|---|---|
| Increase in 100 basis points and its impact on the recoverable value | 5,816.94 | 4,645.74 |
| Decrease in 100 basis points and its impact on the recoverable value | (4,653.55) | (3,716.59) |

**Revenue growth rate assumption**

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

(₹ in million)

| Particulars | As at March 31, 2024 | As at March 31, 2023^ |
|---|---|---|
| Increase in 100 basis points and its impact on the recoverable value | 1,789.12 | 1,321.16 |
| Decrease in 100 basis points and its impact on the recoverable value | (1,791.83) | (1,321.16) |

**b) Impairment Testing of Investment**

The Company has gross investment amounting to ₹ 402.72 million and inter-corporate deposit (ICD) amounting to ₹ 266.23 million as at 31 March 2024 in its wholly owned subsidiary Gamma Pizzakraft (Lanka) Private Limited (GPLPL), French Restaurants Limited (FRL) and Gamma Island Food Private Limited (GIF).

Considering the macroeconomic challenges faced by Sri Lanka on account of depletion of forex reserves, significant depreciation of Sri Lankan currency to INR, shortage of fuel, inflationary pressures and the Sri Lankan government seeking financial assistance from International Monetary Fund (IMF), the situation provided an indicator for impairment in the investment. In the current year, there has been improvement in the economy, the forex rate has started stabilising with controlled inflation. Further International Monetary Fund (IMF) had approved one facility during March 2023 and currently they are in discussion of second facility with the Sri Lankan Government.

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 the crisis. The management has considered all internal and external sources of information including economic forecasts and estimates from market sources as at the reporting date in determining the recoverable value for such investments held in subsidiaries.

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

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2024

Investment in Gamma Pizzakraft Lanka Private Limited and Gamma Island Food Private Limited

(₹ in million)

| Particular | As at March 31, 2024 | As at March 31, 2023^ |
|---|---|---|
| Opening balance | 379.95 | 1,685.64 |
| Less: Investment adjustment on merger (refer note 41) | - | (1,431.00) |
| Add: Investment during the year | - | 110.00 |
| Add: Share based payment during the year | 22.77 | 15.31 |
| **Closing balance** | **402.72** | **379.95** |

**Sensitivity to change in assumptions**

(₹ in million)

| Key assumptions | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Discount rate | 17% and 19.5% | 23.00% |
| Revenue growth rate | 12% -14% | 14%-17% |
| Terminal growth rate | 5% | 5% |

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

(₹ in million)

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Increase in 100 basis points and impact on the recoverable value | (446.64) | (200.78) |
| Decrease in 100 basis points and impact on the recoverable value | 515.04 | 226.55 |

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

(₹ in million)

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Increase in 100 basis points and impact on the recoverable value | 340.28 | 141.65 |
| Decrease in 100 basis points and impact on the recoverable value | (296.38) | (126.34) |

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

(₹ in million)

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Increase in 100 basis points and impact on the recoverable value | 145.36 | 76.29 |
| Decrease in 100 basis points and impact on the recoverable value | (145.36) | (76.29) |

On the basis of the evaluation and current indicators of future economic conditions, the Company has concluded that no adjustments are required as of reporting date at this point in time. Management will continue to monitor the situation. Further, management does not expect any uncertainties that may impact business in Sri Lanka in the near future.



# NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2024

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

(₹ in million)

| Particulars | March 31, 2024 | March 31, 2023 |
|---|---|---|
| a) Principal amount not due and remaining unpaid | 55.47 | 11.03 |
| b) Principal amount due and remaining unpaid | 1.25 | 3.84 |
| c) Interest due on (a) above and the unpaid interest | - | 0.02 |
| d) Interest due and payable for the period of delay other than (c) above | 18.34 | 13.45 |

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 ₹ 191.90 million (31 March 2023 : ₹ 159.21 million) [refer Note 24].

**II. Defined benefit plan: Gratuity**

The Company operates a gratuity plan wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each year of service and to employee who has completed 5 years or more of service. The same is payable on termination of service or retirement whichever is earlier. The Gratuity paid is governed by The Payment of Gratuity Act, 1972. The Company contributes to the fund based on actuarial report details of which is available in the table of investment pattern of plan asset, based on which the company is not exposed to market risk. The following table summarises the component of net defined benefit expenses recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for respective period.

**A. Balance Sheet**

(₹ in million)

| Particulars | Defined benefit plans | |
|---|---|---|
| | As at March 31, 2024 | As at March 31, 2023^ |
| Present value of plan liabilities | 106.87 | 88.60 |
| Fair value of plan assets | 0.93 | 0.87 |
| **Net plan liability / (asset)** | **105.94** | **87.73** |

**B. Movements in plan assets and plan liabilities**

(₹ in million)

| Particulars | Year ended March 31, 2024 | | | Year ended March 31, 2023^ | | |
|---|---|---|---|---|---|---|
| | Plan Asset | Plan Liability | Total | Plan Asset | Plan Liability | Total |
| As at the beginning of the year | 0.87 | 88.60 | 87.73 | 0.81 | 84.28 | 83.47 |
| Current service cost | - | 13.29 | 13.29 | - | 13.04 | 13.04 |
| Past service cost | - | - | - | - | - | - |
| Interest cost | - | 6.13 | 6.13 | - | 4.77 | 4.77 |
| Return on plan assets less expected interest on plan assets | 0.06 | - | (0.06) | 0.05 | - | (0.05) |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2024

(₹ in million)

| Particulars | Year ended March 31, 2024 | | | Year ended March 31, 2023^ | | |
|---|---|---|---|---|---|---|
| | Plan Asset | Plan Liability | Total | Plan Asset | Plan Liability | Total |
| Actuarial (gain)/loss on plan assets | - | - | - | 0.01 | - | (0.01) |
| Actuarial (gain)/loss arising from changes in demographic assumptions | - | - | - | - | 0.77 | 0.77 |
| Actuarial (gain)/loss arising from changes in financial assumptions | - | 2.31 | 2.31 | - | (14.80) | (14.80) |
| Actuarial (gain)/loss arising from experience adjustments | - | 14.59 | 14.59 | - | 15.91 | 15.91 |
| Benefit payments | - | (18.05) | (18.05) | - | (15.37) | (15.37) |
| As at the end of the year | 0.93 | 106.87 | 105.94 | 0.87 | 88.60 | 87.73 |

C. **Statement of Profit and Loss**

(₹ in million)

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023^ |
|---|---|---|
| **Employee benefit expenses:** | | |
| Current service cost | 13.29 | 13.03 |
| Finance cost (net of income on plan assets) | 6.07 | 4.72 |
| **Net impact on the Profit before tax for the year (refer note 24)** | **19.36** | **17.75** |
| **Remeasurement of the net defined benefit liability:** | | |
| Actual return on plan assets less expected interest on plan assets | - | (0.01) |
| Actuarial (gain)/loss arising from changes in demographic assumptions | - | 0.77 |
| Actuarial (gain)/loss arising from changes in financial assumptions | 2.31 | (14.78) |
| Actuarial loss arising from experience adjustments | 14.59 | 15.90 |
| **Net impact on the Other Comprehensive Loss before tax for the year** | **16.90** | **1.88** |

*^ Restated pursuant to merger (refer Note 41)*

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:

(₹ in million)

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023^ |
|---|---|---|
| **Financial Assumptions** | | |
| Discount rate | 6.95% to 7.00% | 7.15% to 7.50% |
| Salary Escalation Rate | "For Corporate : 8% For Stores : 5% to 6%" | "For Corporate : 8% For Stores : 5% to 6%" |





NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2024

(₹ in million)

| Particulars | As at March 31, 2024 | Year ended March 31, 2023^ |
|---|---|---|
| Demographic Assumptions | | |
| Mortality Rate | IALM (2012-14) Ultimate | IALM (2012-14) Ultimate |
| Withdrawal rate | "For Corporate: Past Service < 5 years: 18%, Past Service >= 5 years: 10% For Store: Past Service < 5 years: 80%, Past Service >= 5 years:" | "For Corporate: Past Service <5 years: 18%, thereafter: 10% For Store: Past Service <5 years: 80%, thereafter 2%" |
| Retirement Age | 60 years | 60 years |
| Average expected future working life (years)/ Average duration of defined benefit obligation (years) | 3.00 | 4.17 |

E. **Sensitivity**

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

(₹ in million)

| Particulars | Year ended March 31, 2024 | | | Year ended March 31, 2023^ | | |
|---|---|---|---|---|---|---|
| | 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% | (10.05) | 14.29 | +/-1% | (8.17) | 11.87 |
| Salary Escalation Rate | +/-1% | 14.29 | -10.31 | +/-1% | 11.79 | (8.30) |

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.The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

F. **The defined benefit obligations shall mature after year end as follows:**

(₹ in million)

| | Year ended March 31, 2024 | Year ended March 31, 2023^ |
|---|---|---|
| 1st following year | 8.13 | 6.62 |
| 2nd following year | 8.96 | 6.35 |
| 3rd following year | 7.22 | 7.69 |
| 4th following year | 7.23 | 6.09 |
| 5th following year | 7.68 | 6.01 |
| 6th to10th year | 35.90 | 30.49 |
| Expected Company Contributions for the Next Year | 7.31 | 5.12 |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2024

**G. Risk exposure:**

Through its defined benefits plan, the company is exposed to a number of risks, the most significant of which are detailed below:

**Investment risk**

The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to market yields at the end of the reporting period on government bond yields; if the return on plan asset is below this rate, it will create a plan deficit.

**Interest rate risk**

A decrease in the bond increase rate will increase the plan liability ; however, this will be partially offset by an increase in the return on the plan's debt investments.

**Demographic risk**

This is the risk of variability of results due to unsystematic nature of decrements that includes mortality, withdrawal, disability and retirement. The effects of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, medical cost inflation, discount rate and vesting criteria.

**Salary risk**

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability. The expected rate of return on plan assets is determined after considering several applicable factors such as the composition of the plan assets, investment strategy, market scenario, etc.

## 36 Related Party Disclosures

**Names of related parties and related party relationship**

**Related parties where control exists**

| | |
|---|---|
| **Subsidiaries** | Gamma Pizzakraft Lanka Private Limited |
| | French Restaurants Private Limited |
| | Gamma Island Food Private Limited |
| | Gamma Pizzakraft (Overseas) Private Limited (merged w.e.f April 1, 2022) |
| | Gamma Pizzakraft Private Limited (merged w.e.f April 1, 2022) |
| **Entities under common control:** | KFCH Restaurants Private Limited |
| **Company having significant influence:** | Arinjaya (Mauritius) Limited |
| | Sapphire Foods Mauritius Limited |
| | QSR Management Trust through trustee Sagista Realty Advisors Private Limited |
| | Samara Capital Partners Fund II Limited |
| | Ironman Investments Limited (w.e.f August 26, 2022) |
| | Samara Alternate Investment Management LLP |
| **Key Managerial Personnel/ Directors** | Mr. Sumeet Narang, Non-Executive Nominee Director |
| | Mr. Vikram Agarwal, Non-Executive Nominee Director |
| | Mr. Sanjay Purohit, Whole time director & Group CEO |
| | Mr. Sunil Chandiramani, Chairman and Independent Director |
| | 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 upto May 12, 2023) |
| | Mr. Norbert Fernandes,* Alternate Director (upto May 12, 2023) |
| | Mr. Norbert Fernandes, Non-Executive Nominee Director (w.e.f May 12, 2023) |
| | Mr. Kabir Thakur, Non-Executive Nominee Director |
| | Ms. Anu Aggarwal, Independent Director |
| | Ms. Deepa Wadhwa, Independent Director |
| | Mr. Vijay Jain, Chief Financial Officer |
| | Mr. Sachin Dudam, Company Secretary and Compliance Officer |
| | *Mr. Norbert Fernandes was appointed as Alternate Director to Mr. Paul Robine. Mr Paul Robine has resigned from the directorship of the company w.e.f May 12, 2023 and consequently, Mr Norbert Fernandes ceases to be the Alternate Director to Mr Paul Robine. |
| **Enterprises under significant influence of persons described above**: | Samara India Advisors Private Limited |

(₹ 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:** | | | | | |
| **Other Receivable** | | | | | |
| KFCH Restaurants Private Limited | | - | | | |
| | | (0.04) | | | |
| **Inter-Corporate Deposits as at (including accrued interest)** | | | | | |
| Gamma Pizzakraft Lanka Private Limited | 241.56 | | | | |
| | (369.93) | | | | |
| Gamma Island Food Private Limited | 24.67 | | | | |
| | (21.65) | | | | |
| **Transactions for the year ended:** | | | | | |
| **Sale of material** | | | | | |
| KFCH Restaurants Private Limited | | - | | | |
| | | (20.02) | | | |
| **Purchase of goods** | | | | | |
| KFCH Restaurants Private Limited | | 0.93 | | | |
| | | - | | | |
| **Purchase of assets** | | | | | |
| KFCH Restaurants Private Limited | | 2.76 | | | |
| | | (1.11) | | | |

(₹ in million)

| Particulars | Subsidiaries | Entities under Common Control | Key Managerial personnel/ Independent Directors and their relatives | Company having Significant Influence | Enterprises under Significant Influence |
|---|---|---|---|---|---|
| **Interest Income on Inter-Corporate Deposits** | | | | | |
| Gamma Pizzakraft Lanka Private Limited | 22.38 | | | | |
| | (17.79) | | | | |
| Gamma Island Food Private Limited | 2.72 | | | | |
| | (0.84) | | | | |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2024

(₹ in million)

| Particulars | Subsidiaries | Entities under Common Control | Key Managerial personnel/ Independent Directors and their relatives | Company having Significant Influence | Enterprises under Significant Influence |
|---|---|---|---|---|---|
| **Call Centre Charges (inclusive of taxes)** | | | | | |
| KFCH Restaurants Private Limited | | - | | | |
| | | (2.77) | | | |
| **Recovery of expenses** | | | | | |
| KFCH Restaurants Private Limited | | 0.22 | | | |
| | | - | | | |
| **Refund of Collection on behalf of** | | | | | |
| KFCH Restaurants Private Limited | | 1.67 | | | |
| | | - | | | |
| **Recovery of Collection on behalf of company** | | | | | |
| KFCH Restaurants Private Limited | | 0.86 | | | |
| | | - | | | |
| **Inter-Corporate Deposits given** | | | | | |
| Gamma Pizzakraft Lanka Private Limited | - | | | | |
| | (216.22) | | | | |
| Gamma Island Food Private Limited | - | | | | |
| | (19.99) | | | | |
| **Inter-Corporate Deposits repaid** | | | | | |
| Gamma Pizzakraft Lanka Private Limited | 131.58 | | | | |
| | - | | | | |
| **Reimbursement of expenses** | | | | | |
| KFCH Restaurants Private Limited | | - | | | |
| | | (0.02) | | | |
| Samara India Advisors Private Limited | | | | | 0.26 |
| | | | | | (0.94) |
| Samara Capital Partners Fund II Limited | | | | | |
| Samara Alternate Investment Management LLP | | | | | 0.88 |
| | | | | | - |
| Key Managerial personnel | | | 0.53 | | |
| | | | (0.61) | | |
| **Recovery of IPO Expenses** | | | | | |
| Sapphire Foods Mauritius Limited | | | | | 1.79 |
| | | | | | - |
| QSR Management Trust | | | | | 0.27 |
| | | | | | - |
| **Deemed Investment in subsidiaries (ESOP issued to subsidiary employees)** | | | | | |
| Gamma Pizzakraft Lanka Private Limited | 22.77 | | | | |
| | (15.30) | | | | |




# NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2024


(₹ in million)

| Particulars | Subsidiaries | Entities under Common Control | Key Managerial personnel/ Independent Directors and their relatives | Company having Significant Influence | Enterprises under Significant Influence |
|---|---|---|---|---|---|
| **Remuneration to Independent Directors** | | | 7.08 | | |
| (short term employee benefits) | | | (4.13) | | |
| **Remuneration to Key Managerial Personnel *#** | | | | | |
| Short Term Employee Benefits | | | 59.93 | | |
| | | | (67.81) | | |

(₹ in million)

| Particulars | Subsidiaries | 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 *#** | | | | | |
| Share based payments | | | 92.63 | | |
| | | | (85.90) | | |

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

\# *During the year ended March 31, 2024, Employee Stock Option Plan exercised for 723 shares is included as perquisites in the above remuneration.*

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

**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 ₹ 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 the year ended March 31, 2024 amount recoverable is disclosed under the head ""Other financial assets - Share issue expenses (Receivable from shareholders - Unbilled)"" which is Nil.

Further, as on March 31, 2023, the Company had a balance in Escrow account of ₹ 321.24 million refundable to selling shareholders representing amount set aside for the purpose of IPO share issue expenses, same has been settled during the year.

## 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 had investments in mutual funds which is subsequently measured at fair value through profit or loss (FVTPL) as per the closing net assets value (NAV) statement provided by the mutual fund house. The corresponding unrealized gain or loss on fair valuation is recorded in profit and loss account under other income. Accordingly, such mutual funds fall under fair value hierarchy level 1.

Further, during previous year, the company had invested surplus funds in bonds and debentures. The contractual cash flow from this investment meets the criteria for solely payment of principle and interest on principal amount and accordingly is recognised at amortised cost.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2024

Fair value measurement hierarchy (₹ in million)

| Particulars | As at March 31, 2024 | | | | | As at March 31, 2023^ | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Carrying amount/ Amortised cost | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) | Total Fair Value | Carrying amount/ Amortised cost | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) | Total Fair Value |
| **Financial Assets** | | | | | | | | | | |
| **At Amortised Cost** | | | | | | | | | | |
| Investment in Subsidiary (Note 5) | 402.72 | | - | - | **402.72** | 279.90 | - | - | - | **279.90** |
| Investment in Securities (Note 5) | - | - | - | - | **-** | 298.68 | - | - | - | **298.68** |
| Trade receivables (Note 8) | 293.11 | - | - | - | **293.11** | 154.04 | - | - | - | **154.04** |
| Cash and cash equivalents (Note 9) | 745.47 | - | - | - | **745.47** | 201.66 | - | - | - | **201.66** |
| Bank balances other than cash and cash equivalents (Note 10) | 700.20 | - | - | - | **700.20** | 1,740.05 | - | - | - | **1,740.05** |
| Other financial assets (Note 5) | 1,671.94 | - | - | - | **1,671.94** | 1,859.24 | - | - | - | **1,859.24** |
| **At Fair value through profit or loss** | | | | | | | | | | |
| Investments in mutual funds (Note 5) | - | - | - | - | **-** | - | 360.67 | - | - | **360.67** |
| **Financial Liabilities** | | | | | | | | | | |
| **At Amortised Cost** | | | | | | | | | | |
| Borrowings (Note 14) | 185.43 | - | - | - | **185.43** | 377.73 | - | - | - | **377.73** |
| Lease liabilities (Note 16) | 10,843.82 | - | - | - | **10,843.82** | 8,706.34 | - | - | - | **8,706.34** |
| Trade payables (Note 17) | 1,885.48 | - | - | - | **1,885.48** | 1,824.88 | - | - | - | **1,824.88** |
| Other current financial liabilities (Note 18) | 523.66 | - | - | - | **523.66** | 1,182.35 | - | - | - | **1,182.35** |

The Company considers that the carrying amounts of these financial instruments recognised at amortised cost in the financial statements approximates its fair value.

*^ Restated pursuant to merger (refer Note 41)*

## 38 Capital Risk Management

For the purpose of the company's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity shareholders. The Company's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The company's capital requirement is mainly to fund its capacity expansion. The principal source of funding of the company has been and is expected to continue to be, cash generated from its operations backed by bank borrowings. The funding requirements are met through equity infusions, internal accruals and borrowings. As a part of its capital management policy the company ensures compliance with all covenants and other capital requirements related to its contractual obligations.

The capital structure is governed by policies approved by the Board of Directors and is monitored by various matrices, funding requirements are reviewed periodically.

## 39 Financial risk management objectives and policies

The Company's principal financial liabilities comprise of borrowings, lease liabilities, trade and other payables. The Company's principal financial assets include trade and other receivables, investments and cash and cash equivalents including bank balances other than cash and cash equivalents that derive directly from its operations.

The Company's financial risk management is an integral part of how to plan and execute its business investments strategies. The Company is exposed to market risk, credit risk and liquidity risk.

The senior professionals working to manage the financial risks and the appropriate financial risk governance framework for the Company are accountable to the Board of Directors. This process provides assurance to Company's senior management that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risk are identified, measured and managed in accordance with Company policies and Company risk objective.

Further, the company has a Risk Management Committee for overseeing the risk management framework & developing & monitoring the Company's risk management policies.

The risk management policies aim to mitigate the following risks arising from the financial instruments.

**a Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprises of risks relating to interest rate risk and price risk. The impact of price risk is not material. The sensitivity analysis in the following sections relate to the position as at respective balance sheet date. The analysis exclude the impact of movements in market variables on: the carrying values of gratuity, pension obligation and other post-retirement obligations; provisions; and the non-financial assets and liabilities. The sensitivity of the relevant Profit and Loss item is the 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, 2024.

**i. Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company exposure to the risk of changes in market interest rates relates primarily to the outstanding financial liability.

The Company has also considered the effect of changes, if any, in both counterparty credit risk and own credit risk while assessing the debt obligations.

(₹ in million)

| Particulars | As at March 31, 2024 | As at March 31, 2023^ |
|---|---|---|
| Borrowings bearing variable rate of interest | **185.43** | 377.73 |

**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:

(₹ in million)

| Change | As at March 31, 2024 | As at March 31, 2023^ |
|---|---|---|
| 50 bps increase would increase the loss before tax by | **(0.93)** | (1.89) |
| 50 bps decrease would decrease the loss before tax by | **0.93** | 1.89 |

**ii. Foreign Currency risk**

Foreign currency risk is the risk that the fair value of future cash flows of an exposure will fluctuate because of changes in exchange rates. Foreign currency risk sensitivity is the impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The following tables demonstrate the sensitivity to a reasonably possible change in USD and EURO exchange rates, with all other variables held constant.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2024

**Derivative instruments and unhedged foreign currency exposure**

The Company has no outstanding derivative instrument at the year end. The amount of foreign currency exposure that are not hedged by derivative instruments or otherwise are as under -

(₹ in million)

| Particulars | Currency | As at March 31, 2024 | | As at March 31, 2023^ | |
|---|---|---|---|---|---|
| | | Foreign Currency | Amount in ₹ | Foreign Currency | Amount in ₹ |
| Loans and Advances | USD | 3,152,699 | 266.23 | 4,757,272 | 391.58 |
| Bank Balance | LKR | 87,934 | 0.02 | - | - |

**Foreign currency sensitivity**

A change of 50 bps in exchange rate would have following impact on loss before tax:

(₹ in million)

| Change | Year ended March 31, 2024 | Year ended March 31, 2023^ |
|---|---|---|
| 50 bps increase would increase the profit/ (loss) before tax by | 1.33 | 1.96 |
| 50 bps decrease would decrease the profit/ (loss) before tax by | (1.33) | (1.96) |

*^ Restated pursuant to merger (refer Note 41)*

**b Credit risk**

Credit risk is the risk that counterparty will default on its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and other financial instruments.

**i. Trade Receivable**

The trade receivable of the Company generally spread over limited numbers of parties. The Company evaluates the credit worthiness of the parties on an ongoing basis. Further, outstanding customer receivables are regularly monitored and followed up. Therefore, the Company does not expect any material risk on account of non-performance from these parties.

**ii. Financial instruments and cash deposits**

Credit risk from balances with banks is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

**c Liquidity risk**

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. The Company's objective is to at all times maintain optimum levels of liquidity to meet its cash and liquidity requirements. The Company monitors its liquidity position and deploys a cash management system. It maintains adequate source of financing through the use of bank deposits and cash credit facilities. Processes and policies related to such risks are overseen by senior management. Management monitors the Company's liquidity position through rolling forecasts on the basis of expected cash flows. The Company assessed the concentration of risk with respect to its debt and concluded it to be low.



# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2024

The table below analyses the Company's financial liabilities into relevant maturity groupings based on their contractual maturities.

(₹ in million)

| Particulars | Year | < 1 Year | 1 - 5 Years | More than 5 year | Total |
|---|---|---|---|---|---|
| **Financial Liabilities** | | | | | |
| Trade Payable | March 31, 2024 | 1,885.48 | - | - | 1,885.48 |
| | March 31, 2023 | 1,824.88 | - | - | 1,824.88 |
| Borrowings * | March 31, 2024 | 77.68 | 134.42 | - | 212.10 |
| | March 31, 2023 | 216.62 | 208.83 | - | 425.45 |
| Lease liabilities (Gross) | March 31, 2024 | 1,903.66 | 6,235.14 | 10,372.03 | 18,510.83 |
| | March 31, 2023 | 1,587.43 | 5,230.32 | 7,462.65 | 14,280.40 |
| **Other Financial Liabilities** | | | | | |
| Payable on Capital goods purchased | March 31, 2024 | 354.14 | - | - | 354.14 |
| | March 31, 2023 | 697.35 | - | - | 697.35 |
| Payable to employees | March 31, 2024 | 167.49 | - | - | 167.49 |
| | March 31, 2023 | 160.78 | - | - | 160.78 |
| Other payables | March 31, 2024 | 2.03 | - | - | 2.03 |
| | March 31, 2023 | 324.22 | - | - | 324.22 |

** Including Interest*

**d Excessive risk concentration**

Concentrations arise when a number of counter parties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. Based on company's evaluation there is no excessive risk concentration.

## 40 Share-based payments

**Employee Stock Option Scheme (ESOS), 2017**

The Company had received approval of the Board and Shareholders for issuance of 20,31,249 Equity Shares of ₹ 10 each for offering to eligible employees of the Company under Sapphire Foods Employee Stock Option Plan 2017 (the plan). There are 2 schemes of the plan implemented by the Company- Sapphire Foods Employee Stock Option Loyalty Scheme 2017- "Scheme I" (loyalty scheme) and Sapphire Foods Employee Stock Option Performance Scheme 2017- "Scheme II" (performance scheme).

The purpose of these schemes is to reward loyalty for past services with the Company, retention of critical employees, achieving company performance and aligning the shareholders interest.

During the year ended 31 March 2021, the Company has modified its existing schemes and implemented variation on 21 August 2020 by increasing the total number of options available for loyalty and performance options. It revised its target performance estimates and made it more favourable for its employees. These schemes were further modified on 30 December 2020 where Ruby options were introduced resulting in an increase in no of option granted and revised the terms of performance making it more favourable for its employees. The revised scheme hereinafter referred to as "Scheme III" for employees other than CEO and "Scheme IV" for CEO respectively. Scheme III was further modified on 18 May 2021 for acceleration of vesting at the Board discretion.

The number of shares that will vest is conditional upon certain performance and market conditions that will be determined by the Board of Directors. The performance will be measured over vesting period of the options grated which range from 1-4 years and which will be exercised over a period of 1 year from date of vesting.

The ESOP pool was further increased by addition of 807,784 equity shares vide shareholders approval in the meeting held on 23rd July, 2021

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2024

**Employee Stock Option Scheme (ESOS), 2019**

Under Sapphire Foods Employee Stock Option Scheme 2019 – " Scheme III" – Management other than CEO, 785,431 options were granted to eligible employees on September 15, 2021 and an additional 4,747 options were granted on September 29, 2021. The purpose of this scheme is to reward loyalty for past services with the Company, retention of critical employees, achieving company performance and aligning the shareholders interest.

The ESOP pool was further increased by addition of 1,494,856 equity shares vide shareholders approval in the meeting held on 8th April, 2022..

**Employee Stock Option Scheme (ESOS), 2022**

During FY 2022-23, the Company came up with the new ESOP scheme hereinafter referred to as Sapphire Foods Employee Stock Option Scheme 2022- "Scheme IIIA" and Sapphire Foods Employee Stock Option Performance Scheme 2022- "Scheme IVA". "Scheme IIIA" for management other than CEO and "Scheme IVA" for CEO.

Under ESOP Sapphire Foods Employee Stock Option Scheme 2022 – " Scheme IIIA" – Management other than CEO, 805,486 options were granted to eligible employees during the year and under ESOP Sapphire Foods Employee Stock Option Scheme 2022 – " Scheme IVA" – CEO, 1,079,000 options were granted on June 22, 2022. The scheme has been formulated with the same objective as ESOS 2019.

There are no cash settlement alternatives for the employees. The Company does not have a past practice of cash settlement for these awards.

The Company has granted the following options:

| Particulars | ESOS 2017 (Loyalty) | | | | ESOS 2019 (Loyalty) | |
|---|---|---|---|---|---|---|
| | Scheme IV | Scheme IV | Scheme III | Scheme III | Scheme IV | Scheme IV |
| No. of options | 225,694 | 112,848 | 173,031 | 37,615 | 230,767 | 559,411 |
| Method of accounting | Fair value | Fair value | Fair value | Fair value | Fair value | Fair value |
| Vesting period (in years) | 2.5 years | 2.2 years | 2.2 years | 2.2 years | 1.5 years | 3.02 years |
| Grant Date | 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 | 6 month from the end of vesting date | 6 month from the end of vesting date |
| Exercise Price (₹) | 10 | 10 | 10 | 10 | 544.4 | 544.4 |
| Method of settlement | Equity- settled | Equity- settled | Equity- settled | Equity- settled | Equity- settled | Equity- settled |
| Fair value per option (₹) | 344.65 | 376.70 | 344.75 | 376.70 | 147.90 | 209.30 |

| Particulars | ESOS 2022 (Loyalty) | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Scheme IIIA | | | | | | | Scheme IVA |
| No. of options | 183,367 | 67,500 | 13,200 | 18,333 | 7,033 | 2,167 | 8,333 | 359,667 |
| Method of accounting | Fair value | Fair value | Fair value | Fair value | Fair value | Fair value | Fair value | Fair value |
| Vesting period (in years) | 3.8 years | 1 to 3.5 years | 3.41 years | 3.14 years | 2.89 years | 2.41 years | 3.14 years | 3.8 years |
| Grant Date | 22-Jun-22 | 08-Oct-22 | 03-Nov-22 | 09-Feb-23 | 12-May-23 | 02-Nov-23 | 09-Feb-24 | 22-Jun-22 |
| Exercise Date | Within 6 months from the date of vesting | Within 6 months from the date of vesting | Within 6 months from the date of vesting | Within 6 months from the date of vesting | Within 6 months from the date of vesting | Within 6 months from the date of vesting | Within 6 months from the date of vesting | Within 6 months from the date of vesting |
| Exercise Price (₹) | 1180 | 1180 | 1180 | 1180 | 1180 | 1180 | 1360 | 1180 |
| Method of settlement | Equity-settled | Equity-settled | Equity-settled | Equity-settled | Equity-settled | Equity-settled | Equity-settled | Equity-settled |
| Fair value per option (₹) | 327.60 | 706.42 | 690.65 | 487.45 | 490.15 | 490.57 | 517.31 | 327.60 |





# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2024

| Particulars | ESOS 2017 & 2019 (Performance) | | | | | | |
|---|---|---|---|---|---|---|---|
| | Scheme IV | | | Scheme III | | | |
| | Gold Options | Platinum | Ruby Options | Gold Options (A) | Gold Options (B) | Platinum | Ruby Options |
| No. of options | 338,542 | 225,694 | 138,889 | 210,649 | 210,648 | 52,663 | 105,325 |
| Method of accounting | Fair value | Fair value | Fair value | Fair value | Fair value | Fair value | Fair value |
| Vesting period (in years) | 2.2 years | 2.6 years | 3.5 years | 2.2 years | 2.5 years | 3.5 years | 3.2 years |
| Grant Date | 04-Jun-18 | 21-Aug-20 | 30-Dec-20 | 04-Jun-18 | 21-Aug-20 | 21-Aug-20 | 30-Dec-20 |
| Exercise Date | 31-Mar-24 | 31-Mar-24 | 31-Mar-25 | 31-Mar-24 | 31-Mar-24 & 31-Mar-25 | 31-Mar-24 & 31-Mar-25 | 31-Mar-25 |
| Exercise Price (₹) | 10 | 10 | 10 | 178 | 178 | 178 | 178 |
| Method of settlement | Equity-settled | Equity-settled | Equity-settled | Equity-settled | Equity-settled | Equity-settled | Equity-settled |
| Fair value per option (₹) | 376.80 | 377.00 | 377.50 | 238.10 | 237.90 | 251.80 | 248.60 |

| Particulars | ESOS Scheme 2022 (Performance) | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Scheme IIIA | | | | | | | Scheme IVA |
| No. of options | 366,733 | 85,000 | 26,400 | 36,667 | 14,067 | 4,333 | 16,667 | 719,333 |
| Method of accounting | Fair value | Fair value | Fair value | Fair value | Fair value | Fair value | Fair value | Fair value |
| Vesting period (in years) | 3.8 to 4.4 years | 3.5 to 4.15 years | 3.4 to 4.08 years | 3.1 to 3.81 years | 2.89 years | 2.41 years | 3.14 years | 4.44 years |
| Grant Date | 22-Jun-22 | 08-Oct-22 | 03-Nov-22 | 09-Feb-23 | 12-May-23 | 02-Nov-23 | 09-Feb-24 | 22-Jun-22 |
| Exercise Date | Within 6 months from the date of vesting | Within 6 months from the date of vesting | Within 6 months from the date of vesting | Within 6 months from the date of vesting | Within 6 months from the date of vesting | Within 6 months from the date of vesting | Within 6 months from the date of vesting | Within 6 months from the date of vesting |
| Exercise Price (₹) | 1180 | 1180 | 1180 | 1180 | 1180 | 1180 | 1360 | 1180 |
| Method of settlement | Equity-settled | Equity-settled | Equity-settled | Equity-settled | Equity-settled | Equity-settled | Equity-settled | Equity-settled |
| Fair value per option (₹) | 327.60 | 706.42 | 690.65 | 487.45 | 490.15 | 490.57 | 517.31 | 327.60 |

| No. of Options | Loyalty | | Performance | |
|---|---|---|---|---|
| | Year ended March 31, 2024 | Year ended March 31, 2023 | Year ended March 31, 2024 | Year ended March 31, 2023 |
| Outstanding at the beginning of the year | **1,165,585** | 687,666 | **1,433,923** | 232,933 |
| Granted during the year | **17,533** | 644,829 | **35,067** | 1,239,657 |
| Exercised during the year | **(137,105)** | - | **(28,532)** | - |
| Lapsed/ Expired during the year | **(81,067)** | (166,910) | **(44,324)** | (38,667) |
| Outstanding at the end of the year | **964,946** | 1,165,585 | **1,396,134** | 1,433,923 |
| Exercisable at the end of the year | **60,605** | - | **206,601** | - |
| Vested at the end of the year | **-** | 174,714 | **-** | 232,933 |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS
**for the year ended March 31, 2024**

The fair values are measured based on the Black Scholes Model. The fair value of the options & inputs used in the measurement of grant date fair values are as follows :

| Date of grant | 09 February 2024 | 02 November 2023 | 12 May 2023 | 09 February 2023 | 03 November 2022 | 08 October 2022 |
|---|---|---|---|---|---|---|
| Risk free interest rate | 7.01% | 7.32% | 6.89% | 7.27% | 7.14% | 7.41% |
| Expected life (in years) | 3.39 | 2.66 | 3.14 | 3.39 | 3.66 | 3.73 |
| Expected volatility | 39% | 39% | 39% | 39% | 39% | 39% |
| Dividend yield | 0% | 0% | 0% | 0% | 0% | 0% |
| Price of the underlying share in the market at the time of option grant (₹) | 1379.45 | 1318.65 | 1277.20 | 1241.60 | 1469.16 | 1475.00 |

| Date of grant | 22 June 2022 | 15 September 2021 | 15 September 2021 | 30 December 2020 | 21 August 2020 | 3 September 2018 | 4 June 2018 |
|---|---|---|---|---|---|---|---|
| Risk free interest rate | 6.90% | 4.06% | 4.96% | 4.00% | 4.69% | 8.10% | 7.90% |
| Expected life (in years) | 4.02 | 1.8 | 3.3 | 2.2-3.5 | 2.6 | 7.4 | 5.4 |
| Expected volatility | 39% | 50% | 50% | 55% | 50% | 45% | 40% |
| Dividend yield | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| Price of the underlying share in the market at the time of option grant (₹) | 977.10 | 537.00 | 537.00 | 386.00 | 291.00 | 351.00 | 351.00 |

Weighted average remaining contractual life of the share option outstanding at the end of year is as below :

| Particulars | 31-Mar-24 | 31-Mar-23 | 31-Mar-22 | 31-Mar-21 | 31-Mar-20 | 31-Mar-19 |
|---|---|---|---|---|---|---|
| Remaining contractual life Loyalty (years) | 1.82 | 2.51 | 1.75 | 0.88 | 1.54 | 2.31 |
| Remaining contractual life Performance (years) | 2.89 | 3.34 | 0.36 | 1.75 | 1.45 | 2.90 |

**Effect of the employee option plan on the Statement of Profit or Loss and on its financial position**

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|
| Total employee compensation cost pertaining to stock option plan (Refer Note 24) | 152.69 | 144.68 |
| Liability for employee stock option plan outstanding as at the year end | 369.05 | 222.03 |

## 41 Merger of Gamma Pizzakraft Private Limited (GPPL) and Gamma Pizzakraft Overseas Private Limited (GPOPL) (wholly owned subsidiary companies/ divisions) with Sapphire Foods India Limited

Pursuant to scheme of Merger by Absorption under section 230-232 of the Companies Act, 2013, between the Company and its wholly owned subsidiaries Gamma Pizzakraft Private Limited (GPPL) and Gamma Pizzakraft Overseas Private Limited (GPOPL) (transferor companies) sanctioned by National Company Law Tribunal by virtue of its order dated March 20, 2024. The transferor companies have merged into the Company on a going concern basis from the appointed date of the scheme i.e. April 1, 2022. These subsidiaries are in the business of operating Pizza Hut stores in India. The scheme became effective from March 31, 2024.

The arrangement have been accounted in the books of account of the Company in accordance with Appendix C of Ind AS 103 and considering that the transferor companies are ultimately controlled by the same entity both before and after the business combination, the said transaction is a common control transaction and has been accounted under pooling of interest method.



# NOTES TO THE STANDALONE FINANCIAL STATEMENTS
**for the year ended March 31, 2024**

Accordingly, the comparative financial information of the Company for the year ended March 31, 2023 included in these standalone financial statements along with the notes to accounts and disclosure have been adjusted to give effect of the merger of transferor companies with effect from the date when such entities came under common control. Following the common control accounting guidance the financial statements of the following companies have been included in the financial statement of the Company from:

Gamma Pizzakraft Private Limited (GPPL) - April 1, 2022

Gamma Pizzakraft Overseas Private Limited (GPOPL) - April 1, 2022

The impact of the merger on the financial statements of the Company is as under:

(₹ in million)

| Particulars | Gamma Pizzakraft (Overseas) Private Limited | Gamma Pizzakraft Private Limited | Total |
|---|---|---|---|
| **Total Assets (A)** | **557.85** | **105.18** | **663.03** |
| **Total Liabilities (B)** | 126.88 | 102.75 | 229.63 |
| **Net Assets (A-B)** | **430.97** | **2.43** | **433.40** |
| Add: Other reserves | 242.35 | (146.51) | 95.84 |
| Less : Investment elimination | 1,681.45 | 93.15 | 1,774.60 |
| Capital Reserve persuant to merger | | | |
| **Total** | **1,492.83** | **(55.79)** | **1,437.04** |

Below is the reconciliation of the reported numbers of Balance sheet of March 31, 2022 with the restated numbers of March 31, 2022

(₹ in million)

| Balance Sheet as at April 1,2022 | Reported | Merger impact on April 1, 2022 | | | |
|---|---|---|---|---|---|
| **Particulars** | **SFIL standalone as on April 1, 2022** | **Assets and liabilities of GPOPL** | **Assets and liabilities of GPPL** | **Intercompany eliminations** | **SFIL restated standalone as on April 1, 2022** |
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Property, Plant and Equipment | 4,741.99 | 4.29 | 23.15 | - | 4,769.43 |
| Capital work-in-progress | 265.18 | - | - | - | 265.18 |
| Right of use assets | 5,784.45 | - | 56.58 | - | 5,841.03 |
| Goodwill | 1,058.61 | - | - | - | 1,058.61 |
| Other Intangible assets | 307.22 | - | 3.77 | - | 310.99 |
| Intangible assets under development | 4.76 | - | - | - | 4.76 |
| Financial assets | | | | | |
| i) Investment in subsidiary | 1,685.85 | 353.35 | - | (1,774.60) | 264.60 |
| ii) Other financial assets | 1,213.31 | 0.11 | 9.04 | (120.42) | 1,102.04 |
| Income tax assets | 48.93 | - | - | 15.37 | 64.30 |
| Other non-current assets | 313.78 | 14.17 | 0.89 | (15.12) | 313.72 |
| **Total non-current assets** | **15,424.08** | **371.92** | **93.43** | **(1,894.77)** | **13,994.66** |
| **Current assets** | | | | | |
| Inventories | 489.37 | - | 4.35 | - | 493.72 |
| Financial assets | | | | | - |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2024

(₹ in million)

| Balance Sheet as at April 1,2022 | Reported | Merger impact on April 1, 2022 | | | |
|---|---|---|---|---|---|
| Particulars | SFIL standalone as on April 1, 2022 | Assets and liabilities of GPOPL | Assets and liabilities of GPPL | Intercompany eliminations | SFIL restated standalone as on April 1, 2022 |
| i) Investments | 1,525.22 | - | - | - | 1,525.22 |
| ii) Trade receivables | 118.35 | 0.16 | 1.42 | (0.19) | 119.74 |
| iii) Cash and cash equivalents | 342.34 | 34.67 | 3.83 | - | 380.84 |
| iv) Bank balances other than cash and cash equivalents | 1,954.20 | 0.10 | 0.13 | - | 1,954.43 |
| v) Other financial assets | 861.21 | 149.97 | 0.44 | (15.41) | 996.21 |
| Current tax assets (net) | - | 0.33 | 0.55 | (0.88) | - |
| Other current assets | 86.16 | 0.70 | 1.04 | 0.72 | 88.62 |
| **Total current assets** | **5,376.85** | **185.93** | **11.76** | **(15.76)** | **5,558.78** |
| **Total Assets** | **20,800.93** | **557.85** | **105.19** | **(1,910.53)** | **19,553.44** |
| **EQUITY AND LIABILITIES** | | | | | |
| **Equity** | | | | | |
| Equity share capital | 635.43 | 188.62 | 148.74 | (337.36) | 635.43 |
| Other equity | 9,780.88 | 242.35 | (146.30) | (1,437.34) | 8,439.59 |
| Total equity | **10,416.31** | **430.97** | **2.44** | **(1,774.70)** | **9,075.02** |
| **Liabilities** | | | | | |
| **Non-current liabilities** | | | | | |
| Financial liabilities | | | | | |
| i) Borrowings | 377.73 | 123.27 | - | (120.00) | 381.00 |
| ii) Lease Liabilities | 6,005.89 | - | 60.09 | - | 6,065.98 |
| Other non-current liabilities | - | - | - | - | - |
| Provisions | 76.34 | - | 1.84 | - | 78.18 |
| **Total non-current liabilities** | **6,459.96** | **123.27** | **61.93** | **(120.00)** | **6,525.16** |
| **Current liabilities** | | | | | |
| Financial liabilities | | | | | |
| i) Borrowings | 166.51 | 0.72 | 12.35 | (12.35) | 167.23 |
| ii) Lease Liabilities | 707.78 | - | 19.56 | - | 727.34 |
| iii) Trade payables | | | | | |
| (a) total outstanding dues of micro enterprises and small enterprises | 35.06 | - | - | - | 35.06 |
| (b) total outstanding dues of creditors other than micro enterprises and small enterprises | 1,623.30 | 0.15 | 5.65 | (0.38) | 1,628.72 |
| iv) Other financial liabilities | 1,172.21 | 2.73 | 1.69 | (3.08) | 1,173.55 |
| Other current liabilities | 165.53 | 0.01 | 0.60 | (0.02) | 166.12 |
| Provisions | 54.27 | - | 0.97 | - | 55.24 |
| **Total current liabilities** | **3,924.66** | **3.61** | **40.82** | **(15.83)** | **3,953.26** |
| **Total Equity and Liabilities** | **20,800.93** | **557.85** | **105.19** | **(1,910.53)** | **19,553.44** |




# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2024


Below is the reconciliation of the reported numbers of Balance sheet of March 31, 2023 with the restated numbers of March 31, 2023

(₹ in million)

| Balance Sheet as at March 31, 2023 | Reported | Merger impact on March 31, 2023 | | | |
|---|---|---|---|---|---|
| Particulars | SFIL standalone as on March 31, 2023 | Assets and liabilities of GPOPL | Assets and liabilities of GPPL | Intercompany eliminations/ Reclassification | SFIL restated standalone as on March 31, 2023 |
| **ASSETS** | | | | | |
| **Non-current as sets** | | | | | |
| Property, Plant and Equipment | 6,711.46 | 0.23 | 25.56 | - | 6,737.25 |
| Capital work-in-progress | 488.27 | - | - | - | 488.27 |
| Right of use assets | 7,488.00 | - | 40.62 | - | 7,528.62 |
| Goodwill | 1,058.61 | - | - | - | 1,058.61 |
| Other Intangible assets | 452.88 | - | 2.93 | - | 455.81 |
| Intangible assets under development | 11.47 | - | - | - | 11.47 |
| Financial assets | | | | | |
| i) Investment in subsidiary | 1,817.12 | 353.35 | - | (1,790.37) | 380.10 |
| ii) Other financial assets | 1,015.25 | 19.00 | 9.50 | (240.00) | 803.75 |
| Deferred Tax Assets (Net) | 1,253.18 | - | - | - | 1,253.18 |
| Income tax assets | 53.17 | - | - | 15.78 | 68.95 |
| Other non-current assets | 449.85 | 14.46 | - | (13.35) | 450.96 |
| **Total non-current assets** | **20,799.26** | **387.04** | **78.61** | **(2,027.94)** | **19,236.97** |
| **Current assets** | | | | | |
| Inventories | 732.19 | - | 5.54 | - | 737.73 |
| Financial assets | | | | | |
| i) Investments | 659.35 | - | - | - | 659.35 |
| ii) Trade receivables | 151.84 | - | 2.10 | 0.10 | 154.04 |
| iii) Cash and cash equivalents | 161.41 | 28.82 | 11.43 | - | 201.66 |
| iv) Bank balances other than cash and cash equivalents | 1,739.77 | 0.15 | 0.13 | - | 1,740.05 |
| v) Other financial assets | 801.94 | 505.55 | 0.29 | (252.29) | 1,055.49 |
| Current tax assets (Net) | - | 0.35 | 0.86 | (1.21) | - |
| Other current assets | 99.65 | 0.69 | 0.97 | (1.15) | 100.16 |
| **Total current assets** | **4,346.15** | **535.56** | **21.32** | **(254.55)** | **4,648.48** |
| **Total Assets** | **25,145.41** | **922.60** | **99.93** | **(2,282.49)** | **23,885.45** |
| **EQUITY AND LIABILITIES** | | | | | |
| **Equity** | | | | | |
| Equity share capital | 635.43 | 197.01 | 148.74 | (345.75) | 635.43 |
| Other equity | 12,205.88 | 346.23 | (139.40) | (1,544.91) | 10,867.80 |
| **Total equity** | **12,841.31** | **543.24** | **9.34** | **(1,890.66)** | **11,503.23** |
| **Liabilities** | | | | | |
| **Non-current liabilities** | | | | | |
| Financial liabilities | | | | | |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2024

(₹ in million)

| Balance Sheet as at March 31, 2023 | Reported | Merger impact on March 31, 2023 | | | |
|---|---|---|---|---|---|
| **Particulars** | **SFIL standalone as on March 31, 2023** | **Assets and liabilities of GPOPL** | **Assets and liabilities of GPPL** | **Intercompany eliminations/ Reclassification** | **SFIL restated standalone as on March 31, 2023** |
| i) Borrowings | 185.79 | 360.00 | - | (360.00) | 185.79 |
| ii) Lease Liabilities | 7,254.94 | - | 42.53 | - | 7,297.47 |
| Provisions | 80.54 | - | 1.44 | - | 81.98 |
| **Total non-current liabilities** | **7,521.27** | **360.00** | **43.97** | **(360.00)** | **7,565.24** |
| **Current liabilities** | | | | | |
| Financial liabilities | | | | | |
| i) Borrowings | 191.94 | - | 12.58 | (12.58) | 191.94 |
| ii) Lease Liabilities | 1,391.31 | - | 17.56 | - | 1,408.87 |
| iii) Trade payables | | | | | |
| (a) total outstanding dues of micro enterprises and small enterprises | 20.05 | - | 3.10 | - | 23.15 |
| (b) total outstanding dues of creditors other than micro enterprises and small enterprises | 1,792.46 | 0.04 | 9.47 | (0.24) | 1,801.73 |
| iv) Other financial liabilities | 1,180.45 | 19.19 | 1.87 | (19.16) | 1,182.35 |
| Other current liabilities | 150.14 | 0.13 | 1.36 | 0.15 | 151.78 |
| Provisions | 56.48 | - | 0.68 | - | 57.16 |
| **Total current liabilities** | **4,782.83** | **19.36** | **46.62** | **(31.83)** | **4,816.98** |
| **Total Equity and Liabilities** | **25,145.41** | **922.60** | **99.93** | **(2,282.49)** | **23,885.45** |

Below is the reconciliation of the reported numbers of Profit & Loss Account for the year ended March 31, 2023 with the restated numbers for the year ended March 31, 2023

(₹ in million)

| | Reported | Merger impact on March 31, 2023 | | | |
|---|---|---|---|---|---|
| **Particulars** | **SFIL standalone as on March 31, 2023** | **Income and Expenses of GPOPL** | **Income and Expenses of GPPL** | **Intercompany eliminations** | **SFIL restated standalone as on March 31, 2023** |
| **Income** | | | | | |
| Revenue from operations | 19,627.76 | - | 183.64 | - | 19,811.40 |
| Other income | 289.41 | 39.23 | 1.46 | (33.02) | 297.08 |
| **Total income** | **19,917.17** | **39.23** | **185.10** | **(33.02)** | **20,108.48** |
| **Expenses** | | | | | |
| Cost of materials consumed | 6,181.13 | - | 51.34 | - | 6,232.47 |
| Employee benefits expense | 2,422.97 | 0.30 | 31.26 | - | 2,454.53 |
| Finance costs | 794.68 | 31.36 | 8.54 | (32.51) | 802.07 |
| Depreciation and amortization expense | 2,367.04 | 0.74 | 22.71 | - | 2,390.49 |
| Other expenses | 7,143.41 | 4.55 | 70.51 | (0.51) | 7,217.96 |
| **Total expenses** | **18,909.23** | **36.95** | **184.36** | **(33.02)** | **19,097.52** |
| **Profit before tax** | **1,007.94** | **2.28** | **0.74** | **(0.00)** | **1,010.96** |
| **Tax expense/ (credit)** | | | | | |
| Current tax | - | - | - | - | - |
| Deferred tax | (1,252.66) | - | - | - | (1,252.66) |



# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2024

(₹ in million)

| | Reported | Merger impact on March 31, 2023 | | | |
|---|---|---|---|---|---|
| **Particulars** | **SFIL standalone as on March 31, 2023** | **Income and Expenses of GPOPL** | **Income and Expenses of GPPL** | **Intercompany eliminations** | **SFIL restated standalone as on March 31, 2023** |
| **Total Tax expense/ (credit)** | **(1,252.66)** | **-** | **-** | **-** | **(1,252.66)** |
| **Profit for the year after tax** | **2,260.60** | **2.28** | **0.74** | **(0.00)** | **2,263.62** |
| **Other comprehensive loss** | | | | | |
| Items that will not be reclassified to profit or loss in subsequent periods | | | | | |
| Remeasurements losses of net defined benefit plan | (2.08) | - | 0.20 | - | (1.88) |
| Tax effect on remeasurements losses of net defined benefit plan | 0.52 | - | - | - | 0.52 |
| **Other comprehensive loss for the year, net of tax** | **(1.56)** | **-** | **0.20** | **-** | **(1.36)** |
| **Total comprehensive income for the year, net of tax** | **2,259.04** | **2.28** | **0.94** | **(0.00)** | **2,262.26** |

## 42 Revenue from Contracts with Customers

### 1. Disaggregated revenue information:

Set out below is the disaggregation of the Company's revenue from contracts with customers:

(₹ in million)

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023^ |
|---|---|---|
| **Type of goods or service** | | |
| Restaurant sales | 22,297.63 | 19,726.30 |
| Other operating income | 63.18 | 85.10 |
| **Total revenue from contract with customers** | 22,360.81 | 19,811.40 |
| India | **22,360.81** | **19,811.40** |
| Outside India | - | - |
| **Total revenue from contract with customers** | **22,360.81** | **19,811.40** |
| **Timing of revenue recognition** | | |
| Goods transferred at a point in time | 22,342.98 | 19,806.26 |
| Services transferred over time (included in other operating income) | 17.83 | 5.14 |
| **Total revenue from contract with customers** | **22,360.81** | **19,811.40** |

### 2. Contract balances:

(₹ in million)

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023^ |
|---|---|---|
| Trade receivables | 293.11 | 154.04 |
| Contract liabilities | 73.66 | 0.80 |
| Deferred Revenue | 14.00 | - |

*^Restated pursuant to merger (refer Note 41)*

## 43 Leases

**Leases where the Company is a Lessee**

(a) The Company incurred ₹ 59.12 million for the year ended March 31, 2024 (March 2023 : 66.31 million) towards expenses relating to short-term leases and leases of low-value assets. The total cash outflow for leases is

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2024

₹ 1,876.11 million for the year ended March 31, 2024 (March 2023 : ₹ 1,651.40 million), including cash outflow of short-term leases and leases of low-value assets. Interest on lease liabilities is ₹ 894.25 millions for the year ended March 31, 2024 (March 2023 : ₹ 743.27 million).

(b) The Company's leases mainly comprise of stores and buildings. The Company leases buildings for the purpose of business operations.

**Leases are shown as follows in the Company's balance sheet and profit & loss account**

**Right-of-Use Assets**

(₹ in million)

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023^ |
|---|---|---|
| Cost | 14,510.01 | 11,272.08 |
| Accumulated depreciation | (5,098.24) | (3,743.46) |
| **Net carrying amount** | **9,411.77** | **7,528.62** |

The movement of Right-of-Use Assets is as follows :

(₹ in million)

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023^ |
|---|---|---|
| As at beginning of the year | 7,528.62 | 5,841.03 |
| Additions | 3,429.81 | 2,939.40 |
| Disposals | (178.02) | (47.08) |
| Depreciation | (1,368.64) | (1,204.73) |
| **As at the end of the year** | **9,411.77** | **7,528.62** |

Set out below are the carrying amounts of lease liabilities (included under financial liabilities) and the movements during the year:

(₹ in million)

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023^ |
|---|---|---|
| As at beginning of the year | 8,706.34 | 6,793.31 |
| Additions | 3,302.59 | 2,818.19 |
| Accretion of Interest | 894.25 | 743.27 |
| Termination | (242.38) | (59.62) |
| Rent waiver due to COVID | - | (4.53) |
| Payments | (1,816.98) | (1,584.28) |
| **As at the end of the year** | 10,843.82 | 8,706.34 |
| **Lease liabilities** | | |
| Current | 1,036.08 | 1,408.87 |
| Non-current | 9,807.74 | 7,297.47 |
| **Total lease liabilities** | **10,843.82** | **8,706.34** |

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.

(₹ in million)

| Amounts recognized in the Statement of Profit and Loss | Year ended March 31, 2024 | Year ended March 31, 2023^ |
|---|---|---|
| **Other income** | | |
| Gain on termination of lease contract | 62.57 | 15.12 |
| Gain on remeasurement of lease contract | 1.83 | - |
| Rent waiver due to COVID | - | 4.53 |



# NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2024

(₹ in million)

| Amounts recognized in the Statement of Profit and Loss | Year ended March 31, 2024 | Year ended March 31, 2023^ |
|---|---|---|
| **Other expenses** | | |
| Short-term lease rent expense | 53.76 | 61.66 |
| Low value asset lease rent expense | 5.36 | 4.64 |
| Variable lease rent expense | 343.28 | 362.31 |
| GST on rent | 337.43 | 182.72 |
| **Depreciation and impairment losses** | | |
| Depreciation of right of use lease asset | 1,368.64 | 1,204.73 |
| **Finance cost** | | |
| Interest expense on lease liability | 894.25 | 743.27 |

The Company has lease contracts for stores that contains variable payments based on the revenue generated from a particular store. Management's objective is to align the lease expense with the revenue generated. The following provides information on the Company's variable lease payments, including the magnitude in relation to fixed payments for the similar contracts:

(₹ in million)

| Particulars | Year ended March 31, 2024 | | | Year ended March 31, 2023^ | | |
|---|---|---|---|---|---|---|
| | Fixed Payments | Variable Payments | Total | Fixed Payments | Variable Payments | Total |
| Fixed Rent | 880.66 | - | 880.66 | 673.09 | - | 673.09 |
| Variable rent with minimum payment | 1,010.76 | 236.57 | 1,247.33 | 911.83 | 278.15 | 1,189.98 |
| Variable rent only | - | 106.54 | 106.54 | - | 82.89 | 82.89 |
| | 1,891.42 | 343.11 | 2,234.53 | 1,584.92 | 361.04 | 1,945.96 |

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.

*^ Restated pursuant to merger (refer Note 41)*

## 44 Title deeds of immovable properties not held in the name of the company

The Company has 13 store lease agreements wherein the lease agreement is not in the name of the Company. These agreements have expired in recent period and under the process of renewal.

| Relevant line item in Balance Sheet | Description of property | Gross carrying value (₹ in million) | Title deeds held in name of | Whether title deed holder is a promoter, director or relative of promoter/ director or employee of | Period held-since which date | Reason for not being held in name of company |
|---|---|---|---|---|---|---|
| Right of use assets as at March 31, 2024 | Leasehold Building | 12.42 | Landlord | Not applicable | 3 months to 2 years | These contracts are in the process of negotiation as the agreements have expired during recent period. |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2024

## 45 Corporate Social Responsibility (CSR)

The provisions of Section 135 of the Companies Act, 2013 for Corporate Social Responsibility (CSR) are applicable to the Company. Basis the assessment of spend criteria as defined in the section and basis the calculation of profits under Sec. 198 including adjustment of excess of expense over income of earlier years there is no CSR obligation for the current year and hence the Company is not required to spend on CSR for the current year.

## 46 Corporate Social Responsibility (CSR)

Currently, Sri Lanka has certain foreign currency repatriation restrictions due to the macroeconomic challenges and even though the Company is able to generate cash and managed the working capital requirement during the year, is unable to repay the intercorporate deposit to the Company. As a result during the year, the Company has extended the inter corporate deposit till January 31, 2030 or repayable on demand whichever is earlier.

Amount due in USD as at each reporting date as mentioned below.

| Loan given to | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Gamma Pizzakraft Lanka Private Limited | 2,785,000 | 4,370,000 |
| Gamma Island Food Private Limited | 254,300 | 254,300 |

**47** The Company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software, except that audit trail feature is not enabled for certain changes made using administrative access rights to the application and the underlying database. Further no instance of audit trail feature being tampered with was noted in respect of the accounting software.

## 48 Analytical Ratios

| Name of the Ratio | Numerator | Denominator | Mar-24 | Mar-23^ | %Variance (A-B) | Reason for Variances |
|---|---|---|---|---|---|---|
| 1. Current ratio (in times) | Current Assets | Current Liabilities | 0.80 | 0.97 | -18% | NA |
| 2. Debt Equity ratio (in times) | Total debt including (current and non current borrowings) | Total Equity | 0.02 | 0.03 | -54% | Due to repayment of borrowing during the year ended March 31, 2024. |
| 3. Debt Service Coverage Ratio (in times) | Net profit/ (loss) before taxes + Non-cash operating expenses + Finance cost - Other income (Non-operating) | Debt service | 14.05 | 13.81 | 2% | NA |
| 4. Return on Equity (ROE) Ratio (%) | Profit for the year after tax | Average total equity | 4.27% | 22.00% | -81% | The ratio has decreased during March 31, 2024 due to impact on profitability. |
| 5. Inventory turnover ratio (in times) | Cost of goods sold (excluding Small wares, cleaning, uniform and operating supplies) | Average Inventory | 10.60 | 11.10 | -4% | NA |
| 6. Trade receivables turnover ratio (in times) | Credit sales | Average trade receivables | 77.95 | 108.18 | -28% | The ratio has decreased during March 31, 2024, primarily due to increase in average trade receivables. |
| 7. Trade payables turnover ratio (in times) | Net Credit Purchases and operating expenses (*includes employee benefits and other expenses) | Average trade payables | 9.75 | 9.25 | 5% | NA |
| 8. Net capital turnover ratio (in times) | Revenue from operations | Net Working Capital (Current assets- current liabilities) | (29.48) | (117.57) | -75% | There has been an increase in the net working capital due to increase in debtors as highlighted above. As a result of which there has been a reduction in the ratio. |
| 9. Net profit ratio (%) | Profit for the year after tax | Revenue from operations | 0.02 | 0.11 | -80% | The ratio has decreased during March 31, 2024 due to impact on profitability. |
| 10. Return on capital employed ratio (%) | Finance cost + Profit before tax - Other income | Capital Employed | 0.06 | 0.08 | -25% | NA |
| 11. Return on investment ratio (%) | Gain on Investment | Cost of Average Investment | 0.06 | 0.02 | 200% | There has been an overall increase in the interest rates resulting in higher returns. |

*^ Restated pursuant to merger (refer Note 41)*

## 49 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.

## 50 Other Statutory Information

(i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

(ii) The Company does not have any transactions with companies struck off u/s 248 of the Companies Act, 2013.

(iii) The Company does not have any satisfaction of charge which is yet to be registered with ROC beyond the statutory period.

(iv) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(v) The Company has not received any fund from any persons or entities, 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 persons or entities (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

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2024

(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.

## 51 Events after the reporting period

The Company has evaluated subsequent events from the balance sheet date through May 10, 2024, 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 Poonam Todarwal**
Partner
Membership No: 136454

Place: Mumbai
Date: May 10, 2024

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 10, 2024



# 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 2024, 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 material 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, 2024, their consolidated profit including other comprehensive income, 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, 2024. 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 33 of the consolidated financial statements)* | |
| As at March 31, 2024, 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.<br><br>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, 2024. | Our audit procedures included the following:<br><br>• Obtained an understanding of the process followed by the management to determine the recoverable amounts of cash generating units determined by the Group.p.<br><br>• Evaluated the design and implementation and tested the operating effectiveness of key internal financial controls related to the Group's process relating to review of the annual impairment analysis. |

| Key audit matters | How our audit addressed the key audit matter |
|---|---|
| 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.<br><br>Further, considering the ongoing macroeconomic challenges faced by Sri Lanka on account of high inflationary pressures, depletion of forex reserves, significant depreciation of Sri Lankan currency to INR, shortage of fuel, and the Sri Lankan government seeking financial assistance from International Monetary Fund (IMF), the situation provides an indicator for impairment in the investment. In the current year, there has been improvement in the economy, the forex rate has started stabilizing with controlled inflation.<br><br>Changes in certain methodologies and assumptions can lead to significant changes in the assessment of the recoverable value.<br><br>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. | • Assessed Company's valuation methodology applied in determining recoverable value including the reasonableness of identification of cash generating units and around the key drivers (cash flow forecasts, discount rates, expected growth rates, forecasted margins and terminal growth rates) based on our knowledge of the Company and Industry. Compared the historical accuracy by comparing past forecasts to actual results achieved.<br>• In respect of Pizza Hut cash generating unit in Sri Lanka;<br>- 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.<br>- Evaluated the assumptions applied by the Company in relation to the future projections of the business in Sri Lanka including understanding of management's assessment of business impact based on current market and economic conditions arising from the ongoing macroeconomic challenges faced by Sri Lanka.<br>• 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.<br>• Assessed the recoverable value headroom by performing sensitivity testing of key assumptions used.<br>• Tested the arithmetical accuracy of the computation of recoverable amounts of cash generating units.<br>• Assessed the disclosures made in the consolidated financial statements.. |

## Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of their respective companies and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of their respective companies to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of their respective companies.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statementss

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors and whose financial information we have audited, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the financial year ended March 31, 2024 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 3 subsidiaries whose financial statements include total assets of 2,362.29 million as at March 31, 2024, and total revenues of 3,597.88 million and net cash outflows of 90.24 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.

All these subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

Our opinion above on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraph 3(xxi) of the Order.

2. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

   (a) We /the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books except for the matters stated in the paragraph 2(i)(vi) below on reporting under Rule 11(g);

   (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, 2024 taken on record by the Board of Directors of the Holding Company, none of the directors of the Group's company incorporated in India, is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act;





   (f) The modification relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph 2(b) above on reporting under Section 143(3)(b) and paragraph 2(i)(vi) below on reporting under Rule 11(g).

   (g) With respect to the adequacy of the internal financial controls with reference to consolidated financial statements of the Holding Company, and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

   (h) In our opinion the managerial remuneration for the year ended March 31, 2024 has been paid / provided by the Holding Company, to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;

   (i) 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 30 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, 2024;

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company during the year ended March 31, 2024.

      iv. a) The management of the Holding Company whose financial statements have been audited under the Act have represented to us 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 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 Holding Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

      b) The management of the Holding Company whose financial statement have been audited under the Act have represented to us that, to the best of its knowledge and belief, no funds have been received by the Holding Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company, 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 whose financial statement 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..

      vi. Based on our examination which included test checks, the Holding Company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software except that, audit trail feature is not enabled for certain changes made, if any, using administrative access rights, as described in note 46 to the consolidated financial statements. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with in respect of the accounting software.

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

per **Poonam Todarwal**
Partner
Membership Number: 136454
UDIN: 24136454BKFOEP8753

Place of Signature: Mumbai
Date: May 10, 2024

## "ANNEXURE 1" REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE

(xxi) Qualifications or adverse remarks by the respective auditors in the Companies (Auditors Report) Order (CARO) reports of the companies included in the consolidated financial statements are:

| S.No | Name | CIN | Holding company/ subsidiary | Clause number of the CARO report which is qualified or is adverse |
|---|---|---|---|---|
| 1 | Sapphire Foods India Limited | L55204MH2009PLC197005 | Holding Company | Paragraph 3(i)(c) |
| 2 | Sapphire Foods India Limited | L55204MH2009PLC197005 | Holding Company | Paragraph 3(vii)(a) and (b) |

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

per **Poonam Todarwal**
Partner
Membership Number: 136454
UDIN: 24136454BKFOEP8753

Place of Signature: Mumbai
Date: May 10, 2024

# ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF SAPPHIRE FOODS INDIA LIMTED

## Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of Sapphire Foods India Limited (hereinafter referred to as the "Holding Company") as of and for the year ended March 31, 2024, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company incorporated in India, as of that date. There are no subsidiaries which are companies incorporated in India.

## Management's Responsibility for Internal Financial Controls

The Holding Company's Board of Directors 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 Holding Company has 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 31,2024, 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.

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

per **Poonam Todarwal**
Partner
Membership Number: 136454
UDIN: 24136454BKFOEP8753

Place of Signature: Mumbai
Date: May 10, 2024

# CONSOLIDATED BALANCE SHEET

**as at March 31, 2024**

(₹ in million)

| Particulars | Note | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|---|
| ASSETS | | | |
| **Non-current assets** | | | |
| Property, Plant and Equipment | 3 | 9,623.95 | 7,705.87 |
| Capital work-in-progress | 3 | 673.49 | 550.40 |
| Right of use assets | 44 | 9,818.21 | 7,914.73 |
| Goodwill | 4 | 1,621.59 | 1,621.59 |
| Other Intangible assets | 4 | 713.11 | 646.88 |
| Intangible assets under development | 4 | 7.10 | 14.40 |
| Financial assets | | | |
| Other financial assets | 5 | 985.01 | 831.19 |
| Deferred Tax Assets (net) | 15 | 1,128.96 | 1,219.85 |
| Income tax assets (net) | 15 | 30.42 | 59.65 |
| Other non-current assets | 6 | 167.12 | 449.98 |
| **Total non-current assets** | | **24,768.96** | **21,014.54** |
| **Current assets** | | | |
| Inventories | 7 | 968.82 | 993.04 |
| Financial assets | | | |
| i) Investments | 5 | - | 659.35 |
| ii) Trade receivables | 8 | 343.84 | 179.49 |
| iii) Cash and cash equivalents | 9 | 975.55 | 444.17 |
| iv) Bank balances other than cash and cash equivalents | 10 | 700.20 | 1,760.05 |
| v) Other financial assets | 5 | 474.32 | 686.89 |
| Other current assets | 11 | 169.12 | 203.01 |
| **Total current assets** | | **3,631.85** | **4,926.00** |
| **Total Assets** | | **28,400.81** | **25,940.54** |
| EQUITY AND LIABILITIES | | | |
| **Equity** | | | |
| Equity share capital | 12 | 637.04 | 635.43 |
| Other equity | 13 | 12,754.37 | 11,924.04 |
| Non controlling interests | | 6.71 | (20.33) |
| **Total equity** | | **13,398.12** | **12,539.14** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Financial liabilities | | | |
| i) Borrowings | 14 | 131.69 | 208.78 |
| ii) Lease Liabilities | 16 | 10,241.09 | 7,712.78 |
| Other non-current liabilities | 20 | 8.40 | - |
| Provisions | 21 | 143.29 | 107.08 |
| Deferred tax liabilities (net) | 15 | 34.58 | 35.65 |
| **Total non-current liabilities** | | **10,559.05** | **8,064.29** |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| i) Borrowings | 14 | 144.53 | 233.91 |
| ii) Lease Liabilities | 16 | 1,121.84 | 1,472.33 |
| iii) Trade payables | 17 | | |
| (a) total outstanding dues of micro enterprises and small enterprises | | 34.07 | 23.15 |
| (b) total outstanding dues of creditors other than micro enterprises and small enterprises | | 2,274.26 | 2,146.76 |
| iv) Other financial liabilities | 18 | 541.57 | 1,210.43 |
| Other current liabilities | 19 | 250.51 | 180.95 |
| Provisions | 21 | 76.86 | 69.58 |
| **Total current liabilities** | | **4,443.64** | **5,337.11** |
| **Total Equity and Liabilities** | | **28,400.81** | **25,940.54** |

See accompanying notes to the consolidated financial statements 1 to 48

As per our report of even date

**For S R B C & CO LLP**
Chartered Accountants
ICAI Registration No: 324982E/ E300003

**per Poonam Todarwal**
Partner
Membership No: 136454

Place: Mumbai
Date: May 10, 2024

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 10, 2024



# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

**for the year ended March 31, 2024**

(₹ in million)

| Particulars | Note | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|---|
| Income | | | |
| Revenue from operations | 22 | 25,942.79 | 22,655.74 |
| Other income | 23 | 334.42 | 310.92 |
| **Total income** | | **26,277.21** | **22,966.66** |
| Expenses | | | |
| Cost of materials consumed | 24 | 8,109.06 | 7,406.76 |
| Employee benefits expense | 25 | 3,455.55 | 2,929.03 |
| Finance costs | 26 | 1,009.08 | 868.86 |
| Depreciation and amortization expense | 27 | 3,238.96 | 2,641.74 |
| Other expenses | 28 | 9,765.47 | 8,036.03 |
| **Total expenses** | | **25,578.12** | **21,882.42** |
| **Profit before tax** | | **699.09** | **1,084.24** |
| **Tax expense/ (credit)** | | | |
| Current tax | 15 | 49.61 | 25.86 |
| Deferred tax | 15 | 129.92 | (1,273.53) |
| **Total Tax expense/ (credit)** | | **179.53** | **(1,247.67)** |
| **Profit for the year after tax** | | **519.56** | **2,331.91** |
| **Other comprehensive Income/ (loss)** | | | |
| Items that will not be reclassified to profit or loss in subsequent periods | | | |
| Remeasurements gain/ (losses) of net defined benefit plan | | (23.56) | 6.84 |
| Tax effect on remeasurements gain/ (losses) of net defined benefit plan | 15 | 6.19 | (2.10) |
| Items that will be reclassified to profit or loss in subsequent year | | | |
| Exchange difference on translation of foreign operations | | 64.19 | (17.76) |
| **Other comprehensive Income / (loss) for the year, net of tax** | | **46.82** | **(13.02)** |
| **Total comprehensive income for the year, net of tax** | | **566.38** | **2,318.89** |
| **Total comprehensive Income/ (loss) for the year** | | | |
| Attributable to: | | | |
| Equity holders of the parent | | 575.08 | 2,322.24 |
| Non-controlling interests | | (8.70) | (3.35) |
| **Profit/ (loss) for the year** | | | |
| Attributable to: | | | |
| Equity holders of the parent | | 528.09 | 2,333.60 |
| Non-controlling interests | | (8.53) | (1.69) |
| **Other comprehensive Income / (loss) for the year** | | | |
| Attributable to - | | | |
| Equity holders of the parent | | 46.99 | (11.36) |
| Non-controlling interests | | (0.17) | (1.66) |
| **Earnings per equity share of ₹ 10 each:** | | | |
| Basic earnings per share (₹) | 29 | 8.30 | 36.73 |
| Diluted earnings per share (₹) | | 8.21 | 36.29 |

See accompanying notes to the consolidated financial statements 1 to 48

As per our report of even date

**For S R B C & CO LLP**
Chartered Accountants
ICAI Registration No: 324982E/ E300003

**per Poonam Todarwal**
Partner
Membership No: 136454

Place: Mumbai
Date: May 10, 2024

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 10, 2024

# CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended March 31, 2024

(₹ in million)

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|
| Cash flow from operating activities | | |
| **Profit before tax** | 699.09 | 1,084.24 |
| Adjustments for: | | |
| Depreciation and amortisation expense | 3,238.96 | 2,641.74 |
| Finance cost | 1,009.08 | 868.86 |
| Interest income | (195.30) | (203.10) |
| Rental waiver | - | (8.10) |
| Expenses on employee stock option scheme | 174.38 | 169.21 |
| Sundry balances written back | (16.76) | - |
| Provision for slow moving inventories | 2.40 | 2.36 |
| Provision for doubtful deposits | 1.00 | - |
| Sundry balances written off | 1.45 | - |
| Gain on fair value/sale of mutual fund | (31.99) | (43.89) |
| Loss on sale/ discard of property, plant and equipment | 6.86 | 15.20 |
| Gain on termination of lease contract | (62.57) | (15.13) |
| Gain on remeasurement of lease contract | (1.83) | - |
| **Operating profit before working capital changes** | **4,824.77** | **4,511.39** |
| **Changes in Working Capital** | | |
| Increase in Trade Payables | 136.97 | 178.76 |
| Increase/ (Decrease) in Other liabilities | 38.54 | (13.35) |
| Decrease in Financial liabilities | (308.90) | (332.07) |
| Increase in Provisions | 19.93 | 7.77 |
| Decrease/ (Increase) in Inventories | 21.82 | (343.76) |
| Increase in Trade and other receivables | (164.36) | (38.78) |
| Increase in Financial assets | (102.53) | (86.18) |
| Decrease/ (Increase) in Other Assets | 41.04 | (44.16) |
| **Cash generated from operations** | **4,507.28** | **3,839.62** |
| Income tax paid (net of refund) | (19.78) | (21.41) |
| **Net Cash flow from Operating Activities (A)** | **4,487.50** | **3,818.21** |
| **Cash flow from investing activities** | | |
| Purchase of property, plant and equipment and other intangible assets | (3,851.23) | (3,841.53) |
| Proceeds from Sale of property, plant and equipment | 1.58 | 16.94 |
| Purchase of current Investments | (4,200.00) | (12,106.44) |
| Proceeds from sale of current Investments | 4,891.34 | 13,016.20 |
| Interest received | 151.11 | 133.10 |
| Fixed deposits with bank placed/ realised (net) | 1,138.06 | 746.21 |
| **Net cash used in investing activities (B)** | **(1,869.14)** | **(2,035.52)** |
| **Cash flow from financing activities** | | |
| Proceeds from exercise of employee stock option | 82.65 | - |
| Repayment of long-term borrowings | (208.95) | (192.32) |
| Payment of principal portion of lease liabilities | (994.08) | (891.87) |
| Interest paid on lease liabilities | (958.79) | (795.14) |
| Finance cost paid | (45.71) | (69.14) |
| **Net cash used in financing activities (C)** | **(2,124.88)** | **(1,948.47)** |



# CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended March 31, 2024

(₹ in million)

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|
| **Net Increase/ (Decrease) in cash and cash equivalents (A+B+C)** | **493.48** | **(165.78)** |
| Cash and cash equivalents at the beginning of the year | 416.72 | 582.50 |
| Cash and cash equivalents at the end of the year | **910.20** | **416.72** |
| **Cash and cash equivalents comprise (refer note 9)** | | |
| Balances with banks in current accounts | 710.67 | 291.30 |
| Term deposits with maturity of less than 3 months | 176.45 | 97.51 |
| Cash on hand | 88.43 | 55.36 |
| Bank Overdraft | (65.35) | (27.45) |
| **Total cash and cash equivalents at the end of the year** | **910.20** | **416.72** |

**Note :** i. Refer Note 44 - Regarding non-cash adjustment relating to leases.

As per our report of even date

**For S R B C & CO LLP**
Chartered Accountants
ICAI Registration No: 324982E/ E300003

**per Poonam Todarwal**
Partner
Membership No: 136454

Place: Mumbai
Date: May 10, 2024

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 10, 2024

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2024

**A. Equity share capital**

| Particulars | Note | As at March 31, 2024 No. of shares | As at March 31, 2024 Amount (₹ in million) | As at March 31, 2023 No. of shares | As at March 31, 2023 Amount (₹ in million) |
|---|---|---|---|---|---|
| **At the beginning of the year** | | 63,542,541 | 635.43 | 63,542,541 | 635.43 |
| Add: Equity shares issued during the year | 12 | 161,875 | 1.61 | - | - |
| **As at the end of the year** | | **63,704,416** | **637.04** | **63,542,541** | **635.43** |

**B. Other equity**

**For the year ended March 31, 2024**

(₹ in million)

| Particulars | Attributable to the equity holders of the parent | | | | | | | Non-controlling interests | Total Equity |
|---|---|---|---|---|---|---|---|---|---|
| | Capital reserve | Foreign currency translation reserve | Securities premium | Retained earnings | Share application money pending allotment | Share based payment reserve | Total | | |
| **Balance as at April 01, 2023** | **356.10** | **(293.55)** | **14,305.02** | **(2,665.37)** | **-** | **221.83** | **11,924.04** | **(20.33)** | **11,903.70** |
| ESOP excercised pending allotment | - | - | - | - | 0.67 | - | 0.67 | - | **0.67** |
| Issue of Share Capital | - | - | 108.36 | - | | - | 108.36 | - | **108.36** |
| Recognition of share based payment (Note 41) | - | - | - | - | - | 175.46 | 175.46 | - | **175.46** |
| Profit/ (loss) for the year after tax | - | - | - | 528.09 | - | - | 528.09 | (8.53) | **519.56** |
| Other comprehensive Income/ (loss) for the year (net of tax) | - | 64.36 | - | (17.37) | - | - | 46.99 | (0.17) | **46.82** |
| Transfer from ESOP reserve for lapsed options | - | - | - | 0.44 | - | (0.44) | - | - | **-** |
| Deferred tax assets on share based payment | - | - | - | 34.51 | - | - | 34.51 | | **34.51** |
| Adjustment to parent equity for reduction in NCI stake | - | - | - | (35.74) | - | - | (35.74) | 35.74 | **(0.01)** |
| Options exercised during the year | - | - | - | - | - | (28.01) | (28.01) | - | **(28.01)** |
| **Balance as at March 31, 2024** | **356.10** | **(229.19)** | **14,413.38** | **(2,155.44)** | **0.67** | **368.84** | **12,754.37** | **6.71** | **12,761.07** |

**For the year ended March 31, 2023**

(₹ in million)

| Particulars | Attributable to the equity holders of the parent | | | | | | | Non-controlling interests | Total Equity |
|---|---|---|---|---|---|---|---|---|---|
| | Capital reserve | Foreign currency translation reserve | Securities premium | Retained earnings | Share application money pending allotment | Share based payment reserve | Total | | |
| Balance as at April 01, 2022 | 356.10 | (277.46) | 14,305.02 | (5,003.71) | - | 56.09 | 9,436.04 | (16.98) | 9,419.06 |
| Recognition of share based payment (Note 41) | - | - | - | - | - | 165.75 | 165.75 | - | 165.75 |
| Profit/ (loss) for the year (net of tax) | - | - | - | 2,333.60 | - | - | 2,333.60 | (1.69) | 2,331.91 |
| Other comprehensive (loss)/ Income for the year (net of tax) | - | (16.09) | - | 4.74 | - | - | (11.35) | (1.66) | (13.01) |
| **Balance as at March 31, 2023** | **356.10** | **(293.55)** | **14,305.02** | **(2,665.37)** | **-** | **221.83** | **11,924.04** | **(20.33)** | **11,903.70** |

As per our report of even date

**For S R B C & CO LLP**
Chartered Accountants
ICAI Registration No: 324982E/ E300003

**per Poonam Todarwal**
Partner
Membership No: 136454

Place: Mumbai
Date: May 10, 2024

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 10, 2024

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2024

## 1. Corporate information

Sapphire Foods India Limited ('the Company') (CIN: L55204MH2009PLC197005) 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 equity shares of the Company are listed on the NSE Limited and BSE Limited.

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 10 May 2024.

## 2. Material accounting policies

### 2.1 Statement of compliance and basis of preparation

The Consolidated Financial statements (CFS) of the Group as at and for year ended March 31, 2024 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 and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the CFS.

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 (₹) and all values are rounded to the nearest millions (₹ 000,000), except when otherwise indicated.

The Consolidated financial statements provide comparative information in respect of the previous period. In addition, the Group presents an additional balance sheet at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in consolidated financial statements.

### 2.2 Basis of measurement

The Consolidated financial Statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Certain financial assets and financial liabilities measured at fair value (refer accounting policy regarding financial instruments), 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:

| S.No | Entity name | Country of Incorporation/ Place of business | Nature of relationship | % Holding as at March 31, 2024 | % Holding as at March 31, 2023 |
|---|---|---|---|---|---|
| 1 | Gamma Pizzakraft (Overseas) Private Limited | India | Subsidiary | # | 99% |
| 2 | Gamma Pizzakraft Private Limited | India | Sub-Subsidiary | # | 100% |
| 3 | Gamma Pizzakraft Lanka Private Limited | Sri Lanka | Sub-Subsidiary | 100% | 100% |
| 4 | French Restaurants Private Limited | Sri Lanka | Sub-Subsidiary | 100% | 100% |
| 5 | Gamma Island Food Private Limited | Maldives | Sub-Subsidiary | 74.74% | 51% |

# Pursuant to scheme of Merger by Absorption under section 230-232 of the Companies Act, 2013, between the Company and its wholly owned subsidiaries Gamma Pizzakraft Private Limited (GPPL) and Gamma Pizzakraft Overseas Private Limited (GPOPL) (transferor companies) sanctioned by National Company Law Tribunal by virtue of its order dated March 20, 2024, the transferor companies have merged into the Company on a going concern basis from the appointed date of the scheme i.e. April 1, 2022.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2024

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.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2024

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 material 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, the Ind AS Transition Facilitation Group Clarification Bulletin 9 (ITFG 9) and an EAC opinion issued. Basis the same, 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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2024

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 v/s 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 terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2024

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

The Group's consolidated financial statements are presented in INR, which is also the parent company's functional currency.

**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 Sri Lankan Rupee (LKR) and Maldivian Rufiyaa (MVR).

**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.

**Group Companies**

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.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2024

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 recognition and measurement**

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through Other Comprehensive Income (OCI), or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the group's business model for managing them.

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. However, trade receivables that do not contain a significant financing component are measured at transaction price. Subsequently, financial instruments are measured according to the category in which they are classified.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

**Subsequent measurement**

The subsequent measurement of financial assets depends on their classification as follows:

**i) Financial assets at amortised cost:**

A financial asset is classified as "financial asset at amortised cost" (amortised cost) under IND AS 109 Financial Instruments if it meets both the following criteria:

(1) The asset is held within a business model whose objective is to hold the financial asset in order to collect contractual cash flows, and

(2) The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified date (the 'SPPI' contractual cash flow characteristics test).

This category is the most relevant to the Group. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the profit or loss. The losses arising from impairment are recognised in the profit or

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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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 transaction price (net of variable consideration) received or receivable, taking into account contractually defined terms of payment, various discounts and schemes offered by the group and excluding taxes or duties collected on behalf of

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2024

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 credit risks.

However, sales tax/ value added tax (VAT)/ Goods and Service (GST) is not received by the Group on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

No element of financing is deemed present as the majority of sales are on cash basis and credit sales are made with normal credit period consistent with market practice.

The following specific recognition criteria must also be met before revenue is recognised:

**Income from retail sales**

Revenue from sale of goods is recognised at the time of satisfaction of performance obligation i.e. when control of the goods is transferred to the customer, generally on delivery of the goods, all significant contractual obligations have been satisfied and the collection of the resulting receivable is reasonably expected. Revenue is measured at the transaction price (net of variable consideration) received or receivable, taking into account contractually defined terms of payment, various discounts and schemes offered by the group and excluding taxes or duties collected on behalf of the government..

Gift vouchers sales are recognised when the vouchers are redeemed and goods are sold to the customer.

**Income from trading sales**

Revenue from sale of goods is recognised at the time of satisfaction of performance obligation i.e.

when the goods are delivered to customers, all significant contractual obligations have been satisfied and the collection of the resulting receivable is reasonably expected. Revenue is measured at the transaction price (net of variable consideration) received or receivable. Amounts disclosed as revenue are net of customer returns, trade allowance, rebates, goods and services tax and amount collected on behalf of third parties.

**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) at the time of satisfaction of performance obligation i.e. when the service is performed.

The group also receives one-time alliance income from the landlord on certain properties. Alliance income is recognised as deferred revenue over a period as determined by the management basis the agreements with the landlords.

**Incentive**

The Group is eligible for certain benefits basis the target stores opening as agreed to in the development agreement with franchisor. These benefits are recognised basis the satisfaction of performance obligation i.e. pro-rata basis the number of stores opened. The income has been netted off against the royalty expenses considering the substance of transaction.

**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.

**Contract balances-**

**Trade receivables**

A receivable is recognised if an amount of consideration is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in point (d) above.

**Contract liabilities**

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the group transfers the related goods or services. Contract liabilities are recognised as revenue when the group performs under the contract (i.e., transfers control of the related goods or services to the customer).





# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2024

**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. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date 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.

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 considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The group shall reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

**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 and does not give rise to equal taxable and deductible temporary differences.
- 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 and does not give rise to equal taxable and deductible temporary differences..
- 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.

In assessing the recoverability of deferred tax assets, the Company relies on the same forecast assumptions used elsewhere in the financial statements and in

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**for the year ended March 31, 2024**

other management reports, which, among other things, reflect the potential impact of climate-related development on the business.

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.

**Depreciation on Property, plant and equipment**

Depreciation is calculated on the straight-line basis over the estimated useful lives of the assets. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. The Group has used the following life to provide depreciation on its property, plant and equipment.

The rates of depreciation are based on technical evaluation of the economic life of assets by the management, which are given below and are equal to the corresponding rates prescribed in Schedule II to the Companies Act, 2013:

| Class of asset | Useful lives estimated by the management (years) |
|---|---|
| Plant and machinery | 15 years |
| Building | 4-20 years |
| Office equipment | 5 years |
| Computers | 3 years |
| Furniture and fixtures | 8 years |
| Vehicles | 10 years |
| Leasehold improvements | Over the lease term |

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

## h. Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

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 other than goodwill.

## 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.

**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 group 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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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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.

**Amendments to Ind AS 116: Covid-19-Related Rent Concessions for the year ended March 31, 2023**

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 June 30, 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 group has adopted this with effect from April 01, 2021, and the impact has been recognized in Other Income (Note 23) and corresponding impact has been recognized in Lease liabilities. This amendment does not have any effect in earlier periods or for the year ended March 31, 2024.

**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.

## j. Inventories

**Basis of valuation**

Inventories other than scrap materials are valued at lower of cost and net realizable value, if any.

**Method of valuation**

Cost of raw materials and packing materials 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



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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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.

Goodwill is tested for impairment annually as at 31 March and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than it's carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

## l. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

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. Provisions are reviewed at each balance sheet date.

## m. Retirement and other employee benefits

**Defined benefit plan**

In accordance with applicable laws in India, the Group provides for gratuity, a defined benefit retirement plan ("the Gratuity Plan") for every employee who has completed 5 years or more of service on departure at 15 days salary (last drawn salary) for each completed year of service. The Gratuity Plan provides for a lump sum payment to eligible employees at retirement, death, incapacitation or termination of employment based on last drawn salary and tenure of employment with the Group. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation on the reporting date using projected unit credit method.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the group recognises related restructuring costs

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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.

### n. Share-based payments

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

**Equity-settled transactions**

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised in employee benefit expenses, together with a corresponding increase in retained earnings in equity, over the period in which the service conditions and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. 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.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**for the year ended March 31, 2024**

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 25). 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.. The approach used to account for vesting conditions when measuring equity-settled transactions also applies to cash-settled transactions.

### o. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

### p. Contingencies

A contingent liability is:

A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are recognised when virtually certain on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations arising from past events and which the fair values can be reliably determined.

<u>Contingent liabilities recognised in a business combination</u>

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions above or the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the requirements for revenue recognition. Contingent liabilities are reviewed at each Balance Sheet date

### q. 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.

### r. Fair value measurement

The fair value of the financial instruments is included at the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Management of the Group have assessed that the fair values of cash and cash equivalents, restricted cash, trade receivables (not subject to provisional pricing), trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2024

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

There have been no transfers between fair value levels during the reporting period..

### s. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker being Managing Director of the Group. The Managing Director assesses the financial performance and position of the Group as a whole and makes strategic decisions. Operating segments have been aggregated in accordance with the Standard.

### t. Cash Flow

Ind AS 7 requires to exclude non-cash transaction relating to investing and financing activities from the statement of cash flow. However, such transactions should be disclosed elsewhere in the financial statements. 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 the group. The group 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.

### u. Recent accounting pronouncements

New and amended standards

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standards) Amendment Rules, 2023 dated 31 March 2023 to amend the following Ind AS which are effective for annual periods beginning on or after 1 April 2023. The Company applied for the first-time these amendments.

(i) Definition of Accounting Estimates - Amendments to Ind AS 8

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. It has also been clarified how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Company's standalone financial statements.

(ii) Disclosure of Accounting Policies - Amendments to Ind AS 1

The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company's financial statements.

(iii) Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to Ind AS 12

The amendments narrow the scope of the initial recognition exception under Ind AS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases.

The group previously recognised for deferred tax on leases on a net basis. As a result of these amendments, the group has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets. Since, these balances qualify for offset as per the requirements of paragraph 74 of Ind AS 12,there is no impact in the balance sheet. There was also no impact on the opening retained earnings as at 1 April 2022.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2024

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

### i) Property, Plant and Equipment

(₹ in million)

| Particulars | Freehold Land | Building | Plant and machinery | Furniture and fixtures | Vehicles | Office equipments | Computers | Leasehold improvements | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Gross Carrying Amount** | | | | | | | | | |
| **As at April 01, 2022** | **9.27** | **300.30** | **3,528.12** | **324.65** | **71.96** | **247.29** | **638.50** | **3,828.24** | **8,948.33** |
| Additions | - | - | 1,493.05 | 114.59 | 27.63 | 92.77 | 243.36 | 1,463.37 | 3,434.77 |
| Disposals | - | - | (106.31) | (15.45) | (24.14) | (9.87) | (37.60) | (69.68) | (263.05) |
| Translation Difference | (0.14) | (0.05) | 5.11 | 1.03 | 0.12 | 1.05 | (0.36) | 6.74 | 13.50 |
| **As at March 31, 2023** | **9.13** | **300.25** | **4,919.97** | **424.82** | **75.57** | **331.24** | **843.90** | **5,228.67** | **12,133.55** |
| Additions | - | - | 1,528.72 | 115.89 | 4.90 | 91.95 | 282.27 | 1,333.25 | 3,356.98 |
| Disposals | - | - | (105.22) | (30.77) | (2.94) | (23.37) | (29.97) | (842.72) | (1,034.99) |
| Translation Difference | 0.40 | 0.14 | 67.34 | 7.46 | 0.18 | 13.19 | 12.03 | 66.10 | 166.84 |
| **As at March 31, 2024** | **9.53** | **300.39** | **6,410.81** | **517.40** | **77.71** | **413.01** | **1,108.23** | **5,785.30** | **14,622.38** |
| **Accumulated depreciation** | | | | | | | | | |
| **As at April 01, 2022** | **-** | **89.17** | **985.01** | **126.34** | **30.25** | **146.14** | **370.60** | **1,739.29** | **3,486.80** |
| Depreciation for the year | - | 0.03 | 380.60 | 46.31 | 7.75 | 44.01 | 150.09 | 542.90 | 1,171.69 |
| Disposals | - | - | (84.99) | (13.33) | (17.49) | (9.80) | (35.68) | (69.61) | (230.90) |
| Translation Difference | - | (0.01) | (0.91) | (0.04) | 0.04 | 0.15 | (0.21) | 1.07 | 0.09 |
| **As at March 31, 2023** | **-** | **89.19** | **1,279.71** | **159.28** | **20.55** | **180.50** | **484.80** | **2,213.65** | **4,427.68** |
| Depreciation for the year | - | 0.03 | 463.51 | 55.55 | 6.88 | 58.71 | 211.89 | 734.98 | 1,531.55 |
| Disposals | - | - | (99.06) | (29.99) | (2.92) | (23.22) | (29.69) | (841.69) | (1,026.57) |
| Translation Difference | - | 0.06 | 20.64 | 3.16 | 0.01 | 7.60 | 8.79 | 25.51 | 65.77 |
| **As at March 31, 2024** | **-** | **89.28** | **1,664.80** | **188.00** | **24.52** | **223.59** | **675.79** | **2,132.45** | **4,998.43** |
| **Net Carrying Amount** | | | | | | | | | |
| **As at March 31, 2024** | 9.53 | 211.11 | 4,746.01 | 329.40 | 53.19 | 189.42 | 432.44 | 3,652.85 | 9,623.95 |
| As at March 31, 2023 | 9.13 | 211.06 | 3,640.26 | 265.54 | 55.02 | 150.74 | 359.10 | 3,015.02 | 7,705.87 |

### ii) Capital work-in-progress

(₹ in million

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Opening Balance** | 550.40 | 319.73 |
| Additions | 3,480.07 | 3,665.44 |
| Capitalised | (3,356.98) | (3,434.77) |
| **Closing Balance** | **673.49** | **550.40** |

**Note:**

**a) Ageing for capital work-in-progress**

(₹ in million)

| Particulars | As at | Amount of Capital work-in -progress for the year of | | | | Total |
|---|---|---|---|---|---|---|
| | | Less than 1 year | 1-2 years | 2-3 years* | More than 3 years* | |
| Projects in progress | March 31, 2024 | 610.86 | 50.70 | 8.71 | 3.22 | 673.49 |
| Projects in progress | March 31, 2023 | 516.15 | 30.44 | 2.06 | 1.75 | 550.40 |

* Amount comprises of capital inventory

b) b) Capital work-in-progress mainly comprises of assets being constructed or held for utilisation at new stores. These will get appropriated towards new stores to be opened in future. There are no projects as on each reporting period where activity had been suspended. All the upcoming projects of the Group are within the timelines as estimated during the original plan and the actual cost of projects are within the total cost as estimated by the management of the Group as on March 31, 2024.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2024

## 4 Intangible assets and Intangible assets under development

### i) Intangible assets

(₹ in million)

| Particulars | Computer Softwares | License fees | Franchisee fees | Total | Goodwill |
|---|---|---|---|---|---|
| **Gross Carrying Amount** | | | | | |
| **As at April 01, 2022** | **165.14** | **168.33** | **1,074.35** | **1,407.82** | **2,539.35** |
| Additions | 57.75 | 67.08 | 150.60 | 275.43 | - |
| Disposals | (3.50) | - | (0.52) | (4.02) | - |
| Translation Difference | 0.03 | - | (1.65) | (1.62) | - |
| **As at March 31, 2023** | **219.42** | **235.41** | **1,222.78** | **1,677.61** | **2,539.35** |
| Additions | 75.80 | 56.01 | 179.16 | 310.97 | - |
| Disposals | (40.37) | (2.84) | (38.88) | (82.09) | - |
| Translation Difference | 1.85 | - | 8.41 | 10.26 | - |
| **As at March 31, 2024** | **256.70** | **288.58** | **1,371.47** | **1,916.75** | **2,539.35** |
| **Accumulated amortisation and Impairment** | | | | | |
| **As at April 01, 2022** | **126.97** | **56.82** | **657.96** | **841.75** | **917.76** |
| Charge for the year | 24.42 | 58.44 | 110.99 | 193.85 | - |
| Disposals | (3.49) | - | (0.52) | (4.01) | - |
| Translation Difference | (0.10) | - | (0.76) | (0.86) | - |
| **As at March 31, 2023** | **147.80** | **115.26** | **767.67** | **1,030.73** | **917.76** |
| Charge for the year | 43.45 | 76.82 | 128.06 | 248.33 | - |
| Disposals | (40.35) | (2.84) | (38.88) | (82.07) | - |
| Translation Difference | 1.18 | - | 5.47 | 6.65 | - |
| **As at March 31, 2024** | **152.08** | **189.24** | **862.32** | **1,203.64** | **917.76** |
| **Net Carrying Amount** | | | | | |
| **As at March 31, 2024** | **104.62** | **99.34** | **509.15** | **713.11** | **1,621.59** |
| **As at March 31, 2023** | **71.62** | **120.15** | **455.11** | **646.88** | **1,621.59** |

### ii) Intangible assets under development

(₹ in million)

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Opening Balance | 14.40 | 6.81 |
| Additions | 303.67 | 283.02 |
| Capitalised | (310.97) | (275.43) |
| **Closing Balance** | **7.10** | **14.40** |

**Note:**

**a) Ageing for Intangible assets under development**

(₹ in million)

| Particulars | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
|---|---|---|---|---|---|
| **Projects in progress (As At March 31, 2024)** | 6.36 | 0.74 | - | - | 7.10 |
| Projects in progress (As At March 31, 2023) | 11.97 | 2.43 | - | - | 14.40 |

b) b) There are no projects as on each reporting period where activity had been suspended. All the upcoming projects of the Group are within the timelines as estimated during the original plan and the actual cost of projects are within the total cost as estimated by the management of the Group as on March 31, 2024.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2024

## 5 Financial assets

(₹ in million)

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **i) Investments** | | |
| **a) Quoted mutual fund** | | |
| Investment in Mutual Fund measured at fair value through profit or loss (FVTPL) (refer note a) | - | 360.67 |
| **b) Quoted Securities - Investments in Securities measured at amortised cost** | | |
| **Secured, Redeemable and Non Convertible Bonds in Nature of Debentures** | | |
| 6.59% Indian Railway Finance Corporation Limited - 14 April 2023 | - | 99.98 |
| 5.90% Mahindra & Mahindra Financial Services Ltd - 31 July 2023 | - | 198.70 |
| **Total investments** | **-** | **659.35** |
| Current | - | 659.35 |
| Non-current | - | - |

**Note: a) Investment in quoted mutual fund ***

| Name of Mutual Fund Scheme | As at March 31, 2024 | | As at March 31, 2023 | |
|---|---|---|---|---|
| | Number of unit | Amount | Number of unit | Amount |
| Axis Overnight Fund- Direct | - | - | 168,722.73 | 200.03 |
| Bharat Bond FOF | - | - | 13,145,112.21 | 160.64 |
| **Total** | - | - | | **360.67** |

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

### ii) Other financial assets (unsecured)

(₹ in million)

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Non-current** | | |
| Term deposits with maturity of more than 12 months | - | 19.00 |
| Margin money/ deposits with banks (placed as security with government body and banks) (refer note a below) | 310.02 | 163.35 |
| Loans to employees - considered good | 5.81 | 6.12 |
| Security Deposits | | |
| Considered good | 669.18 | 642.72 |
| Credit impaired | 22.90 | 23.30 |
| Less: Allowance for expected credit losses | (22.90) | (23.30) |
| | 669.18 | 642.72 |
| **Total Non-current other financial assets** | **985.01** | **831.19** |
| **Current** | | |
| Term deposits with maturity of less than 12 months | 135.36 | 20.00 |
| Security Deposits | | |
| Considered good | 256.44 | 235.23 |
| Balance with banks (for IPO escrow account) (refer note c below) | - | 321.24 |
| Share issue expenses (Receivable from shareholders - Unbilled) (refer note b below) | | |
| Interest accrued on fixed deposits and loan | | |
| Others | 46.05 | 61.33 |
| Claims and other receivables | - | 3.85 |
| Other receivables (Considered good) | | |
| Related party (refer note b below and note 35) | 0.84 | 0.27 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2024

(₹ in million)

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Unbilled (refer note e below) | 24.30 | 34.52 |
| Others | 10.14 | 9.98 |
| Loans to employees - considered good | 1.19 | 0.47 |
| **Total current other financial assets** | **474.32** | **686.89** |

**Note:**

a) Amount includes 75.26 million as at March 31, 2024 (March 31, 2023 : 75.26 million) is restricted balance in current account and hence, restricted from current use of the Company.

b) These were receivable as at March 2023 towards sale of materials, call centre charges and reimbursement of expenses which are in the normal course of business. These have been realised as per payment terms agreed which is 20-25 days from the date of invoice.

c) This money was held in escrow account towards IPO related expenses which has been settled in the current year.

**d) Movements in allowance for credit losses of security deposits is as below :**

(₹ in million)

| Particular | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Balance as at the beginning of the year | 23.30 | 26.89 |
| Charge during the year | 1.00 | - |
| Utilised during the year | (1.40) | (3.59) |
| **Balance at the end of the year** | **22.90** | **23.30** |

For explanation on the credit risk management process, refer Note 40 (b)

e) 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)

(₹ in million)

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Capital advances** | | |
| Considered good | 124.38 | 400.09 |
| Considered doubtful | 23.97 | 24.93 |
| Less : Allowance for doubtful balances (refer note a below) | (23.97) | (24.93) |
| | 124.38 | 400.09 |
| Prepaid expenses | 3.66 | 0.13 |
| **Balances with government authorities** | | |
| Considered good | 39.08 | 49.76 |
| Considered doubtful | 21.89 | 23.22 |
| Less: Allowance for doubtful balances (refer note b below) | (21.89) | (23.22) |
| | 39.08 | 49.76 |
| **Total other non-current assets** | **167.12** | **449.98** |

**a) Movements in allowance for doubtful balances of Capital advances is as below**

(₹ in million)

| Particular | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Balance as at the beginning of the year | 24.93 | 28.66 |
| Utilised during the year | (0.96) | (3.73) |
| **Balance at the end of the year** | **23.97** | **24.93** |





# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2024

**b) Movements in allowance for doubtful balance of Balances with government authorities is as below:**

(₹ in million)

| Particular | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Balance as at the beginning of the year | 23.22 | 23.97 |
| Utilised during the year | (1.33) | (0.75) |
| **Balance at the end of the year** | **21.89** | **23.22** |

## 7 Inventories

(₹ in million)

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| (At lower of cost or net realisable value) | | |
| Raw materials | 652.41 | 732.34 |
| Packing materials | 101.70 | 84.61 |
| Goods in transit of raw materials | - | 0.45 |
| Less : Provision for slow moving inventories | (2.40) | (2.36) |
| | 751.71 | 815.04 |
| Small wares, cleaning, uniform and operating supplies | 217.11 | 178.00 |
| **Total inventories** | **968.82** | **993.04** |

## 8 Trade receivables

(₹ in million)

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Unsecured, considered good | 343.84 | 179.49 |
| Unsecured, credit impaired | - | 0.10 |
| | 343.84 | 179.59 |
| Less : Allowance for expected credit losses (refer note below) | - | (0.10) |
| **Total trade receivables** | **343.84** | **179.49** |

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

(₹ in million)

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Balance as at the beginning of the year | 0.10 | 0.10 |
| Charge/(release) during the year | (0.10) | - |
| **Balance at the end of the year** | - | **0.10** |

**Ageing of Undisputed Trade Receivables**

(₹ in million)

| Particulars | Outstanding for following periods from due date of payment | | | |
|---|---|---|---|---|
| | As at March 31, 2024 | | As at March 31, 2023 | |
| | Considered Good | Credit Impaired | Considered Good | Credit Impaired |
| Unbilled | - | - | - | - |
| Not due | 256.96 | - | 154.96 | - |
| Less than 6 months | 86.88 | - | 24.53 | - |
| 6 months to 1 year | - | - | - | - |
| 1-2 years | - | - | - | 0.10 |
| 2-3 years | - | - | - | - |
| More than 3 years | - | - | - | - |
| **Total** | **343.84** | - | **179.49** | **0.10** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2024

b) There are no disputed trade receivables, hence the same is not disclosed in ageing schedule.

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

d) For explanation on the credit risk management process, refer Note 40 (b)

e) 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

(₹ in million)

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Balances with banks - In current accounts | 710.67 | 291.30 |
| Cash on hand | 88.43 | 55.36 |
| Term deposits with original maturity of less than three months | 176.45 | 97.51 |
| **Total cash and cash equivalents** | **975.55** | **444.17** |

## 10 Bank balances other than cash and cash equivalents

(₹ in million)

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Term deposits with original maturity more than 3 months but less than 12 months | 700.20 | 1,759.80 |
| Margin money deposit (placed as security with government body and bank) | - | 0.25 |
| **Total bank balances other than cash and cash equivalents** | **700.20** | **1,760.05** |

## 11 Other current assets (unsecured)

(₹ in million)

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Prepaid expenses | 67.98 | 47.94 |
| Advances to suppliers: | | |
| Considered good | 94.01 | 149.01 |
| Considered doubtful | 0.77 | 0.77 |
| Less : Allowance for doubtful balances | (0.77) | (0.77) |
| | 94.01 | 149.01 |
| Employee advances | 7.13 | 4.95 |
| Balances with government authorities | - | 1.11 |
| **Total other current assets** | **169.12** | **203.01** |

## 12 Share capital

(₹ in million)

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **a. Authorised shares:** | | |
| 46,70,12,000 (March 31, 2023: 46,70,12,000) Equity shares of ₹ 10 each (refer note j below) | 4,670.12 | 4,670.12 |
| | **4,670.12** | **4,670.12** |
| **b. Issued, subscribed and fully paid-up shares:** | | |
| 6,37,04,416 (March 31, 2023: 6,35,42,541) Equity shares of ₹ 10 each fully paid up | 635.43 | 635.43 |
| Shares issued during the year - 1,61,875 Equity shares of ₹ 10 each fully paid up | 1.61 | - |
| | **637.04** | **635.43** |
| **c. Reconciliation of number of shares outstanding at the beginning and end of the year (in numbers):** | | |
| Equity shares | | |
| Outstanding at the beginning of the year | 63,542,541 | 63,542,541 |
| Issued during the year (Note h) | 161,875 | - |
| **Outstanding at the end of the year** | **63,704,416** | **63,542,541** |
| **d. Rights, preferences and restrictions attached to equity shares** | | |
| The Parent company has one class of equity share having par value of ₹10 each. Each holder of equity share is eligible to one vote per share. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the group, the holders of the equity shares will be entitled to receive the remaining assets of the group after distribution of all preferential amounts, in proportion to their shareholding. | | |

### e. Shareholders holding more than 5% shares in the Parent Company

| Particulars | As at March 31, 2024 | | As at March 31, 2023 | |
|---|---|---|---|---|
| | % holding | No. of Shares | % holding | No. of Shares |
| **Equity shares** | | | | |
| Sapphire Foods Mauritius Limited | 24.03% | 15,306,970 | 31.90% | 20,269,227 |
| Arinjaya (Mauritius) Limited | 3.75% | 2,390,503 | 8.01% | 5,090,503 |
| HDFC Trustee Company Limited | 7.88% | 5,021,965 | 0.23% | 144,072 |
| Government of Singapore | 7.84% | 4,994,265 | 1.90% | 1,208,709 |
| Mirae Asset Trustee Company Private Limited | 7.62% | 4,855,492 | 8.48% | 5,385,955 |
| Nippon Life India Trustee Limited | 7.22% | 4,597,413 | 5.56% | 3,532,147 |

*As per the records of the Parent Company, including its register of shareholders/ members and other declaration received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.*

*The Parent Company has not declared any dividend during the current year or previous year.*

### f. Promoters share holding

| Particulars | As at March 31, 2024 | | As at March 31, 2023 | | % change during the year |
|---|---|---|---|---|---|
| | % holding | No. of Shares | % holding | No. of Shares | |
| **Equity shares** | | | | | |
| Sapphire Foods Mauritius Limited | 24.03% | 15,306,970 | 31.90% | 20,269,227 | -7.87% |
| QSR Management Trust through trustee Sagista Realty Advisors Private Limited | 3.06% | 1,951,630 | 4.27% | 2,714,385 | -1.21% |
| Arinjaya (Mauritius) Limited | 3.75% | 2,390,503 | 8.01% | 5,090,503 | -4.26% |
| Samara Capital Partners Fund II Limited | - | - | 0.71% | 449,999 | -0.71% |
| Ironman Investments Limited | - | - | 0.01% | 4,301 | -0.01% |
| | **30.84%** | **19,649,103** | **44.90%** | **28,528,415** | **-14.05%** |

### 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 41.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2024

**h. Shares issued during the year ended March 31, 2024 includes:**

i) Exercise of stock options 1,61,875 shares

**No shares issued during the year ended March 31, 2023.**

**i. Shares allotted as fully paid-up without payment being received in cash during the period of 5 years immediately preceding the date of Balance Sheet are as under :**

Nil

j. Pursuant to Composite Scheme of Arrangement with Gamma Pizzakraft (Overseas) Private Limited and Gamma Pizzakraft Private Limited, the authorised share capital of the Parent Company has automatically increased by 3,53,30,000 equity shares upon scheme becoming effective (refer note 42)..

## 13 Other equity

(₹ in million)

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Share application money pending allotment** | | |
| Balance at the beginning of the year | - | - |
| Add: Addition during the year | 0.67 | - |
| **Balance as at the end of the year** | **0.67** | **-** |
| **Securities premium** | | |
| Balance at the beginning of the year | 14,305.02 | 14,305.02 |
| Add: Premium on issue of equity shares | 108.36 | - |
| **Balance as at the end of the year** | **14,413.38** | **14,305.02** |
| **Capital reserve** | | |
| Balance at the beginning of the year | 356.10 | 356.10 |
| Addition: During the year | - | - |
| **Balance as at the end of the year** | **356.10** | **356.10** |
| **Share based payment reserve** | | |
| Balance at the beginning of the year | 221.84 | 56.09 |
| Employee stock option expense (refer Note 25) | 175.46 | 165.75 |
| Transfer to retained earnings | (0.44) | - |
| Exercise of employee stock options | (28.01) | - |
| **Balance as at the end of the year** | **368.85** | **221.84** |
| **Retained earnings** | | |
| Balance at the beginning of the year | (2,665.37) | (5,003.71) |
| Profit for the year after tax | 528.09 | 2,333.60 |
| Re-measurement losses on defined benefit plans [net of deferred tax] | (17.37) | 4.74 |
| Deferred tax assets on share based payment | 34.51 | - |
| Transfer from ESOP reserve for lapsed options | 0.44 | - |
| Adjustment to parent equity for reduction in NCI stake | (35.74) | - |
| **Balance as at the end of the year** | **(2,155.44)** | **(2,665.37)** |
| **Foreign currency translation reserve** | | |
| Balance at the beginning of the year | (293.55) | (277.46) |
| During the year | 64.36 | (16.09) |
| **Balance as at the end of the year** | **(229.19)** | **(293.55)** |
| **Total other equity** | **12,754.37** | **11,924.04** |



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2024

**Note : Nature and purpose of reserves**

a) Retained earnings- Retained earnings are the profits/ (loss) that the Group has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders. Retained earnings includes re-measurement loss/(gain) on defined benefit plans, net of taxes that will not be reclassified to Statement of Profit and Loss. Retained earnings is a free reserve available to the Group and eligible for distribution to shareholders, in case where it is having positive balance representing net earnings till date.

b) Share based payment reserve - The Parent Company offers ESOP, under which options to subscribe for the Parent Company's share have been granted to certain employees and senior management. The share based payment reserve is used to recognise the value of equity settled share based payments provided as part of the ESOP scheme (refer note 41 for ESOP scheme issued by the Company).

c) Capital reserve- Reserve is primarily created on amalgamation as per statutory requirement. This reserve is utilised in accordance with the specific provisions of the Companies Act, 2013.

d) Securities premium- The amount received in excess of face value of the equity shares is recognised in securities premium. This reserve is utilised in accordance with the specific provisions of the Companies Act, 2013.

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.

f) Share application money pending allotment - This is amount received on account of exercise of employee stock option during the year the allotment for which is pending as on the reporting date and will be completed subsequently.

## 14 Borrowings (measured at amortised cost)

(₹ in million)

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Non-current borrowings (secured)** | | |
| **Secured Term Loan (At amortised cost)** | | |
| **Term Loan** | | |
| From Banks | 210.87 | 415.24 |
| | 210.87 | 415.24 |
| Less:- current maturities (shown as current borrowings) | (79.18) | (206.46) |
| **Total non-current borrowings** | **131.69** | **208.78** |

**(a) Term Loan from HDFC Bank - RTL 1**

(₹ in million)

| Interest Rate | Repayment term | Security | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|---|---|
| The interest rate on loan ranged from 6.5% p.a to 8.30% p.a. | Repayable in 35 quarterly instalments from the date of first disbursement. | Pari passu charge on all movable tangibles and intangibles assets, current assets and receivables and all bank accounts. | - | 135.13 |

**Term Loan from HDFC Bank - RTL 2**

(₹ in million)

| Interest Rate | Repayment term | Security | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|---|---|
| The interest rate on loan ranged from 6.5% p.a to 8.30% p.a. | Repayable in 17 quarterly instalments from the date of first disbursement with moratorium of 15 months | Pari passu charge on all movable tangibles and intangibles assets, current assets and receivables and all bank accounts. | 109.17 | 148.81 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2024

**Term Loan from HDFC Bank - RTL 4**

(₹ in million)

| Interest Rate | Repayment term | Security | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|---|---|
| The interest rate on loan is 6.5% p.a to 9.00% p.a. | Repayable in 48 monthly instalments from the date of first disbursement with moratorium of 24 months | Second charge on all movable tangibles and intangibles assets, current assets and receivables and all bank accounts | 76.26 | 93.79 |

**(b) Term Loan from Development Finance Corporation of Ceylon (DFCC) Bank**

(₹ in million)

| Interest Rate | Repayment term | Security | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|---|---|
| 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% p.a | Repayable in 72 monthly installments (capital) after a grace period of twelve months from the date of first disbursement. | A primary Mortgage over movable machinery/ equipments. | 25.44 | 37.51 |

**Overdraft from Yes Bank**

| Interest Rate | Repayment term | Security | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|---|---|
| 0.75% margin over and above applicable fixed deposit rate | Repayable on demand | Charge over fixed deposits amounting to 165 mio | - | - |
| **Current borrowings (secured)** | | | | |
| Current maturities of non-current borrowings | | | 79.18 | 206.46 |
| Bank Overdraft (Unsecured) ** | | | 65.35 | 27.45 |
| **Total current borrowings** | | | **144.53** | **233.91** |

*** 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 the respective year ended:**

(₹ in million)

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|
| **Current income tax** | | |
| Current period | 49.61 | 30.77 |
| Earlier year | - | (4.91) |
| **Deferred tax** | | |
| Relating to originating and reversal of temporary differences | | |
| Current period | 89.22 | 649.56 |
| Earlier year | - | (1,920.99) |
| **Income tax expense/ (income)** | **138.83** | **(1,245.57)** |
| - Income tax expense/(income) reported in the consolidated statement of profit/ (loss) | 179.53 | (1,247.67) |
| - Income tax expense/(income) reported in the consolidated statement of other comprehensive income/ (loss) | (6.19) | 2.10 |
| - Income tax expense/(income) reported directly in equity (refer note a below) | (34.51) | - |

a) Refer to tax deduction claimed and received for AY 2023-24 with respect to market value of ESOPs excercised over the fair value of ESOPs debited to statement of profit/ (loss). The tax impact has been adjusted against equity in accordance with the standards.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2024

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

(₹ in million)

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|
| **Profit before taxes** | **699.09** | **1,084.24** |
| Average Statutory Income tax rate as applicable to group companies | 26.72% | 24.50% |
| **Expected income tax expense (A)*** | **186.80** | **265.65** |
| **Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense :-** | | |
| Deferred tax assets not recognised for unused tax losses | (4.81) | 0.60 |
| Utilization of tax losses against taxable profits | - | 976.66 |
| Deferred tax asset recognised | 26.01 | 1,250.56 |
| Expenses not deductible for tax purpose | (7.74) | (716.60) |
| **Total income tax expense / (income) (B)** | 13.46 | **1,511.22** |
| **Tax expenses/ (credit) recognised during the year (A - B)** | **173.34** | **(1,245.57)** |

** The income tax liability is NIL being loss incurred during the year*

For the above disclosure, the Group and its Indian Subsdiaries has evaluated the recent amendments in the Income Tax Act, 1961, i.e. new section 115BAA which has been introduced with effect from FY 2019-20 (AY 2020 - 21) to provide an option for a concessional tax at the rate of 22% but the Parent Company and its Indian Subsidary Company has opted to continue with the existing tax rate as these Company's have brought forward losses and unabsorbed depreciation. The Parent Company would adopt section 115BAA under new tax regime during the year under consideration.

**Deferred tax**

Deferred tax relates to the following:

(₹ in million)

| Particulars | Balance Sheet | | Profit & Loss (including OCI) | |
|---|---|---|---|---|
| | As at March 31, 2024 | As at March 31, 2023 | As at March 31, 2024 | As at March 31, 2023 |
| **Deferred tax liabilities** | | | | |
| Goodwill | 236.14 | 236.14 | - | (56.57) |
| Mutual Funds | 3.98 | 5.54 | 1.56 | (8.69) |
| Fair value adjustment on acquisition | 23.62 | 39.95 | 16.33 | (29.81) |
| | **263.74** | **281.63** | **17.89** | **(95.07)** |
| **Deferred tax assets** | | | | |
| Property, plant and equipment/ Intangible assets | 360.23 | 242.96 | (117.27) | (80.04) |
| Employee benefits payable | 42.91 | 31.27 | (11.64) | (15.88) |
| Long term/ Short term provisions | 34.53 | 38.56 | 4.03 | 2.77 |
| Provision for slow moving inventories | 0.60 | 0.59 | (0.01) | (1.60) |
| Translation difference | 2.59 | 6.44 | 3.85 | (2.58) |
| Lease Liabilities (net of ROU assets) | 539.08 | 481.84 | (57.24) | (31.45) |
| Provisions for doubtful advances | 17.48 | 17.48 | - | (4.19) |
| Disallowance under section 40(a)(i) of Income Tax Act,1961 | 3.70 | 41.23 | 37.53 | (28.02) |
| Brought forward Business loss and Unabsorbed depreciation | 357.60 | 605.46 | 247.86 | (581.55) |
| Unabsorbed business losses (income recognised in statement of profit or loss for the year to the extent of expenses recorded) | - | - | - | (623.97) |
| | **1,358.72** | **1,465.83** | **107.11** | **(1,366.49)** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2024

(₹ in million)

| Particulars | Balance Sheet | | Profit & Loss (including OCI) | |
|---|---|---|---|---|
| | As at March 31, 2024 | As at March 31, 2023 | As at March 31, 2024 | As at March 31, 2023 |
| **Deferred tax expense/ (income)** | - | - | 89.22 | (1,271.43) |
| **Net deferred tax assets/ (liabilities)** | 1,094.98 | 1,184.20 | | |
| **Deferred tax expense/ (income) of which :** | | | | |
| Deferred tax recognised during the year in the statement of profit and loss | | | 123.73 | (1,271.43) |
| Deferred tax reported directly in equity | | | (34.51) | - |

a) Group has assessed entity wise and as result deferred tax assets has recognised to the extent of deferred tax liabilities except in case of the parent company.

b) Group controls the dividend policy of its subsidiary. It is able to control the timing of the reversal of temporary differences associated with that investment (including the temporary differences arising not only from undistributed profits but also from any foreign exchange translation differences). Therefore, the Group has determined that those profits will not be distributed in the foreseeable future and company has not recognised a deferred tax liability.

c) During the year ended March 31, 2023, the parent Company has recognised deferred tax assets of ₹ 1,253.18 million based on the business projections of taxable earning in the near future. While recognizing such deferred tax assets, the parent Company has been cognizant enough to consider the history of losses they have, uncertainties of business in place and rising input costs. Carrying value of deferred tax assets (net) of parent Company is ₹ 1,253.18 million as at March 31, 2023.

## 16 Lease Liabilities

(₹ in million)

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Carried at amortised cost (unsecured) | | |
| Lease Liabilities (refer Note 44) | 11,362.93 | 9,185.11 |
| **Total Lease Liabilities** | 11,362.93 | 9,185.11 |
| Current | 1,121.84 | 1,472.33 |
| Non-current | 10,241.09 | 7,712.78 |

## 17 Trade payables

(₹ in million)

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Total outstanding dues of micro enterprises and small enterprises | 34.07 | 23.15 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises : | | |
| - Others | 2,274.26 | 2,146.76 |
| **Total trade payables** | 2,308.33 | 2,169.91 |

**Ageing of Undisputed Trade payables**

(₹ in million)

| Particulars | Outstanding for following periods from due date of payment | | | |
|---|---|---|---|---|
| | As at March 31, 2024 | | As at March 31, 2023 | |
| | MSME | Others | MSME | Others |
| Unbilled | - | - | - | - |
| Not due | 22.99 | 78.75 | 4.00 | 101.79 |
| Less than 1 year | 11.08 | 487.67 | 6.86 | 355.83 |
| 1 to 2 years | - | (2.52) | 2.40 | 13.09 |
| 2 to 3 years | - | 4.13 | 7.13 | 12.83 |
| More than 3 years | - | 22.28 | 2.76 | 65.20 |
| **Total** | 34.07 | 590.31 | 23.15 | 548.74 |



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2024

(₹ in million)

| Particulars | Outstanding for following periods from date of transaction | | | |
|---|---|---|---|---|
| | As at March 31, 2024 | | As at March 31, 2023 | |
| | MSME | Others | MSME | Others |
| Unbilled | - | 1,288.11 | - | 1,143.51 |
| Not due | - | - | - | - |
| Less than 1 year | - | 356.16 | - | 438.02 |
| 1 to 2 years | - | 23.37 | - | 13.83 |
| 2 to 3 years | - | 7.71 | - | 1.30 |
| More than 3 years | - | 8.60 | - | 1.36 |
| **Total** | - | 1,683.95 | - | 1,598.02 |

b) There are no disputed trade payables, hence the same is not disclosed in ageing schedule.

c) Terms and conditions of the above trade payables:

d) Trade payables are non-interest bearing and are normally settled on 30-60 days terms.

## 18 Other current financial liabilities

(₹ in million)

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Employees benefits payable | 183.38 | 174.42 |
| Capital creditors | 354.14 | 697.34 |
| Other payables : | | |
| Related party (Note 35) | - | 12.27 |
| Others (refer note below) | 4.05 | 326.40 |
| **Total other current financial liabilities** | 541.57 | 1,210.43 |

During November, 2021, the Parent Company has completed its initial public offering (IPO) of its equity shares, pursuant to which, the equity shares of the Parent Company have got listed on the NSE Limited and BSE Limited on 18 November 2021. Other payables include balance of NIL (March 31, 2023 ₹ 321.24 million) towards amounts refundable to shareholders pursuant to their offer for sale in the IPO.

## 19 Other current liabilities

(₹ in million)

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Advance from customers (contract liabilities under Ind AS 115) | 73.66 | 0.82 |
| Deferred revenue (contract liabilities under Ind AS 115) | 5.60 | - |
| Statutory dues | 171.25 | 180.13 |
| **Total other current liabilities** | 250.51 | 180.95 |

## 20 Other non-current liabilities

(₹ in million)

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Deferred revenue (contract liabilities under Ind AS 115) | 8.40 | - |
| **Total non-current liabilities** | 8.40 | - |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2024

## 21 Provisions

(₹ in million)

| Particulars | As at March 31, 2024 | As at March 31, 2024 | As at March 31, 2023 | As at March 31, 2023 |
|---|---|---|---|---|
| | Non-Current | Current | Non-Current | Current |
| Gratuity (Note 36) | 143.29 | 23.55 | 107.08 | 18.20 |
| Leave encashment | - | 14.60 | - | 12.36 |
| Others (refer note below) | - | 38.71 | - | 39.02 |
| **Total provisions** | **143.29** | **76.86** | **107.08** | **69.58** |

**Movement for provision others**

(₹ in million)

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Balance at the beginning of the year | 39.02 | 39.54 |
| Addition during the year | - | - |
| Deletion during the year | (0.31) | (0.52) |
| **Balance as at the end of the year** | **38.71** | **39.02** |

**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 Parent Company had applied for Service tax amnesty scheme for above litigation which was rejected pursuant to which Parent Company had filed a writ petition in the High Court of Mumbai. The Parent Company has received a favourable order in the March 31, 2022, from the Bombay High court directing the service tax authority to quash the orders for rejecting the Sabka Vishwas - (Legacy Dispute Resolution) Scheme, 2019 (SVLDRS) filed by the Parent Company.

## 22 Revenue from operations (refer Note 43)

(₹ in million)

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|
| **Revenue from contract with customers** | | |
| Restaurant sales | 25,879.61 | 22,570.64 |
| **Other operating income** | | |
| Sale to Airport dealers/ franchisees | 17.97 | 62.43 |
| Alliance Income | 17.83 | 5.14 |
| Scrap sales and others | 27.38 | 17.53 |
| **Total** | 25,942.79 | 22,655.74 |

## 23 Other income

(₹ in million)

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|
| Interest on fixed deposits and loan | 135.83 | 150.12 |
| Interest income from security deposit at amortised cost | 59.47 | 52.98 |
| Fair value gain on financial instruments at fair value through profit or loss | 31.99 | 43.89 |
| Rent waiver due to COVID (refer note 44) | - | 8.10 |
| Sundry balances written back | 16.76 | - |
| Gain on termination of lease contract (refer note 44) | 62.57 | 15.13 |



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2024

(₹ in million)

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|
| Gain on remeasurement of lease contract (refer note 44) | 1.83 | - |
| Foreign exchange gain | 23.60 | 27.36 |
| Miscellaneous income * | 2.37 | 13.34 |
| **Total** | **334.42** | **310.92** |

** Represents interest on income tax refund.*

## 24 Cost of materials consumed (raw material and packing material)

(₹ in million)

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|
| Inventory as at the beginning of the year | 815.04 | 533.23 |
| Add: Purchases | 8,045.73 | 7,688.57 |
| Less: Inventory at the end of the year | 751.71 | 815.04 |
| **Total** | **8,109.06** | **7,406.76** |

## 25 Employee benefits expense

(₹ in million)

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|
| Salaries, wages and bonus | 2,828.90 | 2,400.17 |
| Contribution to provident fund and other funds (refer Note 36) | 225.30 | 188.16 |
| Gratuity (refer Note 35) | 34.14 | 25.48 |
| Employee stock option scheme (refer Note 41 and note a below) | 174.38 | 169.21 |
| Staff welfare expenses | 192.83 | 146.01 |
| **Total** | **3,455.55** | **2,929.03** |

a) Expenses on employee stock option scheme includes (1.06) million (net of lapsed) (March 31, 2023 3.47 million) towards long term incentive plan for the specified employees as per the scheme.

## 26 Finance costs

(₹ in million)

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|
| Interest on loans from banks | 34.65 | 60.69 |
| Interest - others | 6.75 | 5.45 |
| Interest on lease liabilities (Note 44) | 958.79 | 795.14 |
| Other borrowing cost | 8.89 | 7.58 |
| **Total** | **1,009.08** | **868.86** |

## 27 Depreciation, impairment and amortisation expense

(₹ in million)

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|
| Depreciation on property, plant and equipment (refer note 3) | 1,531.55 | 1,171.69 |
| Amortisation on intangible assets (refer note 4) | 248.33 | 193.85 |
| Depreciation on right of use asset (refer note 44) | 1,459.08 | 1,276.20 |
| **Total** | **3,238.96** | **2,641.74** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2024

## 28 Other expenses

(₹ in million)

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|
| Rent (refer note 44) | 805.95 | 643.48 |
| Electricity and utilities charges | 1,887.10 | 1,487.08 |
| Royalty (Refer note (i) below) | 1,698.77 | 1,362.55 |
| Marketing and advertisement expenses | 1,155.16 | 909.77 |
| Commission on aggregators and meal coupons | 1,701.89 | 1,447.16 |
| Common area maintenance expenses | 322.05 | 296.59 |
| Distribution and warehousing charges | 295.41 | 329.91 |
| Repairs and maintenance: | | |
| Plant and machinery | 174.85 | 154.35 |
| Others | 378.17 | 311.24 |
| Professional fees | 244.63 | 209.49 |
| Director sitting fees | 1.18 | |
| Small wares, cleaning, operating and other supplies | 214.05 | 198.15 |
| Home delivery charges | 118.25 | 49.95 |
| Exchange fluctuation loss (net) | | - |
| Travelling and conveyance | 175.70 | 148.52 |
| Payment to auditors | 12.83 | 12.07 |
| Provision for doubtful deposits | 1.00 | - |
| Sundry balances written off | 1.45 | - |
| Loss on sale/ discard of property, plant and equipment | 6.86 | 15.20 |
| Miscellaneous expenses | 570.17 | 460.52 |
| **Total** | **9,765.47** | **8,036.03** |

**Note :**

i. The Group is eligible for incentive basis the agreement with the franchisor and the same has been netted off against the royalty expenses.

## 29 Earnings Per Share (EPS)

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

(₹ in million, except per share data)

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Profit attributable to the equity holders of the Group (₹ in million) | 528.09 | 2,333.60 |
| Weighted average number of equity shares for basic EPS | 63,643,335 | 63,542,541 |
| Effect of dilution: | | |
| Share options under ESOP | 709,504 | 755,285 |
| Weighted average number of equity shares adjusted for the effect of dilution | 64,352,839 | 64,297,826 |
| Basic Earning Per Share (Face value of ₹ 10 per share) | 8.30 | 36.73 |
| Diluted Earning Per Share (Face value of ₹ 10 per share) | 8.21 | 36.29 |

*Weighted average number of equity shares outstanding for the purpose of calculating basic earnings per share includes equity shares that will be issued upon the conversion of outstanding mandatory convertible instruments.*



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2024

## 30 Contingent liabilities

(₹ in million)

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| i) Claims against the Group (excluding Interest) not acknowledged as debts in respect of | | |
| - Indirect Tax | 90.54 | 13.13 |
| - Income Tax | 218.12 | 285.08 |
| - Statutory dues | 17.39 | 17.66 |
| - Bank Gaurantee | - | 0.10 |
| - Other matters | 126.48 | 85.22 |
| **Total** | **452.53** | **401.19** |

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

ii) 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 ₹ 1.30 Million as at March 31, 2024 (March 31,2023 : ₹ 0.18 Million) (March 31, 2024, 4.70 Million LKR, March 31, 2023 - 0.70 million LKR). However, company has not experienced any loss or damage relating to such facilitation

iii) The Parent Company has entered into business transfer agreement with A. N. Traders Pvt Limited (ANTPL) in August 2016. The obligation of the parties was completed and the transaction of transferring the franchisee has been closed. One of the promoter of ANTPL has filed FIR against the Parent Company and various other parties. The Parent Company has filed a quashing petition in the High Court of Delhi seeking an order to quash the FIR as the same had been filed on false and frivolous grounds. The petition is pending for hearing in the High Court of Delhi. The Parent Company does not foresee any financial obligation against the FIR.

iv) 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 ₹194.60 million with respect to scheme of merger/amalgamation between the Parent Company and SHRPL, Hansazone, Pizzeria, KFCH

As per the Parent Company's estimation, the stamp duty amount shall not exceed ₹ 2.74 million. The Parent Company believes that the excessive stamp duty is on account of calculation error by the Authority and therefore the Parent Company had contested the demand and filed appeal u/s 53(1A) of Bombay Stamp Act, 1958 with Chief Controlling Revenue Authority, Pune, Department of Registrations & Stamps, Maharashtra ("CCRA, Pune").

The Parent Company on 11th April, 2022 had further received demand notice from COS, Mumbai for payment of ₹ 404.77 million as stamp duty including penalty. The Parent Company, thereafter, appealed before CCRA, Pune, for applying stay on the demand notice and disposal of final hearing at the earliest. CCRA, Pune, subsequently, remanded back the case to COS, Mumbai to review its order as a fresh and decide the matter basis the facts involved.

The stamp duty as per Parent Company's estimation i.e. ₹ 2.74 million which has been provided and has already been paid to the Authority and hence, the Parent Company does not except any further financial implications given the strong merits of the case.

v) The Parent Company has filed a writ petition before the High Court of Gujarat at Ahmedabad challenging the anti-profiteering investigation being conducted by the Directorate General of Anti-Profiteering ("Respondent"), on the grounds that the anti-profiteering investigation is ex-facie illegal and suffers from various infirmities including malice in law on the part of the Respondents including the National Anti-Profiteering Authority. The Respondents had initiated an anti-profiteering investigation under Section 171 of the Central Goods and Services Tax Act, 2017, basis a complaint against a singular Pizza Hut restaurant located in Ahmedabad, Gujarat. This investigation was initiated basis a reconsidered reference made by the Standing Committee on Anti-Profiteering in

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2024

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 judgement.

Future cash outflows, if any, in respect of above are determinable only on receipt of judgement/ decisions pending at various forums/ authorities or final outcome of matter.

The Group pending litigations comprise of proceedings pending with tax authorities and government body. The Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed contingent liabilities where applicable, in its financial statements. The Group does not expect the outcome of these proceedings to have materially adverse impact on its financial statements.

## 31 Commitments

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

(₹ in million)

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Estimated amount of contracts to be executed on capital account and not provided for | 798.05 | 969.04 |

(b) The Parent Company has entered into a Development Agreement with Yum Restaurants (India) Private Limited ('Yum') to build a minimum Net New Stores of KFC as specified in the agreement over the 5 years period starting 1st January 2022 until 31st Dec 2026 ("Incentive Period") consisting of Base and Tier 1 Targets, with certain incentives to be accrued on opening of such stores. In the event of Parent Company not meeting the build targets during the incentive period, Yum will have the right to consider revocation of development (exclusivity) rights of the Parent Company. The Parent Company has also issued an irrevocable and unconditional bank guarantee of initial fee for the target number of outlets of KFC amounting to 475.09 million for the year 2024. 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.

## 32 Significant accounting judgements, estimates and assumptions

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**(a) Impairment of Non Financial Assets:**

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a Discounted Cash Flow (DCF) model. The cash flows are derived from the budget for the next five years. 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:



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2024

- Gross Margins
- Discount Rates
- Material Price inflation
- Growth rate
- Rent expense
- Salaries and wages
- Royalty and marketing fees

The management believes that no reasonably possible change in any of the key assumptions used in value in use calculation would cause the carrying value of the CGU to materially exceed its value in use.

**Gross Margins -** Gross margins are based on average values achieved in the preceding years and is expected to remain constant during the budget period. These have not increased over the budget period for anticipated efficiency improvements as the increase, if any, is expected to be marginal.

**Discount rates -** Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Company and is derived from its weighted average cost of capital (WACC). The cost of equity is derived from the expected return on investment by the Company's investors.

**Materials price inflation -** Past actual material price movements are used as an indicator of future price movements.

**Growth rate estimates -** Rates are based on management's estimate through internal and published industry research.

**Rent expense, Salaries and wages, Royalty and Marketing expenses -** Past actual rate movements are used as an indicator of future rate movements.

Any subsequent changes in the above factors could impact the recoverable value.

**(b) 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.

**(c) Employee Benefit Plans**

The cost of defined benefit gratuity plan as well as the present value of the gratuity obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, expected rates of return of assets, future salary increase and mortality rates. Due to the complexity of the valuation, the underlying assumptions, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Further details about gratuity obligation has been mentioned in Note 35.

**(d) Useful lives of property, plant and equipment and intangible assets.**

The cost of property, plant and equipment is depreciated on a straight-line basis over the property, plant and equipment's estimated economic useful lives. Management estimates the useful lives of these property, plant and equipment to be within 1.5 to 15 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised. The carrying amount of the Group property, plant and equipment at the end of the reporting period is disclosed in Note 3 to financial statements.

The cost of intangible assets is depreciated on a straight-line basis over the useful lives of the assets. The Management estimates the useful lives of these assets to be within 1 to 10 years, which Management believes are realistic and reflect fair approximation of the period over which assets are likely to be used. There are no intangible assets with indefinite useful life, other than goodwill.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2024

**(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 30 for further details.

**(f) Leases**

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination.

The Group included the renewal period as part of the lease term for leases of stores with shorter period (i.e., up to 10 years). The Group typically exercises its option to renew for these leases because there will be a potential negative effect on the revenue. The renewal periods for leases of stores with longer periods (i.e. More than 10 years) are not included as part of the lease term as these are not reasonably certain to be exercised.

**(g) Share based payments**

The Group initially measures the cost of equity settled transaction with employees using Black Scholes model to determine the fair value of the liability incurred. Estimating fair value for share-based payment transaction requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. The estimates also requires determination of the most appropriate inputs to the valuation model including expected life of the share option, volatility and dividend yield and making assumptions about them. The assumption and models used for estimating the fair value for share based-payment transaction are disclosed in note no. 41.

**(h) Incentive**

The Group is eligible for certain incentive income basis the development agreement with franchisor basis opening of committed number of stores in a calendar year. The Group has considered past experience and future outlook in determining whether the Group shall be able to achieve the opening of target number of outlets. Accordingly incentive is recognised on pro-rata basis the number of stores opened as on reporting date.

## 33 a) Impairment Testing of Goodwill

(₹ in million)

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Cost | 1,621.59 | 1,621.59 |
| Less : Impairment | - | - |
| **Net Carrying Value** | **1,621.59** | **1,621.59** |

**Carrying value of goodwill :-**

(₹ in million)

| Allocation of goodwill to Cash Generating Units (CGU's) | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| KFC | 1,058.61 | 1,058.61 |
| PH | 562.98 | 562.98 |
| **Total** | **1,621.59** | **1,621.59** |



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2024

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 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, 2024. The Group performed its impairment test for the year ended March 31, 2024 on March 31, 2024.

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 2029. The post-tax discount rate is applied to cash flow projections. The Group has estimated a perpetuity growth rate to arrive at perpetual value post 2029. As a result of this analysis there is no impairment charge as at March 31, 2024.

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

**Sensitivity to change in assumptions**

| Key assumptions | KFC | | PH | |
|---|---|---|---|---|
| | As at March 31, 2024 | As at March 31, 2023 | As at March 31, 2024 | As at March 31, 2023 |
| Discount rate | 14% | 14% | 17% and 19.5% | 23% |
| Sales growth rate | 21%-26% | 21%-26% | 12%-14% | 14%-17% |
| Terminal growth rate | 5% | 5% | 5% | 5% |

**Discount rate assumption**

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

(₹ in million)

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Increase in 100 basis points and its impact on the recoverable value | **(6,360.04)** | **(5,201.34)** |
| - KFC | (5,913.40) | (5,000.56) |
| - PH | (446.64) | (200.78) |
| Decrease in 100 basis points and its impact on the recoverable value | **7,969.50** | **6,556.72** |
| - KFC | 7,454.46 | 6,330.16 |
| - PH | 515.04 | 226.55 |

**Terminal growth rate assumption**

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

(₹ in million)

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Increase in 100 basis points and impact on the recoverable value** | **6,157.22** | **4,787.39** |
| - KFC | 5,816.94 | 4,645.74 |
| - PH | 340.28 | 141.65 |
| **Decrease in 100 basis points and impact on the recoverable value** | **(4,949.93)** | **(3,842.92)** |
| - KFC | (4,653.55) | (3,716.59) |
| - PH | (296.38) | (126.34) |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2024

**Revenue growth rate assumption**

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

(₹ in million)

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Increase in 100 basis points and impact on the recoverable value** | **1,934.48** | **1,397.45** |
| - KFC | 1,789.12 | 1,321.16 |
| - PH | 145.36 | 76.29 |
| **Decrease in 100 basis points and impact on the recoverable value** | **(1,937.19)** | **(1,397.45)** |
| - KFC | (1,791.83) | (1,321.16) |
| - PH | (145.36) | (76.29) |

**Note -**

a) 100 basis point change in sales growth rate does not have any material impact on recoverable value.

## 34 Segment Reporting

Group's business activity falls within a single business segment i.e. Food and Beverages in terms of Ind AS 108 on Segment Reporting primarily with operations in India and outside India and regularly reviewed by the Chief Operating Decision Maker (CODM) for assessment of Group's performance and resource allocation. The CODM is considered to be the Board of Directors who make strategic decisions and is responsible for allocating resources and assessing the financial performance of the operating segments.

The geographical segments considered for disclosure are as follows :

The information relating to revenue from external customers and location of non-current assets of its single reportable segment has been disclosed below :

(₹ in million)

| Particulars | Year ended March 31, 2024 | | | Year ended March 31, 2023 | | |
|---|---|---|---|---|---|---|
| | India | Outside India | Consolidated | India | Outside India | Consolidated |
| **1. Revenue** | | | | | | |
| External | 22,676.55 | 3,600.66 | 26,277.21 | 20,052.39 | 2,914.27 | 22,966.66 |
| **Total Revenue** | **22,676.55** | **3,600.66** | **26,277.21** | **20,052.39** | **2,914.27** | **22,966.66** |

(₹ in million)

| Particulars | Year ended March 31, 2024 | | | Year ended March 31, 2023 | | |
|---|---|---|---|---|---|---|
| | India | Outside India | Consolidated | India | Outside India | Consolidated |
| **2. Non- Current Assets *** | 22,685.19 | 2,083.77 | 24,768.96 | 19,533.68 | 1,480.86 | 21,014.54 |

*Non-current assets primarily comprises property, plant and equipment and right of use assets.*

Note: No single customer represents 10% or more of the Group's total revenue for the year ended March 31, 2024 and March 31, 2023. Therefore the customer concentration risk is limited due to the large and unrelated customer base.

## 35 Related Party Disclosures

**Names of related parties and related party relationship**

| | |
|---|---|
| **Entities under common control:** | KFCH Restaurants Private Limited |
| **Company having significant influence:** | Arinjaya (Mauritius) Limited |
| | Sapphire Foods Mauritius Limited |
| | QSR Management Trust through trustee Sagista Realty Advisors Private Limited |



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2024

| | |
|---|---|
| | Samara Capital Partners Fund II Limited |
| | Ironman Investments Limited (w.e.f August 26, 2022) |
| | Samara Alternate Investment Management LLP |
| **Key Managerial Personnel/Directors** | Mr. Sumeet Narang, Non-Executive Nominee Director |
| | Mr. Vikram Agarwal, Non-Executive Nominee Director |
| | Mr. Sanjay Purohit, Whole time director & Group CEO |
| | Mr. Sunil Chandiramani, Chairman and Independent Director |
| | 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 upto May 12, 2023) |
| | Mr. Norbert Fernandes,* Alternate Director (upto May 12, 2023) |
| | Mr. Norbert Fernandes, Non-Executive Nominee Director (w.e.f May 12, 2023) |
| | Mr. Kabir Thakur, Non-Executive Nominee Director |
| | Ms. Anu Aggarwal, Independent Director |
| | Ms. Deepa Wadhwa, Independent Director |
| | Mr. Vijay Jain, Chief Financial Officer |
| | Mr. Sachin Dudam, Company Secretary and Compliance Officer |
| | *Mr. Norbert Fernandes is appointed as Alternate Director to Mr. Paul Robine. Mr Paul Robine has resigned from the directorship of the company w.e.f May 12, 2023 and consequently, Mr Norbert Fernandes ceases to be the Alternate Director to Mr Paul Robine. |
| **Enterprises under significant influence of persons described above**: | Gamma Life Line<br>Samara India Advisors Private Limited |

(₹ in million)

| | Entities under Common Control | Key Managerial personnel/ Independent Directors and their relatives | Company having Significant Influence | Enterprises under Significant Influence |
|---|---|---|---|---|
| **Other Receivables** | | | | |
| KFCH Restaurants Private Limited | - | | | |
| | (0.04) | | | |
| **Other Payable** | | | | |
| Gamma Life Line | | | | 1.38 |
| | | | | (12.27) |
| **Transactions for the year ended:** | | | | |
| **Sale of material** | | | | |
| KFCH Restaurants Private Limited | - | | | |
| | (20.02) | | | |
| **Purchase of assets** | | | | |
| KFCH Restaurants Private Limited | 2.76 | | | |
| | (1.11) | | | |
| **Purchase of goods** | | | | |
| KFCH Restaurants Private Limited | 0.93 | | | |
| | - | | | |
| **Call Centre Charges (inclusive of taxes)** | | | | |
| KFCH Restaurants Private Limited | - | | | |
| | (2.77) | | | |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2024

(₹ in million)

| | Entities under Common Control | Key Managerial personnel/ Independent Directors and their relatives | Company having Significant Influence | Enterprises under Significant Influence |
|---|---|---|---|---|
| **Recovery of expenses** | | | | |
| KFCH Restaurants Private Limited | 0.22 | | | |
| | - | | | |
| **Refund of Collection on behalf of** | | | | |
| KFCH Restaurants Private Limited | 1.67 | | | |
| | - | | | |
| **Recovery of Collection on behalf of** | | | | |
| KFCH Restaurants Private Limited | 0.86 | | | |
| | - | | | |
| **Reimbursement of expenses** | | | | |
| KFCH Restaurants Private Limited | - | | | |
| | (0.02) | | | |
| Samara India Advisors Private Limited | | | | 0.26 |
| | | | | (0.94) |
| Samara Alternate Investment Management LLP | | | | 0.88 |
| | | | | - |
| Gamma Life Line | | | | 3.58 |
| | | | | (0.23) |
| Key Managerial personnel | | 0.53 | | |
| | | (0.61) | | |
| **Recovery of IPO expenses** | | | | |
| Sapphire Foods Mauritius Limited | | | | 1.79 |
| | | | | - |
| QSR Management Trust | | | | 0.27 |
| | | | | - |
| **Interest expenses** | | | | |
| Gamma Life Line | | | | 0.91 |
| | | | | (2.08) |
| **Contribution to employee fund** | | | | |
| Gamma Life Line | | | | 4.20 |
| | | | | (5.35) |
| **Remuneration to Independent Directors** | | 7.08 | | |
| (short term employee benefits) | | (4.13) | | |
| **Remuneration to Key Managerial Personnel *#** | | | | |
| Short Term Employee Benefits | | 70.44 | | |
| | | (100.82) | | |
| Share based payments | | 92.63 | | |
| | | (85.90) | | |

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

\# *During the year ended March 31, 2024, Employee Stock Option Plan exercised for 723 shares is included as perquisites in the above remuneration.*

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



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2024

**Note**:

i) During the year ended 31 March 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 ₹ 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 the year ended March 31, 2024 amount recoverable is disclosed under the head "Other financial assets - Share issue expenses (Receivable from shareholders - Unbilled)" which is Nil.

Further, As on March 31, 2023, the Parent Company had a balance in Escrow account of 321.24 million as on March 31, 2023 refundable to selling shareholders representing amount set aside for the purpose of IPO share issue expenses, same has been settled during the year.

## 36 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 ₹ 225.30 million (March 31, 2023: ₹ 188.16 million) [refer Note 25].

**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.

**A. Plan assets and plan liabilities** **(₹ in million)**

| Particulars | Defined benefit plans | | | |
|---|---|---|---|---|
| | India | | Outside India | |
| | As at March 31, 2024 | As at March 31, 2023 | As at March 31, 2024 | As at March 31, 2023 |
| Present value of plan liabilities | 106.86 | 88.56 | 60.90 | 37.56 |
| Fair value of plan assets | 0.93 | 0.87 | - | - |
| **Net plan liability** | **105.94** | **87.69** | **60.90** | **37.56** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2024

**B. Movements in plan assets and plan liabilities**

(₹ in million)

| Particulars | Year ended March 31, 2024 | | | | | |
|---|---|---|---|---|---|---|
| | India | | | Outside India | | |
| | Plan Asset | Plan Liability | Net Asset / (Liability) | Plan Asset | Plan Liability | Net Asset / (Liability) |
| **As at the beginning of the year** | 0.87 | 88.56 | (87.70) | - | 37.56 | (37.56) |
| Current service cost | - | 13.29 | (13.29) | - | 14.78 | (14.78) |
| Past service cost | - | - | - | - | - | - |
| Interest cost | - | 6.13 | (6.13) | - | 0.84 | (0.84) |
| Return on plan assets less expected interest on plan assets | 0.06 | - | 0.06 | - | - | - |
| Actuarial (gain)/loss on plan assets | - | - | - | - | - | - |
| Actuarial (gain)/loss arising from changes in demographic assumptions | - | - | - | - | - | - |
| Actuarial (gain)/loss arising from changes in financial assumptions | - | 2.31 | (2.31) | - | 6.65 | (6.65) |
| Actuarial (gain)/loss arising from experience adjustments | - | 14.59 | (14.59) | - | - | - |
| Translation benefit | | | - | - | 4.35 | (4.35) |
| Benefit payments | - | (18.02) | 18.02 | - | (3.28) | 3.28 |
| **As at the end of the year** | **0.93** | **106.86** | **(105.94)** | **-** | **60.90** | **(60.90)** |

(₹ in million)

| Particulars | Year ended March 31, 2023 | | | | | |
|---|---|---|---|---|---|---|
| | India | | | Outside India | | |
| | Plan Asset | Plan Liability | Net Asset / (Liability) | Plan Asset | Plan Liability | Net Asset / (Liability) |
| **As at the beginning of the year** | 0.81 | 84.26 | (83.45) | - | 42.33 | (42.33) |
| Current service cost | - | 13.04 | (13.04) | - | 0.96 | (0.96) |
| Past service cost | | | - | | | - |
| Interest cost | - | 4.74 | (4.74) | - | 0.84 | (0.84) |
| Return on plan assets less expected interest on plan assets | 0.05 | - | 0.05 | - | - | - |
| Actuarial (gain)/loss on plan assets | 0.01 | - | 0.01 | - | - | - |
| Actuarial (gain)/loss arising from changes in demographic assumptions | - | 0.78 | (0.78) | | | - |
| Actuarial (gain)/loss arising from changes in financial assumptions | - | (14.69) | 14.69 | - | 1.49 | (1.49) |
| Actuarial (gain)/loss arising from experience adjustments | - | 15.79 | (15.79) | | - | - |
| Translation benefit | - | - | - | - | (7.55) | 7.55 |
| Benefit payments | - | (15.36) | 15.36 | - | (0.49) | 0.49 |
| **As at the end of the year** | **0.87** | **88.56** | **(87.69)** | **-** | **37.56** | **(37.56)** |



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2024

**C. Statement of Profit and Loss** (₹ in million)

| Particulars | India | | Outside India | |
|---|---|---|---|---|
| | Year ended March 31, 2024 | Year ended March 31, 2023 | Year ended March 31, 2024 | Year ended March 31, 2023 |
| **Employee benefit expenses:** | | | | |
| Current service cost | 13.29 | 13.04 | 14.78 | 0.96 |
| Finance cost (net of income on plan assets) | 6.07 | 4.69 | - | 0.84 |
| **Net impact on the Profit before tax for the year (refer note 25)** | **19.36** | **17.74** | **14.78** | **1.80** |
| Remeasurement of the net defined benefit liability: | | | | |
| Actual return on plan assets less expected interest on plan assets | - | (0.05) | - | - |
| Actuarial gains/(losses) arising from changes in demographic | - | 0.78 | | - |
| Actuarial gains/(loss) arising from changes in financial assumptions | 2.31 | (14.69) | 6.66 | 1.49 |
| Actuarial (gain)/loss arising from experience adjustments | 14.59 | 15.79 | - | - |
| **Net impact on the Other Comprehensive Income before tax for the year** | **16.90** | **1.83** | **6.66** | **1.49** |

**D. Assets** (₹ in million)

| Particulars | India | | Outside India | |
|---|---|---|---|---|
| | Year ended March 31, 2024 | Year ended March 31, 2023 | Year ended March 31, 2024 | Year ended March 31, 2023 |
| **Unquoted** | | | | |
| Insurer Manager Fund | 0.93 | 0.87 | - | - |
| **Total** | **0.93** | **0.87** | **-** | **-** |

**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, 2024 | Year ended March 31, 2023 |
|---|---|---|
| **Financial Assumptions** | | |
| Discount rate | 6.95% to 12.00% | 5% - 8% |
| Salary Escalation Rate | For Corporate : 8% - 10 %<br>For Stores : 5% to 10% | For Corporate : 8% - 10%<br>For Stores : 5% -10% |
| Expected Rate of Return on Assets (per annum) | NA | NA |

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|
| **Demographic Assumptions** | | |
| Mortality Rate | IALM (2012-14) Ultimate | IALM (2012-14) Ultimate |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2024

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|
| Withdrawal rate | For Corporate: Past Service < 5 years: 18%, Past Service >= 5 years: 10% For Store: Past Service < 5 years: 80%, Past Service >= 5 years: | For Corporate: PS<5 year - 18%, thereafter - 10% For Store: PS<5 year - 80%, thereafter 2%" |
| Retirement Age | 55 - 60 years | 55 - 60 years |
| Average expected future working life (years)/ Average duration of defined benefit obligation (years) | 11.11 | 12.46 |

**F. Sensitivity**

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

(₹ in million)

| Particulars | As at March 31, 2024 | | | | |
|---|---|---|---|---|---|
| | | India | | Outside India | |
| | Change in assumption | Increase in Rate Increase/ (Decrease) in DBO | Decrease in Rate (Decrease)/ Increase in DBO | Increase in Rate Increase/ (Decrease) in DBO | Decrease in Rate (Decrease)/ Increase in DBO |
| Discount rate | +/-1% | (10.05) | 14.29 | (3.56) | 3.98 |
| Salary Escalation Rate | +/-1% | 14.29 | (10.31) | 3.68 | (3.25) |

(₹ in million)

| Particulars | As at March 31, 2023 | | | | |
|---|---|---|---|---|---|
| | | India | | Outside India | |
| | Change in assumption | Increase in Rate Increase/ (Decrease) in DBO | Decrease in Rate (Decrease)/ Increase in DBO | Increase in Rate Increase/ (Decrease) in DBO | Decrease in Rate (Decrease)/ Increase in DBO |
| Discount rate | +/-1% | (10.18) | 13.99 | (36.65) | 38.53 |
| Salary Escalation Rate | +/-1% | 14.02 | (10.42) | 38.78 | (36.40) |

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. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

**G. The defined benefit obligations shall mature after year end as follows:**

(₹ in million)

| Particular | Period ended March 31, 2024 | | Year ended March 31, 2023 | |
|---|---|---|---|---|
| Year ending March 31 | India | Outside India | India | Outside India |
| 1st following year | 8.13 | 16.35 | 6.62 | 12.45 |
| 2nd following year | 8.96 | 3.01 | 6.35 | 9.50 |
| 3rd following year | 7.22 | - | 7.69 | - |
| 4th following year | 7.23 | - | 6.09 | - |
| 5th following year | 7.68 | 24.09 | 6.01 | 0.81 |
| 6th to10th year | 35.90 | 18.18 | 30.49 | 14.79 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2024

**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, 2024

## 37 Information for Consolidated Financial Statement pursuant to Schedule III of the Companies Act, 2013

For the year ended/ As at March 31, 2024 (₹ in million)

| Name of the Entity in the Group | Net A ssets, i.e. Total Assets minus Total Liabilities | | Share in profit or loss | | Share in other comprehensive income | | Share in total comprehensive income | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As % of consolidated net assets | As at March 31, 2024 | As % of consolidated profit or loss | Year ended March 31, 2024 | As % of consoli-dated other compre-hensive income | Year ended March 31, 2024 | As % of total other comprehensive income | Year ended March 31, 2024 | Country of Incorpor-ation | % of Voting Power |
| **Parent** | | | | | | | | | | |
| Sapphire Foods India Limited | 89% | 11,888.10 | 98% | 507.66 | -27% | (12.71) | 87% | 494.95 | India | 100% |
| **Subsidiaries (held directly)** | | | | | | | | | | |
| **Foreign** | | | | | | | | | | |
| Gamma Pizzakraft Lanka Private Limited | 6% | 865.20 | 19% | 99.03 | 149% | 69.88 | 30% | 168.91 | Sri Lanka | 100% |
| French Restaurants Private Limited | 0% | 2.91 | 0% | 1.05 | 0% | 0.23 | 0% | 1.28 | Sri Lanka | 100% |
| Gamma Island Food Private Limited | 0% | 25.88 | -6% | (32.36) | 2% | 0.96 | -6% | (31.40) | Maldives | 74.74% |
| **Non Controlling Interest** | 0% | 6.71 | -2% | (8.53) | 0% | (0.17) | -2% | (8.70) | Maldives | 25.26% |
| **Adjustments on account of Consolidation** | 5% | 609.32 | -9% | (47.29) | -24% | (11.37) | -10% | (58.66) | | |
| **Total** | **100%** | **13,398.12** | **100%** | **519.56** | **100%** | **46.82** | **100%** | **566.38** | | |

For the year ended/ As at March 31, 2023 (₹ in million)

| Name of the Entity in the Group | Net Assets, i.e. Total Assets minus Total Liabilities | | Share in profit or loss | | Share in other comprehensive income | | Share in total comprehensive income | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As % of consolidated net assets | As at March 31, 2023 | As % of consolidated profit or loss | Year ended March 31, 2023 | As % of consoli-dated other compre-hensive income | Year ended March 31, 2023 | As % of total other comprehensive income | Year ended March 31, 2023 | Country of Incorpo-ration | % of Voting Power |
| **Parent** | | | | | | | | | | |
| Sapphire Foods India Limited | 107% | 13,393.90 | 97% | 2,263.62 | 10% | (1.36) | 98 | 2,262.26 | India | 100% |
| **Foreign** | | | | | | | | | | |
| Gamma Pizzakraft Lanka Private Limited | 4% | 537.04 | 12% | 280.72 | 1734% | (225.82) | 2% | 54.90 | Sri Lanka | 100% |
| French Restaurants Private Limited | 0% | 0.39 | 0% | (0.13) | 1% | (0.17) | 0% | (0.30) | Sri Lanka | 100% |
| Gamma Island Food Private Limited | 0% | 57.44 | 0% | (3.44) | 26% | (3.40) | 0% | (6.83) | Maldives | 51% |
| Non Controlling Interest | 0% | (20.33) | 0% | (1.69) | 13% | (1.67) | 0% | (3.35) | Maldives | 49% |
| **Adjustments on account of Consolidation** | -11% | (1,429.30) | -9% | (207.17) | -1685% | 219.40 | 1% | 12.21 | | |
| **Total** | 100% | 12,539.14 | 100% | 2,331.91 | 100% | (13.02) | 100% | 2,318.89 | | |



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2024

## 38 Fair Values and Fair Value hierarchy

The fair value of all current financial assets and liabilities including cash and cash equivalent, bank balances other than cash and cash equivalents, trade receivable, other financial assets, trade payables, other financials liabilities, lease liabilities and borrowings approximate their carrying amounts largely due to the short term maturities of these instruments. The same is classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counter party credit risk.

The Group has investments in mutual funds which is Subsequently measured at fair value through profit or loss (FVTPL) as per the closing net assets value (NAV) statement provided by the mutual fund house. The corresponding unrealized gain or loss on fair valuation is recorded in profit and loss account under other income. Accordingly, such mutual funds fall under fair value hierarchy level 1.

Further, during the year, the group has invested surplus funds in bonds and debentures. The contractual cash flow from this investment meets the criteria for solely payment of principle and interest on principal amount and accordingly is recognised at amortised cost.

**Fair value measurement hierarchy** (₹ in million)

| Particulars | As at March 31, 2024 | | | | |
|---|---|---|---|---|---|
| | Carrying amount/ Amortised cost | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) | Total Fair Value |
| **Financial Assets** | | | | | |
| **At Amortised Cost** | | | | | |
| Investment in Securities (Note 5) | - | - | - | - | **-** |
| Trade receivables (Note 8) | 343.84 | - | - | - | **343.84** |
| Cash and cash equivalents (Note 9) | 975.55 | - | - | - | **975.55** |
| Bank balances other than cash and cash equivalents (Note 10) | 700.20 | - | - | - | **700.20** |
| Other financial assets (Note 5) | 1,459.33 | - | - | - | **1,459.33** |
| **At Fair value through profit or loss** | | | | | |
| Investments in Mutual fund (Note 5) | - | - | | - | **-** |
| **Financial Liabilities** | | | | | |
| **At Amortised Cost** | | | | | |
| Borrowings (Note 14) | 276.22 | - | - | - | **276.22** |
| Lease liabilities (Note 16) | 11,362.93 | - | - | - | **11,362.93** |
| Trade payables (Note 17) | 2,308.33 | - | - | - | **2,308.33** |
| Other financial liabilities (Note 18) | 541.57 | - | - | - | **541.57** |

The Group considers that the carrying amounts of these financial instruments recognised at amortised cost in the financial statements approximates its fair value.

(₹ in million)

| Particulars | As at March 31, 2023 | | | | |
|---|---|---|---|---|---|
| | Carrying amount/ Amortised cost | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) | Total Fair Value |
| **Financial Assets** | | | | | |
| **At Amortised Cost** | | | | | |
| **Investment in Securities (Note 5)** | 298.68 | | | | **298.68** |
| Trade receivables (Note 8) | 179.49 | - | - | - | **179.49** |
| Cash and cash equivalents (Note 9) | 444.17 | - | - | - | **444.17** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2024

(₹ in million)

| Particulars | As at March 31, 2023 | | | | |
|---|---|---|---|---|---|
| | Carrying amount/ Amortised cost | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) | Total Fair Value |
| Bank balances other than cash and cash equivalents (Note 10) | 1,760.05 | - | - | - | **1,760.05** |
| Other financial assets (Note 5) | 1,518.08 | - | - | - | **1,518.08** |
| **At Fair value through profit or loss** | | | | | |
| Investments in Mutual fund (Note 5) | - | 360.67 | - | - | **360.67** |
| **Financial Liabilities** | | | | | |
| **At Amortised Cost** | | | | | |
| Borrowings (Note 14) | 442.69 | - | - | - | **442.69** |
| Lease liabilities (Note 16) | 9,185.11 | - | - | - | **9,185.11** |
| Trade payables (Note 17) | 2,169.91 | - | - | - | **2,169.91** |
| Other financial liabilities (Note 18) | 1,210.43 | - | - | - | **1,210.43** |

The Group considers that the carrying amounts of these financial instruments recognised at amortised cost in the financial statements approximates its fair value.

## 39 Capital Risk Management

For the purpose of the Group's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity shareholders. The Group's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Group. The Group determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The Group's capital requirement is mainly to fund its capacity expansion. The principal source of funding of the group has been and is expected to continue to be, cash generated from its operations backed by bank borrowings. The funding requirements are met through equity infusions, internal accruals and borrowings. 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.

## 40 Financial risk management objectives and policies

The Group's principal financial liabilities comprises of borrowings, lease liabilities, trade and other payables. The Group's principal financial assets include trade and other receivables, Investments and cash and cash equivalents including bank balances other than cash and cash equivalents that derive directly from its operations.

The Group's financial risk management is an integral part of how to plan and execute its business strategies. The Group is exposed to market risk, credit risk and liquidity risk.

The senior professionals working to manage the financial risks and the appropriate financial risk governance framework for the Group are accountable to the Board of Directors. This process provides assurance to Group's senior management that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risk are identified, measured and managed in accordance with Group policies and Group risk objective.

Further, the Group has a Risk Management Committee for overseeing the risk management framework & developing & monitoring the group's risk management policies.

The risk management policies aim to mitigate the following risks arising from the financial instruments.

**a Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprises of risks relating to interest rate risk and price risk. The impact of price risk is not material. The sensitivity analysis in the following sections relate to the position as at March 31, 2024. 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, 2024.

**i Foreign Currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in foreign currency and the Group's net investment in foreign subsidiaries). Foreign currency exchange rate exposure is partly balanced by purchasing of goods from the respective countries. The Group evaluates exchange rate exposure arising from foreign currency transactions and follows establish risk management policies.

**Foreign Currency sensitivity**

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EURO exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities.

(₹ in million)

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Effect on profit before tax if Increase in 5 bps | - | 2.71 |
| Effect on profit before tax if decrease in 5 bps | - | **(2.71)** |

The Group has not entered into any derivative transaction during the year. Unhedged Foreign currency exposure as at each reporting period is Nil

**ii Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the outstanding financial liability.

The Group has also considered the effect of changes, if any, in both counterparty credit risk and own credit risk while assessing the debt obligations.

(₹ in million)

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Borrowings bearing variable rate of interest | 276.22 | 442.69 |

**Interest rate sensitivity**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on affected portion of loans and borrowings taken at floating rates. With all other variables held constant, the Group's profit before tax is affected through the impact of floating rate borrowings as follows :

A change of 50 bps in interest rates would have following impact on profit before tax:

(₹ in million)

| Change | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|
| 50 bps increase would decrease the profit before tax by | (1.38) | (2.21) |
| 50 bps decrease would increase the profit before tax by | 1.38 | 2.21 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2024

**b Credit risk**

Credit risk is the risk that counterparty will default on its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and other financial instruments.

**i. Trade Receivable**

The trade receivable of the Group generally spread over limited numbers of parties. The Group evaluates the credit worthiness of the parties on an ongoing basis. Further, outstanding customer receivables are regularly monitored and followed up. Therefore, the Group does not expect any material risk on account of non-performance from these parties.

**ii. Financial instruments and cash deposits**

Credit risk from balances with banks is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

**c Liquidity risk**

Liquidity risk is defined as the risk that the Group will not be able to settle or meet its obligations on time or at reasonable price. The Group's objective is to at all times maintain optimum levels of liquidity to meet its cash and liquidity requirements. The Group closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate source of financing through the use of bank deposits and cash credit facilities. Processes and policies related to such risks are overseen by senior management. Management monitors the Group's liquidity position through rolling forecasts on the basis of expected cash flows. The Group assessed the concentration of risk with respect to its debt and concluded it to be low.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on their contractual maturities.

(₹ in million)

| Particulars | Year/ Period | < 1 Year | 1 - 5 Years | More than 5 year | Total |
|---|---|---|---|---|---|
| **Financial Liabilities** | | | | | |
| Trade Payable | March 31, 2024 | 2,308.33 | - | - | 2,308.33 |
| | March 31, 2023 | 2,169.91 | - | - | 2,169.91 |
| Borrowings* | March 31, 2024 | 159.10 | 143.79 | - | 302.89 |
| | March 31, 2023 | 233.91 | 208.78 | - | 442.69 |
| Lease liabilities (gross) | March 31, 2024 | 1,984.20 | 6,502.68 | 10,283.42 | 18,770.30 |
| | March 31, 2023 | 1,650.89 | 5,512.68 | 7,595.61 | 14,759.17 |
| **Other Financial Liabilities** | | | | | |
| Payable on Capital goods purchased | March 31, 2024 | 354.14 | - | - | 354.14 |
| | March 31, 2023 | 697.34 | - | - | 697.34 |
| Payable to employees | March 31, 2024 | 183.38 | - | - | 183.38 |
| | March 31, 2023 | 174.42 | - | - | 174.42 |
| Other payables | March 31, 2024 | 4.05 | - | - | 4.05 |
| | March 31, 2023 | 338.67 | - | - | 338.67 |

** Including Interest*



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2024

**d Excessive risk concentration**

Concentrations arise when a number of counter parties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry. Based on Group's evaluation there is no excessive risk concentration.

## 41 Share-based payments

**Employee Stock Option Scheme (ESOS), 2017**

The Parent Company had received approval of the Board and Shareholders for issuance of 20,31,249 Equity Shares of ₹ 10 each for offering to eligible employees of the Parent Company under Sapphire Foods Employee Stock Option Plan 2017 (the plan). There are 2 schemes of the plan implemented by the Parent Company- Sapphire Foods Employee Stock Option Loyalty Scheme 2017- "Scheme I" (loyalty scheme) and Sapphire Foods Employee Stock Option Performance Scheme 2017- "Scheme II" (performance scheme).

The purpose of these schemes is to reward loyalty for past services with the Parent Company, retention of critical employees, achieving Parent Company performance and aligning the shareholders interest.

During the year ended 31 March 2021, the Parent Company has modified its existing schemes and implemented variation on 21 August 2020 by increasing the total number of options available for loyalty and performance options. It revised its target performance estimates and made it more favourable for its employees. These schemes were further modified on 30 December 2020 where Ruby options were introduced resulting in an increase in no of option granted and revised the terms of performance making it more favourable for its employees. The revised scheme hereinafter referred to as "Scheme III" for employees other than CEO and "Scheme IV" for CEO respectively. Scheme III and scheme IV were further modified on 18 May 2021 and 9 July 2021 for acceleration of vesting at Board discretion.

The number of shares that will vest is conditional upon certain performance and market conditions that will be determined by the Board of Directors. The performance will be measured over vesting period of the options grated which range from 1-4 years and which will be exercised over a period of 1 year from date of vesting.

The ESOP pool was further increased by addition of 807,784 equity shares vide shareholders approval in the meeting held on 23rd July, 2021.

**Employee Stock Option Scheme (ESOS), 2019**

Under ESOP Sapphire Foods Employee Stock Option Scheme 2019 – " Scheme III" – Management other than CEO, 785,431 options were granted to eligible employees on September 15, 2021 and an additional 4,747 options were granted on September 29, 2021. The purpose of this scheme is to reward loyalty for past services with the Group. retention of key employees, achieving company performance and aligning the shareholders interest.

The ESOP pool was further increased by addition of 1,494,856 equity shares vide shareholders approval in the meeting held on 8th April, 2022

**Employee Stock Option Scheme (ESOS), 2022**

During FY 2022-23, the Parent Company came up with the new ESOP scheme hereinafter referred to as Sapphire Foods Employee Stock Option Scheme 2022- "Scheme IIIA" and Sapphire Foods Employee Stock Option Performance Scheme 2022- "Scheme IVA". "Scheme IIIA" for management other than CEO and "Scheme IVA" for CEO.

Under ESOP Sapphire Foods Employee Stock Option Scheme 2022 – " Scheme IIIA" – Management other than CEO, 805,486 options were granted to eligible employees during the year and under ESOP Sapphire Foods Employee Stock Option Scheme 2022 – " Scheme IVA" – CEO, 1,079,000 options were granted on June 22, 2022. The scheme has been formulated with the same objective as ESOS 2019.

There are no cash settlement alternatives for the employees. The Parent Company does not have a past practice of cash settlement for these awards.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2024

The Parent Company has granted the following options:

| Particulars | ESOS 2017 (Loyalty) | | | | ESOS 2019 (Loyalty) | |
|---|---|---|---|---|---|---|
| | Scheme IV | Scheme IV | Scheme III | Scheme III | Scheme IV | Scheme IV |
| No. of options | 225,694 | 112,848 | 173,031 | 37,615 | 230,767 | 559,411 |
| Recovery of IPO expenses | Fair value | Fair value | Fair value | Fair value | Fair value | Fair value |
| Vesting period (in years) | 2.5 years | 2.2 years | 2.2 years | 2.2 years | 1.5 years | 3.02 years |
| 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 | 6 month from the end of vesting date | 6 month from the end of vesting date |
| Exercise Price (₹) | 10 | 10 | 10 | 10 | 544.4 | 544.4 |
| Method of settlement | Equity- settled | Equity- settled | Equity- settled | Equity- settled | Equity- settled | Equity- settled |
| Fair value per option (₹) | 344.65 | 376.70 | 344.75 | 376.70 | 147.90 | 209.30 |

| Particulars | ESOS 2022 (Loyalty) | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Scheme IIIA | | | | | | | Scheme IVA |
| No. of options | 183,367 | 67,500 | 13,200 | 18,333 | 7,033 | 2,167 | 8,333 | 359,667 |
| Method of accounting | Fair value | Fair value | Fair value | Fair value | Fair value | Fair value | Fair value | Fair value |
| Vesting period (in years) | 3.8 years | 1 to 3.5 years | 3.41 years | 3.14 years | 2.89 years | 2.41 years | 3.14 years | 3.8 years |
| Grant Date | 22-Jun-22 | 08-Oct-22 | 03-Nov-22 | 09-Feb-23 | 12-May-23 | 02-Nov-23 | 09-Feb-24 | 22-Jun-22 |
| Exercise Date | Within 6 months from the date of vesting | Within 6 months from the date of vesting | Within 6 months from the date of vesting | Within 6 months from the date of vesting | Within 6 months from the date of vesting | Within 6 months from the date of vesting | Within 6 months from the date of vesting | Within 6 months from the date of vesting |
| Exercise Price (₹) | 1180 | 1180 | 1180 | 1180 | 1180 | 1180 | 1360 | 1180 |
| Method of settlement | Equity-settled | Equity-settled | Equity-settled | Equity-settled | Equity-settled | Equity-settled | Equity-settled | Equity-settled |
| Fair value per option (₹) | 327.60 | 706.42 | 690.65 | 487.45 | 490.15 | 490.57 | 517.31 | 327.60 |

| Particulars | ESOS 2017 & 2019 (Performance) | | | | | | |
|---|---|---|---|---|---|---|---|
| | Scheme IV | | | Scheme III | | | |
| | Gold Options | Platinum | Ruby Options | Gold Options (A) | Gold Options (B) | Platinum | Ruby Options |
| No. of options | 338,542 | 225,694 | 138,889 | 210,649 | 210,648 | 52,663 | 105,325 |
| Method of accounting | Fair value | Fair value | Fair value | Fair value | Fair value | Fair value | Fair value |
| Vesting period (in years) | 2.2 years | 2.6 years | 3.5 years | 2.2 years | 2.5 years | 3.5 years | 3.2 years |
| Grant Date | 04-Jun-18 | 21-Aug-20 | 30-Dec-20 | 04-Jun-18 | 21-Aug-20 | 21-Aug-20 | 30-Dec-20 |
| Exercise Date | 31-Mar-24 | 31-Mar-24 | 31-Mar-25 | 31-Mar-24 | 31-Mar-24 & 31-Mar-25 | 31-Mar-24 & 31-Mar-25 | 31-Mar-25 |
| Exercise Price (₹) | 10 | 10 | 10 | 178 | 178 | 178 | 178 |
| Method of settlement | Equity-settled | Equity-settled | Equity-settled | Equity-settled | Equity-settled | Equity-settled | Equity-settled |
| Fair value per option (₹) | 376.80 | 377.00 | 377.50 | 238.10 | 237.90 | 251.80 | 248.60 |





# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2024

| Particulars | ESOS Scheme 2022 (Performance) | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Scheme IIIA | | | | | | | Scheme IVA |
| No. of options | 366,733 | 85,000 | 26,400 | 36,667 | 14,067 | 4,333 | 16,667 | 719,333 |
| Method of accounting | Fair value | Fair value | Fair value | Fair value | Fair value | Fair value | Fair value | Fair value |
| Vesting period (in years) | 3.8 to 4.4 years | 3.5 to 4.15 years | 3.4 to 4.08 years | 3.1 to 3.81 years | 2.89 years | 2.41 years | 3.14 years | 4.44 years |
| Grant Date | 22-Jun-22 | 08-Oct-22 | 03-Nov-22 | 09-Feb-23 | 12-May-23 | 02-Nov-23 | 09-Feb-24 | 22-Jun-22 |
| Exercise Date | Within 6 months from the date of vesting | Within 6 months from the date of vesting | Within 6 months from the date of vesting | Within 6 months from the date of vesting | Within 6 months from the date of vesting | Within 6 months from the date of vesting | Within 6 months from the date of vesting | Within 6 months from the date of vesting |
| Exercise Price (₹) | 1180 | 1180 | 1180 | 1180 | 1180 | 1180 | 1360 | 1180 |
| Method of settlement | Equity-settled | Equity-settled | Equity-settled | Equity-settled | Equity-settled | Equity-settled | Equity-settled | Equity-settled |
| Fair value per option (₹) | 327.60 | 706.42 | 690.65 | 487.45 | 490.15 | 490.57 | 517.31 | 327.60 |

| No. of Options | Loyalty | | Performance | |
|---|---|---|---|---|
| | Year ended March 31, 2024 | Year ended March 31, 2023 | Year ended March 31, 2024 | Year ended March 31, 2023 |
| Outstanding at the beginning of the year/ period | **1,165,585** | 687,666 | **1,433,923** | 232,933 |
| Granted during the year | **17,533** | 644,829 | **35,067** | 1,239,657 |
| Exercised during the year | **(137,105)** | - | **(28,532)** | - |
| Lapsed/ Expired during the year | **(81,067)** | (166,910) | **(44,324)** | (38,667) |
| Outstanding at the end of the year | **964,946** | 1,165,585 | **1,396,134** | 1,433,923 |
| Exercisable at the end of the year | **60,605** | - | **206,601** | - |
| Vested at the end of the year | **-** | 174,714 | **-** | 232,933 |

The fair values are measured based on the Black Scholes Model. The fair value of the options & inputs used in the measurement of grant date fair values are as follows :

| Date of grant | 09 February 2024 | 02 November 2023 | 12 May 2023 | 09 February 2023 | 03 November 2022 | 08 October 2022 |
|---|---|---|---|---|---|---|
| Risk free interest rate | 7.01% | 7.32% | 6.89% | 7.27% | 7.14% | 7.41% |
| Expected life (in years) | 3.39 | 2.66 | 3.14 | 3.39 | 3.66 | 3.73 |
| Expected volatility | 39% | 39% | 39% | 39% | 39% | 39% |
| Dividend yield | 0% | 0% | 0% | 0% | 0% | 0% |
| Price of the underlying share in the market at the time of option grant (₹) | 1379.45 | 1318.65 | 1277.2 | 1241.6 | 1469.16 | 1475 |

| Date of grant | 22 June 2022 | 15 September 2021 | 15 September 2021 | 30 December 2020 | 21 August 2020 | 3 September 2018 | 4 June 2018 |
|---|---|---|---|---|---|---|---|
| Risk free interest rate | 6.90% | 4.06% | 4.96% | 4.00% | 4.69% | 8.10% | 7.90% |
| Expected life (in years) | 4.02 | 1.8 | 3.3 | 2.2-3.5 | 2.6 | 7.4 | 5.4 |
| Expected volatility | 39% | 50% | 50% | 55% | 50% | 45% | 40% |
| Dividend yield | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| Price of the underlying share in the market at the time of option grant (₹) | 977.1 | 537 | 537 | 386 | 291 | 351 | 351 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2024

Weighted average remaining contractual life of the share option outstanding at the end of year is as below :

| Particulars | 31-Mar-24 | 31-Mar-23 | 31-Mar-22 | 31-Mar-21 | 31-Mar-20 | 31-Mar-19 |
|---|---|---|---|---|---|---|
| Remaining contractual life Loyalty (years) | 1.82 | 2.51 | 1.75 | 0.88 | 1.54 | 2.31 |
| Remaining contractual life Performance (years) | 2.89 | 3.34 | 0.36 | 1.75 | 1.45 | 2.90 |

**Effect of the employee option plan on the Statement of Profit or Loss and on its financial position** (₹ in million)

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|
| Total employee compensation cost pertaining to stock option plan (Refer Note 25) | 152.69 | 144.68 |
| Liability for employee stock option plan outstanding as at the year end | 369.05 | 222.03 |

## 42 Merger of Gamma Pizzakraft Private Limited (GPPL) and Gamma Pizzakraft Overseas Private Limited (GPOPL) (wholly owned subsidiary companies) with Sapphire Foods India Limited (Parent Company)

Pursuant to scheme of Merger by Absorption under section 230-232 of the Companies Act, 2013, between the Parent Company and its wholly owned subsidiaries Gamma Pizzakraft Private Limited (GPPL) and Gamma Pizzakraft Overseas Private Limited (GPOPL) (transferor companies) sanctioned by National Company Law Tribunal by virtue of its order dated March 20, 2024. The transferor companies have merged into the Parent Company on a going concern basis from the appointed date of the scheme i.e. April 1, 2022. These subsidiaries are in the business of operating Pizza Hut stores in India. The scheme became effective from March 31, 2024.

The arrangement have been accounted in the books of account of the Parent Company in accordance with Ind AS 103 and considering that the transferor companies are ultimately controlled by the same Parent entity both before and after the business combination, the said transaction is a common control transaction and has been accounted under pooling of interest method.

Accordingly, the Group has accounted for the merger under the pooling of interest method from the appointed date i.e April 01, 2022. as prescribed in IND AS 103 Business Combinations of entities under common control. This combination has no impact on the consolidated financial statements.

## 43 Ind AS 115: Revenue from Contracts with Customers

**1. Disaggregated revenue information:**

Set out below is the disaggregation of the Group's revenue from contracts with customers:

(₹ in million)

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|
| **Type of goods or service** | | |
| Restaurant sales | 25,879.61 | 22,570.64 |
| Other operating income | 63.18 | 85.10 |
| **Total revenue from contract with customers** | 25,942.79 | 22,655.74 |
| India | **22,360.81** | **19,781.10** |
| Outside India | 3,581.98 | 2,874.64 |
| **Total revenue from contract with customers** | **25,942.79** | **22,655.74** |
| **Timing of revenue recognition** | | |
| Goods transferred at a point in time | 25,924.96 | 22,650.60 |
| Services transferred over time (included in other operating income) | 17.83 | 5.14 |
| **Total revenue from contract with customers** | **25,942.79** | **22,655.74** |

**2. Contract balances:**

(₹ in million)

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|
| Trade receivables | 343.84 | 179.49 |
| Contract liabilities | 73.66 | 0.82 |
| Deferred Revenue | 14.00 | - |

## 44 Leases – Ind AS 116

**Leases where the Group is a Lessee**

(a) The group incurred ₹ 125.26 million for the year ended March 31, 2024 (March 2023: 91.09 million) towards expenses relating to short-term leases and leases of low-value assets. The total cash outflow for leases is ₹ 2,078.13 million for the year ended March 31, 2024 (March 2023: 1,778.10 million, including cash outflow of short-term leases and leases of low-value assets. Interest on lease liabilities ₹ 958.79 millions for the year ended March 31, 2024. (March 2023: 795.14 million).

(b) The Group leases mainly comprise of stores, buildings and motor vehicle. The Group leases buildings for the purpose of business operations.

**Leases are shown as follows in the Group's balance sheet and profit & loss account**

(₹ in million)

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|
| Cost | **7,914.73** | **6,248.57** |
| Additions | 3,507.03 | 2,995.09 |
| Disposals | (178.02) | (47.09) |
| Accumulated Depreciation | (1,459.08) | (1,276.20) |
| Translation difference | 33.55 | (5.64) |
| **Closing Balance** | **9,818.21** | **7,914.73** |

Set out below are the carrying amounts of lease liabilities (included under financial liabilities) and the movements during the year :

(₹ in million)

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|
| As at beginning of the year | 9,185.11 | 7,282.62 |
| Additions | 3,373.51 | 2,865.93 |
| Accretion of Interest | 958.79 | 795.14 |
| Termination | (241.72) | (59.62) |
| Rent waiver due to COVID | - | (8.10) |
| Payments | (1,952.87) | (1,687.01) |
| Translation difference | 40.11 | (3.85) |
| **As at the end of the year** | **11,362.93** | **9,185.11** |
| Lease liabilities | | |
| Current | 1,121.84 | 1,472.33 |
| Non-current | 10,241.09 | 7,712.78 |
| **Total lease liabilities** | **11,362.93** | **9,185.11** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2024

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:** (₹ in million)

| | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|---|---|---|
| **Other income** | | |
| Gain on termination of lease contract | 62.57 | 15.13 |
| Gain on remeasurement of lease contract | 1.83 | - |
| Rent waiver due to COVID | - | 8.10 |
| **Other expenses** | | |
| Short-term lease rent expense | 112.87 | 86.45 |
| Low value asset lease rent expense | 12.39 | 4.64 |
| Variable lease rent expense | 343.28 | 360.21 |
| GST on rent | 337.42 | 192.17 |
| **Depreciation** | | |
| Depreciation of right of use lease asset | 1,459.08 | 1,276.20 |
| **Finance cost** | | |
| Interest expense on lease liability | 958.79 | 795.14 |

The Group has lease contracts for stores that contains variable payments based on the revenue generated from a particular store. Management's objective is to align the lease expense with the revenue generated. The following provides information on the Group's variable lease payments, including the magnitude in relation to fixed payments for the similar contracts:

(₹ in million)

| Particulars | For the period ended 31st March, 2024 | | | For the period ended 31st March, 2023 | | |
|---|---|---|---|---|---|---|
| | Fixed Payments | Variable Payments | Total | Fixed Payments | Variable Payments | Total |
| Fixed Rent | 929.54 | - | 929.54 | 770.41 | - | 770.41 |
| Variable rent with minimum payment | 1,043.07 | 254.30 | 1,297.37 | 912.66 | 277.33 | 1,189.99 |
| Variable rent only | - | 106.54 | 106.54 | - | 82.89 | 82.89 |
| | 1,972.61 | 360.84 | 2,333.45 | 1,683.07 | 360.22 | 2,043.28 |

A 5% increase in revenue for the relevant stores would increase total lease payments by 5.00% for the year ended March 31, 2024 (March 2023: 5.44%)

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..

## 45 Title deeds of immovable properties not held in the name of the company

The Group has 13 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.





# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2024

| Relevant line item in Balance Sheet | Description of property | Gross carrying value (₹ in million) | Title deeds held in name of | Whether title deed holder is a promoter, director or relative of promoter/ director or employee of | Period held- since which date | Reason for not being held in name of company |
|---|---|---|---|---|---|---|
| Right of use assets as at March 31, 2024 | Leasehold Building | 12.42 | Landlord | Not applicable | 3 months to 2 years | These contracts are in the process of negotiation as the agreements have expired during recent period. |

**46** The Parent Company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software, except that audit trail feature is not enabled for certain changes made using administrative access rights to the application and the underlying database. Further no instance of audit trail feature being tampered with was noted in respect of the accounting software.

## 47 Other Statutory Information

(i) The Group does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.

(ii) The Group does not have any transactions with companies struck off u/s 248 of the Companies Act, 2013.

(iii) The Group does not have any satisfaction of charge which is yet to be registered with ROC beyond the statutory period.

(iv) The Group have not traded or invested in Crypto currency or Virtual Currency during the financial year.

(v) The Group have not received any fund from any person or entity, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall;

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(vi) The Group has not advanced or loaned or invested funds to any other person or entity (outside the group), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(vii) The Group does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961

## 48 Events after the reporting period

The Group has evaluated subsequent events from the balance sheet date through May 10, 2024, 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 Poonam Todarwal**
Partner
Membership No: 136454

Place: Mumbai
Date: May 10, 2024

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 10, 2024

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2024

## ANNEXURE I- Form AOC 1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

**Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures**

(₹ in million)

| Sl. No. | Particulars | Details | Details | Details |
|---|---|---|---|---|
| | **Name of the Subsidiary** | **Gamma Pizzakraft (Lanka) Private Limited** | **French Restaurants Private Limited** | **Gamma Island Food Private Limited** |
| 1 | Financial Year ending on | 31st March, 2024 | 31st March, 2024 | 31st March, 2024 |
| 2. | Reporting Currency and Exchange rate as on the last date of the relevant Financial Year in the case of Foreign Subsidiaries. | LKR | LKR | RF |
| | | 1 LKR = 0.27 ₹ | 1 LKR = 0.27 ₹ | 1 RF = 5.33 ₹ |
| 3. | Share capital | 161.20 | 4.87 | 185.74 |
| 4. | Reserves & surplus | 347.60 | (1.97) | (159.87) |
| 5. | Total assets | 2,462.74 | 2.95 | 238.67 |
| 6. | Total Liabilities | 981.85 | 0.04 | 212.79 |
| 7. | Investments | - | - | - |
| 8. | Turnover | 3,400.55 | - | 200.11 |
| 9. | Profit/(Loss) before taxation | 76.80 | 1.05 | (32.36) |
| 10 | Provision for taxation | 33.61 | - | - |
| 11 | Profit/(Loss) after taxation | 43.19 | 1.05 | (32.36) |
| 12. | Proposed Dividend | NIL | NIL | NIL |
| 13 | % of shareholding | 100% | 100% | 74.74% |

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 10, 2024

**SAPPHIRE FOODS INDIA LIMITED**
CIN: L55204MH2009PLC197005
702, Prism Tower, A-Wing, Mindspace,
Link Road, Goregaon (West),
Mumbai 400062, Maharashtra, India
Email ID: investor@sapphirefoods.in
Website: www.sapphirefoods.in

Concept, Content & Design (info@wyatt.co.in)

**SAPPHIRE FOODS INDIA LIMITED**

**Registered Office:** 702, Prism Tower, A Wing, Mindspace, Link Road, Goregaon (West), Mumbai - 400062

**Corporate Identification Number (CIN):** L55204MH2009PLC197005 Tel. No.: 022 67522300

**Email:** investor@sapphirefoods.in **Website:** www.sapphirefoods.in

**NOTICE** is hereby given that the fifteenth (15th) Annual General Meeting ("AGM") of the members of Sapphire Foods India Limited (the **"Company"**) will be held on **Friday, 9th August 2024, at 11.30 a.m. (IST)** through Video Conferencing ("VC")/ Other Audio-Visual Means ("OAVM"), to transact the following businesses:

## ORDINARY BUSINESS:

1. To receive, consider, approve and adopt:

   a) the Audited Standalone Financial Statements of the Company for the Financial Year ended 31st March 2024, together with the Reports of the Board of Directors and the Auditors Report thereon; and

   b) the Audited Consolidated Financial Statements of the Company for the Financial Year ended 31st March 2024, together with the Reports of the Auditors thereon.

2. 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.

3. To appoint a Director in place of Mr. Norbert Fernandes (DIN: 06716549), 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. **Payment of remuneration to Mr. Sanjay Purohit (DIN: 00117676), Whole-Time Director & Group CEO for FY25 and FY26.**

   To consider and, if thought fit, to pass, with or without modification(s), the following resolution as **Special Resolution:**

   **"RESOLVED THAT** pursuant to Section 2(94), 196, 197, 198, 203 and other applicable provisions, if any, of the Companies Act, 2013 read along with Schedule V to the Act (including any amendment thereto or re-enactment thereof for the time being in force) and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (hereinafter referred to as 'The Act') and Regulation 19, and other relevant applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), as amended from time to time, and based on the recommendation of Nomination and Remuneration Committee and approval of the Board of Directors (hereinafter referred to as the "Board" which term shall be deemed to include any Committee thereof, including the Nomination and Remuneration Committee ("NRC") constituted by the Board), and in accordance with the Articles of Association, the consent of the members of the Company be and is hereby accorded for fixing the remuneration payable by way of salary, perquisites, allowances and benefits to Mr. Sanjay Purohit (DIN: 00117676), Whole-time Director and Group Chief Executive Officer ('WTD & Group CEO') as set out in the explanatory statement annexed to the notice, (including in the event of loss or inadequacy of profits in any financial year) for a period of two years commencing from 1st April 2024 to 31st March 2026, in accordance with the provisions of Section 197 of the Act read with Schedule V of the Act and rules made thereunder.

   **RESOLVED FURTHER THAT** the total managerial remuneration payable to Mr. Sanjay Purohit, along with other Executive and/or Non-Executive Director(s) of the Company, in any financial year, may exceed the limits of net profits of the Company, as prescribed under Section 197 of the Act read with Schedule V of the Act and rules made thereunder and in the event of loss or inadequacy of profits in any financial year during the tenure of the appointment, he shall be paid remuneration by way of salary, perquisites, allowances and benefits as set out in the explanatory statement, including any revisions as approved by the Board from time to time, as minimum remuneration, in accordance with the provisions of Section 197, 198 and other applicable provisions of the Act and Rules made thereunder read with Schedule V to the Act and the SEBI Listing Regulations.

   **RESOLVED FURTHER THAT** the Board be and is hereby authorized to revise the remuneration of WTD & Group CEO from time to time to the extent the Board may deem appropriate, provided that such revision is as per the provisions of the Act, without any further reference to the members of the Company in general meeting and delegate all or any of its powers herein conferred to any Committee of Director(s), to give effect to the above resolution.

   **RESOLVED FURTHER THAT** any of the Directors, Chief People Officer or Company Secretary of the Company be and are hereby severally authorised to do all such acts, deeds, matters and things and execute all such documents, instruments and writings as may be required on behalf of the Company."

5. **Approval for payment of remuneration to Non-Executive/Independent Directors of the Company**

   To consider and, if thought fit, to pass, with or without modification(s), the following resolution as **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of sections 197, 198 read along with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder, including any statutory modification(s) and re-enactment(s) thereof (hereinafter referred to as the 'Act') and Regulation 19 and other relevant provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), as amended from time to time, and based on the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors of the Company and in accordance with the Articles of Association, a sum not exceeding one percent per annum of the net profits of the Company, calculated in accordance with the provisions of sections 198 of the Act, be paid to and distributed amongst the existing or future Non-Executive / Independent Directors of the Company or some or any of them (other than the Managing Director and Whole-time Directors, if any) in such amounts, subject to such ceiling/s and in such manner and in such respects, as may be decided by the Board of Directors of the Company and such payments shall be made in respect of the profits of the Company for each year for a period of three years commencing from 1st April 2024.

RESOLVED FURTHER THAT the above remuneration shall be in addition to sitting fees and reimbursement of expenses payable to the Director(s) for attending the meetings of the Board or Committees thereof or for any other purpose whatsoever as may be decided by the Board of Directors.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year during the term mentioned above, the Non-Executive / Independent Directors shall be paid remuneration by way of commission, as may be decided by the Board of Directors or Shareholders of the Company, as the case may be, notwithstanding that it may exceed one percent of the net profits of the Company and subject to such restrictions, if any, as may be set out in the applicable provisions of and schedule V to the Act, from time to time.

RESOLVED FURTHER THAT any of the Directors, Chief People Officer or Company Secretary of the Company be and are hereby severally authorised to do all such acts, deeds, matters and things and execute all such documents, instruments and writings as may be required on behalf of the Company."

6. **Payment of Remuneration to Mr. Sunil Chandiramani (DIN:00524035), Chairman and Independent Director of the Company**

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as Special Resolution:

"RESOLVED THAT pursuant to the provisions of sections 149, 197 , 198 read along with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and Rules made thereunder, including any statutory modification(s) and re-enactment(s) thereof (hereinafter referred to as the 'Act'), Regulation 19 and other relevant provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), as amended from time to time, and based on the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors and in accordance with the Articles of Association, the consent of the members of the Company be and is hereby accorded to pay remuneration not exceeding and within the limits of Rs. 40,00,000/- p.a. (excluding applicable taxes), as may be decided by the Board of Directors (hereinafter referred to as the "Board" which term shall be deemed to include any Committee thereof, including the Nomination and Remuneration Committee ("NRC") constituted by the Board), which may be in excess of the prescribed limits mentioned under Section 197 read with Schedule V of the Act and rules made thereunder, to Mr. Sunil Chandiramani, Chairman and Independent Director of the Company, for a period of 3 years commencing from 1st April 2024.

RESOLVED FURTHER THAT the above remuneration shall be in addition to sitting fees and reimbursement of expenses payable, if any, to Mr. Sunil Chandiramani, Chairman and Independent Director of the Company, for attending the meetings of the Board or Committees thereof or for any other purpose whatsoever as may be decided by the Board of Directors.

RESOLVED FURTHER THAT the total managerial remuneration payable to Mr. Sunil Chandiramani, along with other Executive and/or Non-Executive Director(s) of the Company, in any financial year, may exceed the limits of net profits of the Company, as prescribed under Section 197 of the Act read with Schedule V of the Act and rules made thereunder and in the event of loss or inadequacy of profits in any financial year during the tenure of the appointment, the abovementioned remuneration including any revisions as approved by the Board from time to time, shall be paid as minimum remuneration, in accordance with the provisions of Section 197, 198 and other applicable provisions of the Act and Rules made thereunder read with Schedule V to the Act and the SEBI Listing Regulations.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to revise the remuneration of Mr. Sunil Chandiramani from time to time to the extent the Board may deem appropriate, provided that such revision is within the overall terms and conditions as stated in the explanatory statement without any further reference to the members of the Company in general meeting and delegate all or any of its powers herein conferred to any Committee of Director(s), to give effect to the above resolution.

RESOLVED FURTHER THAT any of the Directors, Chief People Officer or Company Secretary of the Company be and are hereby severally authorised to do all such acts, deeds, matters and things and execute all such documents, instruments and writings as may be required on behalf of the Company."

7. **Payment of Remuneration to Ms. Deepa Wadhwa (DIN: 07862942), Independent Director of the Company**

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as Special Resolution:

"RESOLVED THAT pursuant to the provisions of sections 149, 197 , 198 read along with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and Rules made thereunder, including any statutory modification(s) and re-enactment(s) thereof (hereinafter referred to as the 'Act'), Regulation 19 and other relevant provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), as amended from time to time, and based on the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors and in accordance with the Articles of Association, the consent of the members of the Company be and is hereby accorded to pay remuneration not exceeding and within the limits of Rs. 40,00,000/- p.a. (excluding applicable taxes), as may be decided by the Board of Directors (hereinafter referred to as the "Board" which term shall be deemed to include any Committee thereof, including the Nomination and Remuneration Committee ("NRC") constituted by the Board), which may be in excess of the prescribed limits mentioned under Section 197 read with Schedule V of the Act and rules made thereunder, to Ms. Deepa Wadhwa, Independent Director of the Company, for a period of 3 years commencing from 1st April 2024.

RESOLVED FURTHER THAT the above remuneration shall be in addition to sitting fees and reimbursement of expenses payable, if any, to Ms. Deepa Wadhwa, Independent Director of the Company, for attending the meetings of the Board or Committees thereof or for any other purpose whatsoever as may be decided by the Board of Directors.

RESOLVED FURTHER THAT the total managerial remuneration payable to Ms. Deepa Wadhwa, along with other Executive and/or Non-Executive Director(s) of the Company, in any financial year, may exceed the limits of net profits of the Company, as prescribed under Section 197 read with Schedule V of the Act and rules made thereunder and in the event of loss or inadequacy of profits in any financial year during the tenure of the appointment, the abovementioned remuneration including any revisions as approved by the Board from time to time, shall be paid as minimum remuneration, in accordance with the provisions of Section 197, 198 and other applicable provisions of the Act and Rules made thereunder read with Schedule V to the Act and the SEBI Listing Regulations.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to revise the remuneration of Ms. Deepa Wadhwa, from time to time to the extent the Board may deem appropriate, provided that such revision is within the overall terms and conditions as stated in the explanatory statement without any further reference to the members of the Company in general meeting and delegate all or any of its powers herein conferred to any Committee of Director(s), to give effect to the above resolution.

RESOLVED FURTHER THAT any of the Directors, Chief People Officer or Company Secretary of the Company be and are hereby severally authorised to do all such acts, deeds, matters and things and execute all such documents, instruments and writings as may be required on behalf of the Company."

8. **To Approve Sub-Division/Split of Face Value of Equity Shares of the Company and the consequent amendment to the Memorandum of Association of the Company.**

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 13, 61, 64 and other applicable provisions, if any, of the Companies Act, 2013 and Rules made thereunder, including any statutory modification(s) and re-enactment(s) thereof (hereinafter referred to as the 'Act'), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time and includes any statutory modification(s), notifications, circulars issued thereunder or re-enactment(s) thereof, for the time being in force ("SEBI Listing Regulations"), applicable provisions of the Memorandum of Association and Articles of Association of the Company and subject to such approvals, consents, permissions and sanctions as may be required from the concerned authorities or bodies, and basis recommendation of the Board of Directors of the Company, the consent of the shareholders of

Sapphire Foods India Limited (the "Company") be and is hereby accorded to the proposal for sub-division/ split of the equity shares of the Company, such that 1 (One) equity share having face value of Rs. 10/- (Rupees Ten only) each, fully paid up, be sub-divided/ split into 5 (Five) equity shares having face value of Re. 2/- (Rupees Two only) each, fully paid-up, ranking pari-passu with each other in all respects, with effect from such date ("Record Date") as may be fixed by the Board of Directors (hereinafter referred to as the "Board" which term shall be deemed to include any Committee thereof, including the Stakeholders Relationship Committee ("SRC") constituted by the Board) of the Company for this purpose.

**RESOLVED FURTHER THAT** pursuant to the provisions of Section 13 and other applicable provisions of the Act, the consent of the shareholders of the Company be and is hereby accorded for substituting the existing Clause V of the memorandum of association of the Company ("Memorandum of Association") with the following clause:

*"The authorized share capital is Rs. 467,01,20,000/- (Rupees Four Hundred Sixty Seven Crores and One Lakh Twenty Thousand Only) divided into 233,50,60,000 equity shares of Rs 2/- each."*

**RESOLVED FURTHER THAT** upon the sub-division/ split of the Equity Shares as aforesaid, the existing share certificate(s) in relation to the existing Equity Shares of the face value of Rs. 10/- each held in physical form, if any, shall be deemed to have been automatically cancelled and be of no effect, on and from the Record Date or such other date as may be determined by the Board including any committee thereof, and the Company may without requiring the surrender of the existing Share Certificate(s), directly issue and dispatch the new Share Certificate(s) of the Company, in lieu of such existing issued Share Certificate(s) and in the case of the Equity Shares held in the dematerialized form, the number of sub-divided Equity Shares be credited proportionately to the respective beneficiary demat account(s) of the Members held with the Depository Participants, in lieu of the existing credits present in their respective beneficiary demat account(s) and the Company shall undertake such Corporate Action(s) as may be necessary in relation to the existing equity shares of the Company.

**RESOLVED FURTHER THAT** pursuant to the sub-division/split of equity shares of the Company, the consent of the shareholders of the Company be and is hereby accorded to make appropriate adjustments due to sub-division/split of equity shares of the Company to the Stock Options which are/ will be granted, unvested, vested but not exercised, exercised, lapsed/cancelled by the employees of the Company and its subsidiaries covered under "Sapphire Foods Employee Stock Option Plan 2017" ("ESOP Plan") read with the following scheme(s):

1. "Sapphire Foods Employees Stock Option Scheme 2019 – Scheme III – Management other than CEO ("Scheme III")
2. Sapphire Foods Employees Stock Option Scheme 2019 – Scheme IV – CEO ("Scheme IV")
3. Sapphire Foods Employee Stock Option Scheme 2022 – Scheme IIIA – Management other than CEO ("Scheme IIIA")
4. Sapphire Foods Employee Stock Option Scheme 2022 – Scheme IVA – CEO ("Scheme IVA")

Administered by the Company pursuant, inter-alia, to the Securities and Exchange Board of India (Employee Stock Options and Employee Stock Purchase Scheme) Guidelines, 1999 and / or the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2021 and any amendments thereto from time to time, such that the exercise price for all outstanding Stock Options and the number of outstanding Stock Options as on the 'Record Date', shall be appropriately/proportionately adjusted.

**RESOLVED FURTHER THAT** pursuant to the sub-division/split of Equity Shares of the Company, each Equity Share of Rs. 2 each shall rank pari passu in all respects as were with the fully paid-up Equity Shares of Rs.10 each of the Company.

**RESOLVED FURTHER THAT** the Board of Directors (hereinafter referred to as the "Board" which term shall be deemed to include any Committee thereof constituted by the Board) be and is hereby authorized, to (i) accept and make any alterations, modifications to the terms and conditions as it may deem necessary, concerning any aspect of the sub-division/split of Equity Shares, amendment to the aforesaid ESOP Plan/Scheme(s) and related matters, in accordance with the statutory requirements as well as to give such directions as may be necessary or desirable; (ii) do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient or proper and to execute all such deeds, documents, instruments and writings including execution & filing of all the relevant documents with the Stock Exchanges, Depositories and other appropriate authorities, in due compliance of the applicable rules and regulations (iii) to settle all questions, difficulties or doubts that may arise in relation/consequential to the sub-division/split of equity shares, without seeking any further consent or approval of the members, to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of the power(s) conferred herein-above as it may in absolute discretion deem fit, to one or more of the constituted Committee(s) of Directors or to any of the Director(s), Chief Financial Officer, Company Secretary and Compliance Officer, in order to give effect to the aforesaid resolution, including but not limited to fix record date and to do such other acts, deeds and things as may be required for completion and implementation of sub-division/split of the Equity Shares of the Company, and matters incidental and ancillary thereto.

By order of the Board of Directors
**For SAPPHIRE FOODS INDIA LIMITED**

**SACHIN DUDAM**
COMPANY SECRETARY & COMPLIANCE OFFICER
(Membership No. A31812)

Place: Mumbai
Date: 19th June 2024

Registered Office Address:
702, Prism Tower, A Wing,
Mindspace, Link Road,
Goregaon (West),
Mumbai – 400 062

**Notes:**

1. The Ministry of Corporate Affairs, Government of India ("MCA") has vide its General Circular No. 09/2023 dated 25th September 2023 read with General Circular No. 14/2020 dated 8th April 2020, General Circular No. 17/2020 dated 13th April 2020 and General Circular No.20/2020 dated 5th May 2020, (collectively referred to as "MCA Circulars") and the Securities and Exchange Board of India vide its circulars dated 07th October 2023, 05th January 2023, 13th May 2022 read with 15th January 2021 and 12th May 2020 (collectively referred to as SEBI Circulars) has 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 and SEBI Circulars, the AGM of the Company is being held through VC/OAVM. The Registered Office of the Company shall be deemed to be the venue for the AGM.
2. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 ("Act") read together with Rule 22 of the Companies (Management and Administration) Rules, 2014 setting out material facts is annexed hereto.
3. Pursuant to the applicable provisions of the Companies Act, 2013 and Rules made thereunder, a member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/ her behalf and the proxy need not be a member of the Company. Since this AGM, will be held through VC/OAVM, the requirement of physical attendance of members has been dispensed with. Accordingly, the facility for appointment of proxies by the members will not be available for this AGM and hence the proxy form and attendance slip including route map is not annexed to this notice.
4. Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
5. The Company has availed the services of Link Intime India Private Limited ("Link Intime") for conducting the AGM through VC/ OAVM and enabling participation of members at the meeting thereto and for providing services of remote e-voting and e-voting during the AGM.
6. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) & MCA Circulars and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Link Intime for facilitating voting through electronic means, as the authorised agency. The facility of casting votes by a member using remote e-Voting system as well as venue voting on the date of the AGM will be provided by Link Intime.
7. In compliance with the statutory provisions read with SEBI Circular dated 7th October 2023, the Annual Report of the Company for FY 2023-24 along with the Notice of the 15th 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, 12th July 2024. The same is also hosted on the Company's website www.sapphirefoods. in and also on the website of the stock exchanges viz., www.bseindia.com and www.nseindia.com and the AGM Notice is also available on the website of Link Intime (agency for providing the remote e-Voting facility) i.e. instavote.linkintime.co.in.
8. The Members can join the AGM in the VC/OAVM mode 30 minutes before the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
9. Institutional Investors, who are members of the Company and corporate members intending to attend the AGM through VC or OAVM and to vote thereat through remote e-voting are requested to send a certified copy of the Board Resolution/ Letter of Authorisation/Power of Attorney to the Scrutiniser by e-mail at alwyn.co@gmail.com with a copy marked to investor@sapphirefoods.in
10. In line with 'Green Initiative', the members whose email address is not registered with the Company / RTA or with their respective Depository Participant (s) are requested to register and update their e-mail address through their respective Depository Participant (s).
11. In case of joint holders, a member whose name appears as the first holder in the order of their names as per the Register of Members will be entitled to cast vote at the AGM.
12. All documents referred to in the Notice will be available for inspection at the Company's Registered Office during normal business hours on working days up to the date of the Annual General Meeting. Members seeking any statutory information or any other matter/ documents/ registers, etc. in connection with the 15th AGM of the Company, may please send a request to the Company via email at investor@sapphirefoods.in
13. Mr. Alwyn D'Souza (Membership No. FCS 5559) of M/s. Alwyn D'Souza & Co., Practicing Company Secretaries (Firm Registration Number: S2003MH061200) and failing him Mr. Jay D'souza (Membership No. FCS 3058) of Jay D'souza & Co., Practicing Companies Secretaries, has been appointed as the Scrutiniser to scrutinise the remote e-voting and e-voting during the meeting in a fair and transparent manner.
14. A Certificate from Secretarial Auditor of the Company, certifying that the Company's Employee Stock Option Plan / Schemes were implemented in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and in accordance with the resolutions passed by the members, will be made available for inspection at the AGM.
15. Members, who are holding shares of the Company as of the cut-off date for e-voting i.e. Thursday, 1st August 2024 can cast their votes during the AGM using e-voting facility, if not cast the same during the remote e-voting period mentioned below.
16. In terms of the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. Members holding shares in dematerialised form are requested to submit the said details to their Depository Participant(s) and the Members holding shares in physical form, are requested to submit the said details to the Company or RTA.
17. **THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING ARE AS UNDER: -**

    The remote e-voting period begins on **Monday, 5th August 2024, at 09:00 A.M. IST** and ends on **Thursday, 8th August 2024, at 05:00 P.M.** IST. The remote e-voting module shall be disabled by Link Intime for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e., Thursday, 1st August 2024 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 **Thursday, 1st August 2024**. As per the SEBI circular dated 9th December 2020, individual shareholders holding securities in demat mode can register directly with the Central Depositories Services (India) Limited (CDSL) / National Securities Depositories Limited (NSDL) ("Depositories") or will have the option of accessing various e-Voting Service Provider ('ESP') portals directly from their demat accounts.

**A) Login method for Individual shareholders holding securities in demat mode is given below:**

| Type of shareholders | Login Method |
|---|---|
| **Individual Shareholders holding securities in demat mode with NSDL.** | **METHOD 1 - If registered with NSDL IDeAS facility**<br>**Users who have registered for NSDL IDeAS facility:**<br>a) Visit URL: https://eservices.nsdl.com and click on "Beneficial Owner" icon under "Login".<br>b) Enter user id and password. Post successful authentication, click on "Access to e-voting".<br>c) Click on "LINKINTIME" or "evoting link displayed alongside Company's Name" and you will be redirected to Link Intime InstaVote website for casting the vote during the remote e-voting period.<br>**OR**<br>**User who have not registered for NSDL IDeAS facility:**<br>a) To register, visit URL: https://eservices.nsdl.com and select "Register Online for IDeAS Portal" or click on https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp"<br>b) Proceed with updating the required fields.<br>c) Post registration, user will be provided with Login ID and password.<br>d) After successful login, click on "Access to e-voting".<br>e) Click on "LINKINTIME" or "evoting link displayed alongside Company's Name" and you will be redirected to Link Intime InstaVote website for casting the vote during the remote e-voting period. |

| Type of shareholders | Login Method |
|---|---|
| | **METHOD 2 - By directly visiting the e-voting website of NSDL:**<br>**a)** Visit URL: https://www.evoting.nsdl.com/<br>b) Click on the "Login" tab available under 'Shareholder/Member' section.<br>c) Enter User ID (i.e., your sixteen-digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen.<br>d) Post successful authentication, you will be re-directed to NSDL depository website wherein you can see "Access to e-voting".<br>e) Click on "LINKINTIME" or "evoting link displayed alongside Company's Name" and you will be redirected to Link Intime InstaVote website for casting the vote during the remote e-voting period. |
| **Individual Shareholders holding securities in demat mode with CDSL** | **METHOD 1 – If registered with CDSL Easi/Easiest facility**<br>**Users who have registered for CDSL Easi/Easiest facility:**<br>a) Visit URL: https://web.cdslindia.com/myeasitoken/home/login or www.cdslindia.com.<br>b) Click on New System Myeasi<br>c) Login with user id and password<br>d) After successful login, user will be able to see e-voting menu. The menu will have links of e-voting service providers i.e., LINKINTIME, for voting during the remote e-voting period.<br>e) Click on "LINKINTIME" or "evoting link displayed alongside Company's Name" and you will be redirected to Link Intime InstaVote website for casting the vote during the remote e-voting period.<br>**OR**<br>**Users who have not registered for CDSL Easi/Easiest facility:**<br>a) To register, visit URL: https://web.cdslindia.com/myeasitoken/Registration/EasiRegistration / https://web.cdslindia.com/myeasitoken/Registration/EasiestRegistration<br>b) Proceed with updating the required fields.<br>c) Post registration, user will be provided Login ID and password.<br>d) After successful login, user able to see e-voting menu.<br>e) Click on "LINKINTIME" or "evoting link displayed alongside Company's Name" and you will be redirected to Link Intime InstaVote website for casting the vote during the remote e-voting period.<br>**METHOD 2 - By directly visiting the e-voting website of CDSL.**<br>a) Visit URL: https://www.cdslindia.com/<br>b) Go to e-voting tab.<br>c) Enter Demat Account Number (BO ID) and PAN No. and click on "Submit".<br>d) System will authenticate the user by sending OTP on registered Mobile and Email as recorded in Demat Account<br>e) After successful authentication, click on "LINKINTIME" or "evoting link displayed alongside Company's Name" and you will be redirected to Link Intime InstaVote website for casting the vote during the remote e-voting period. |
| **Individual Shareholders (holding securities in demat mode) login through their depository participants** | Individual shareholders can also login using the login credentials of your demat account through your depository participant registered with NSDL/CDSL for e-voting facility.<br>a) Login to DP website<br>b) After Successful login, members shall navigate through "e-voting" tab under Stocks option.<br>c) Click on e-voting option, members will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-voting menu.<br>d) After successful authentication, click on "LINKINTIME" or "evoting link displayed alongside Company's Name" and you will be redirected to Link Intime InstaVote website for casting the vote during the remote e-voting period. |

**B) Login method for Individual shareholders holding securities in physical form/ Non-Individual Shareholders holding securities in demat mode is given below:**

Individual Shareholders of the company, holding shares in physical form / Non-Individual Shareholders holding securities in demat mode as on the cut-off date for e-voting may register for e-Voting facility of Link Intime as under:

1. Open the internet browser and launch the URL: https:// instavote.linkintime.co.in

2. Click on **"Sign Up"** under **'SHARE HOLDER'** tab and register with your following details:-

A. **User ID:** Shareholders holding shares in physical form shall provide Event No + Folio Number registered with the Company. Shareholders holding shares in NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID; Shareholders holding shares in CDSL demat account shall provide 16 Digit Beneficiary ID.

B. **PAN:** Enter your 10-digit Permanent Account Number (PAN) (Shareholders who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable.

C. **DOB/DOI:** Enter the Date of Birth (DOB) / Date of Incorporation (DOI) (As recorded with your DP / Company - in DD/MM/YYYY format)

D. **Bank Account Number:** Enter your Bank Account Number (last four digits), as recorded with your DP/ Company.

- * Shareholders holding shares in physical form but have not recorded 'C' and 'D', shall provide their Folio number in 'D' above
- * Shareholders holding shares in NSDL form, shall provide 'D' above
- Set the password of your choice (The password should contain minimum 8 characters, at least one special character (@!#$&*), at least one numeral, at least one alphabet and at least one capital letter).
- Click "confirm" (Your password is now generated).

3. Click on 'Login' under **'SHARE HOLDER'** tab.

4. Enter your User ID, Password and Image Verification (CAPTCHA) Code and click on **'Submit'**

**Cast your vote electronically:**

1. After successful login, you will be able to see the notification for e-voting. Select **'View'** icon.
2. E-voting page will appear.
3. Refer the Resolution description and cast your vote by selecting your desired option **'Favour / Against'** (If you wish to view the entire Resolution details, click on the **'View Resolution'** file link).
4. After selecting the desired option i.e. Favour / Against, click on 'Submit'. A confirmation box will be displayed. If you wish to confirm your vote, click on 'Yes', else to change your vote, click on 'No' and accordingly modify your vote.

**Guidelines for Institutional shareholders ("Corporate Body/ Custodian/Mutual Fund"):**

**STEP 1 – Registration**

a) Visit URL: https://instavote.linkintime.co.in

b) Click on Sign up under "Corporate Body/ Custodian/ Mutual Fund"

c) Fill up your entity details and submit the form.

d) A declaration form and organization ID is generated and sent to the Primary contact person email ID (which is filled at the time of sign up at Sr.No. 2 above). The said form is to be signed by the Authorised Signatory, Director, Company Secretary of the entity & stamped and sent to insta.vote@linkintime.co.in.

e) Thereafter, Login credentials (User ID; Organisation ID; Password) will be sent to Primary contact person's email ID.

f) While first login, entity will be directed to change the password and login process is completed.

**STEP 2 –Investor Mapping**

a) Visit URL: https://instavote.linkintime.co.in and login with credentials as received in Step 1 above.

b) Click on "Investor Mapping" tab under the Menu Section

c) Map the Investor with the following details:

a. 'Investor ID' -

*i. Members holding shares in NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID i.e., IN00000012345678*

*ii. Members holding shares in CDSL demat account shall provide 16 Digit Beneficiary ID.*

b. 'Investor's Name - Enter full name of the entity.

c. 'Investor PAN' - Enter your 10-digit PAN issued by Income Tax Department.

d. 'Power of Attorney' - Attach Board resolution or Power of Attorney. File Name for the Board resolution/Power of Attorney shall be – DP ID and Client ID. Further, Custodians and Mutual Funds shall also upload specimen signature card.

d) Click on Submit button and investor will be mapped now.

e) The same can be viewed under the "Report Section".

**STEP 3 – Voting through remote e-voting.**

The corporate shareholder can vote by two methods, once remote e-voting is activated:

**METHOD 1 - VOTES ENTRY**

a) Visit URL: https://instavote.linkintime.co.in and login with credentials as received in Step 1 above.

b) Click on 'Votes Entry' tab under the Menu section.

c) Enter Event No. for which you want to cast vote. Event No. will be available on the home page of Instavote before the start of remote evoting.

d) Enter '16-digit Demat Account No.' for which you want to cast vote.

e) Refer the Resolution description and cast your vote by selecting your desired option 'Favour / Against' (If you wish to view the entire Resolution details, click on the **'View Resolution'** file link).

f) After selecting the desired option i.e., Favour / Against, click on 'Submit'.

g) A confirmation box will be displayed. If you wish to confirm your vote, click on 'Yes', else to change your vote, click on 'No' and accordingly modify your vote. (Once you cast your vote on the resolution, you will not be allowed to modify or change it subsequently).

**OR**

**METHOD 2 - VOTES UPLOAD:**

a) Visit URL: https://instavote.linkintime.co.in and login with credentials as received in Step 1 above.

b) You will be able to see the notification for e-voting in inbox.

c) Select 'View' icon for **'Company's Name / Event number '**. E-voting page will appear.

d) Download sample vote file from 'Download Sample Vote File' option.

e) Cast your vote by selecting your desired option 'Favour / Against' in excel and upload the same under 'Upload Vote File' option.

f) Click on 'Submit'. 'Data uploaded successfully' message will be displayed. (Once you cast your vote on the resolution, you will not be allowed to modify or change it subsequently).

**Helpdesk for Individual shareholders holding securities in physical form/ Non-Individual Shareholders holding securities in demat mode:**

Shareholders facing any technical issue in login may contact Link Intime INSTAVOTE helpdesk by sending a request at enotices@linkintime.co.in or contact on: - Tel: 022 – 4918 6000.

**Helpdesk for Individual Shareholders holding securities in demat mode:**

Individual Shareholders holding securities in demat mode may contact the respective helpdesk for any technical issues related to login through Depository i.e. NSDL and CDSL.

| Login type | Helpdesk details |
|---|---|
| Individual Shareholders holding securities in demat mode with NSDL | Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at : 022 - 4886 7000 and 022 - 2499 7000 |
| Individual Shareholders holding securities in demat mode with CDSL | Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33 |

**Individual Shareholders holding securities in Physical form has forgotten the password:**

If an Individual Shareholders holding securities in Physical form has forgotten the USER ID [Login ID] or Password or both then the shareholder can use the "Forgot Password" option available on the e-Voting website of Link Intime: https://instavote.linkintime.co.in

- Click on **'Login'** under **'SHARE HOLDER'** tab and further Click 'forgot password?'
- Enter User ID, select Mode and Enter Image Verification code (CAPTCHA). Click on "SUBMIT".

*In case shareholders is having valid email address, Password will be sent to his / her registered e-mail address. Shareholders can set the password of his/ her choice by providing the information about the particulars of the Security Question and Answer, PAN, DOB/DOI, Bank Account Number (last four digits) etc. as mentioned above. The password should contain minimum 8 characters, at least one special character (@!#$&*), at least one numeral, at least one alphabet and at least one capital letter.*

User ID for Shareholders holding shares in Physical Form (i.e. Share Certificate): Your User ID is Event No + Folio Number registered with the Company

User ID for Shareholders holding shares in NSDL demat account is 8 Character DP ID followed by 8 Digit Client ID

User ID for Shareholders holding shares in CDSL demat account is 16 Digit Beneficiary ID.

**Institutional shareholders ("Corporate Body/ Custodian/Mutual Fund") has forgotten the password:**

If a Non-Individual Shareholders holding securities in demat mode has forgotten the USER ID [Login ID] or Password or both then the shareholder can use the "Forgot Password" option available on the e-Voting website of Link Intime: https://instavote.linkintime.co.in

o Click on **'Login'** under **'Corporate Body/ Custodian/Mutual Fund'** tab and further Click 'forgot password?'

o Enter User ID, Organization ID and Enter Image Verification code (CAPTCHA). Click on "SUBMIT".

*In case shareholders is having valid email address, Password will be sent to his / her registered e-mail address. Shareholders can set the password of his/ her choice by providing the information about the particulars of the Security Question and Answer, PAN, DOB/DOI, Bank Account Number (last four digits) etc. as mentioned above. The password should contain a minimum of 8 characters, at least one special character (@!#$&*), at least one numeral, at least one alphabet and at least one capital letter.*

Individual Shareholders holding securities in demat mode with NSDL/ CDSL has forgotten the password:

Shareholders who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned depository/ depository participants website.

➢ It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

➢ For shareholders/ members holding shares in physical form, the details can be used only for voting on the resolutions contained in this Notice.

➢ During the voting period, shareholders/ members can login any number of time till they have voted on the resolution(s) for a particular "Event".

**18. Process and manner for attending the Annual General Meeting through InstaMeet:**

1. Open the internet browser and launch the URL: https://instameet.linkintime.co.in & Click on "Login".

➢ Select the "Company" and 'Event Date' and register with your following details: -

**A. Demat Account No. or Folio No:** Enter your 16 digit Demat Account No. or Folio No

- Shareholders/ members holding shares in **CDSL demat account shall provide 16 Digit Beneficiary ID**
- Shareholders/ members holding shares in **NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID**
- Shareholders/ members holding shares in physical form shall provide Folio Number registered with the Company

**B.** PAN: Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable.

**C.** Mobile No.: Enter your mobile number.

**D.** Email ID: Enter your email id, as recorded with your DP/Company.

➢ Click "Go to Meeting" (You are now registered for InstaMeet and your attendance is marked for the meeting).

**19. Instructions for Shareholders/ Members to Speak during the Annual General Meeting through InstaMeet:**

1. Shareholders who would like to speak during the meeting must register their request 3 days in advance with the company on investor@sapphirefoods.in for the general meeting.
2. Shareholders will get confirmation on first cum first basis depending upon the provision made by the client.
3. Shareholders will receive "speaking serial number" once they mark attendance for the meeting.
4. Please remember speaking serial number and start your conversation with panellist by switching on video mode and audio of your device.

Shareholders are requested to speak only when moderator of the meeting/ management will announce the name and serial number for speaking.

**20. Instructions for Shareholders/ Members to Vote during the Annual General Meeting through InstaMeet:**

Once the electronic voting is activated by the scrutinizer during the meeting, shareholders/ members who have not exercised their vote through the remote e-voting can cast the vote as under:

1. On the Shareholders VC page, click on the link for e-Voting "Cast your vote"
2. Enter your 16 digit Demat Account No. / Folio No. and OTP (received on the registered mobile number/ registered email Id) received during registration for InstaMEET and click on 'Submit'.
3. After successful login, you will see "Resolution Description" and against the same the option "Favour/ Against" for voting.
4. Cast your vote by selecting appropriate option i.e. "Favour/Against" as desired. Enter the number of shares (which represents no. of votes) as on the cut-off date under 'Favour/Against'.
5. After selecting the appropriate option i.e. Favour/ Against as desired and you have decided to vote, click on "Save". A confirmation box will be displayed. If you wish to confirm your vote, click on "Confirm", else to change your vote, click on "Back" and accordingly modify your vote.

6. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.

*Note: Shareholders/ Members, who will be present in the Annual General Meeting through InstaMeet facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting facility during the meeting. Shareholders/ Members who have voted through Remote e-Voting prior to the Annual General Meeting will be eligible to attend/ participate in the Annual General Meeting through InstaMeet. However, they will not be eligible to vote again during the meeting.*

Shareholders/ Members are encouraged to join the Meeting through Tablets/ Laptops connected through broadband for better experience.

Shareholders/ Members are required to use Internet with a good speed (preferably 2 MBPS download stream) to avoid any disturbance during the meeting.

Please note that Shareholders/ Members connecting from Mobile Devices or Tablets or through Laptops connecting via Mobile Hotspot may experience Audio/Visual loss due to fluctuation in their network. It is therefore recommended to use stable Wi-FI or LAN connection to mitigate any kind of aforesaid glitches.

In case shareholders/ members have any queries regarding login/ e-voting, they may send an email to instameet@linkintime.co.in or contact on:- Tel: 022 49186175.

## EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 102(1) OF COMPANIES ACT, 2013

The following explanatory statement pursuant to Section 102 (1) of the Companies Act, 2013 and other applicable provisions, set out all material facts relating to the business mentioned in the accompanying notice of 15th Annual General Meeting.

## ITEM NO. 4

**Payment of remuneration to Mr. Sanjay Purohit (DIN: 00117676), Whole-Time Director & Group CEO for FY25 and FY26.**

The Shareholders of the Company at its meetings held on 23rd July 2021, had re-appointed Mr. Sanjay Purohit (DIN: 00117676) as Whole Time Director (WTD) & Group Chief Executive Officer ('Group CEO') of the Company for a term of five years on such terms and conditions including remuneration as approved/recommended by the Nomination and Remuneration Committee and the Board of Directors.

The remuneration payable to Mr. Sanjay Purohit was approved for a period of three years commencing from 1st April 2021 to 31st March 2024 in accordance with the applicable provisions of the Companies Act, 2013 read with Schedule V and Rules made thereunder (hereinafter referred to as "the Act"). As the current term of Mr. Sanjay Purohit is valid for two years, the Board of Directors of the Company at its meeting held on 9th February 2024, basis recommendation of the Nomination and Remuneration Committee, approved remuneration payable to Mr. Sanjay Purohit for the period of remaining two years commencing from 1st April 2024 to 31st March 2026 on such terms and conditions as detailed herein below, with powers to the Board to make such revision therein from time to time, to the extent as the Board may deem appropriate, provided that such revision is as per the provisions of the Act:

1. **Designation:** Whole-time Director & Group CEO
2. **Terms of Remuneration:** Two years commencing from 1st April 2024 to 31st March 2026.
3. **Remuneration:** The remuneration (including bonus/ variable pay) will be in the range of Rs. 3.00 Crores p.a to maximum Rs.5.50 Crores p.a. with power to Board to increase as per their discretion within this range.
4. **Reimbursement:** 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.
5. **Stock Options:** Stock Options as per the scheme(s) framed by the Company from time to time. The perquisite value of the stock options exercised/to be exercised by Mr. Sanjay Purohit shall be in addition to the remuneration/perquisites as mentioned herein.
6. **Perquisites:** 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.
7. **Variation:** The scope and quantum of remuneration and perquisites specified herein above may be enhanced, widened, altered or varied by the Board of Directors in the light of and in conformity of the Act and subject to the overall limits of remuneration and perquisites as approved hereinabove.
8. **Notice:** This appointment can be terminated either by the Company or by Whole Time Director himself, by giving notice in writing for a period of three months.
9. **Minimum Remuneration:** In the event of loss or inadequacy of profits in any financial year during the tenure of the appointment, the Whole Time Director and Group CEO shall be paid remuneration by way of salary, perquisites, allowances and benefits as set out above, including any revisions as approved by the Board from time to time, as minimum remuneration, in accordance with the provisions of Section 197, 198 and other applicable provisions of the Act and Rules made thereunder read with Schedule V to the Act and the SEBI Listing Regulations.
10. **Exemption from computation of ceiling:** The following shall not be included in the computation of perquisites for the purposes of the ceiling:
    a) Contribution to provident and superannuation funds;
    b) Gratuity payable to the extent of half a month's salary for each completed year of service;
    c) Encashment of leave
11. **Retirement by Rotation:** Mr. Sanjay Purohit shall not be liable to retire by Rotation.

The above may be treated as a written memorandum setting out the terms of remuneration of Mr. Sanjay Purohit, Whole-time Director & Group CEO, pursuant to the provisions of Section 190 of the Act.

The details of Mr. Sanjay Purohit, Whole-time Director & Group CEO as required under the provisions of the Companies Act, 2013, Secretarial Standards on General Meetings, SEBI Listing Regulations, etc. are provided hereunder and form part of this Notice.

## I. General Information:

(1) **Nature of industry:** Food and Beverages (Quick Service Restaurants)

(2) **Date or expected date of commencement of commercial production:** Company has already commenced the commercial production and is in the business of operating restaurants.

(3) **In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:** Not Applicable

(4) **Financial performance based on given indicators:**

(₹ in million)

| Particulars | FY 2023-24 | FY 2022-23 | FY 2021-22 |
|---|---|---|---|
| Gross Income / Turnover | 22,676.55 | 19,917.17 | 14,322.47 |
| Total Expenditure | 22,022.95 | 18,909.23 | 14,074.40 |
| Profit / (loss) before tax & exceptional items | 653.60 | 1007.94 | 248.07 |
| Profit / (loss) after tax | 507.68 | 2,260.60 | 248.07 |

(5) **Foreign investments or collaborations, if any:** The Company has received Foreign Direct Investment (FDI) in the past. As on 31st March 2024, the foreign investment including FDI in the Company constitutes ~57.09% of total shareholding. The Company does not have, directly or indirectly, any foreign collaborations. However, the Company has foreign subsidiaries in Sri-Lanka and Maldives, which operates Pizza hut, KFC and Taco Bell stores.

## II. Information about Mr. Sanjay Purohit:

(1) **Background detail:** Sanjay Purohit is the Whole Time Director and Group CEO of our Company. He had pursed mechanical engineering from Mangalore University and is an alumnus of The Indian Institute of Management Bangalore. Before joining our Company, he was the Managing Director for Levi Strauss & Co India, and was also associated with Cadbury India Limited, Mobile Peevs Company Limited, Asian Paints (India) Limited Aristocrat Marketing Limited, International Medical Company, and Goodlass Nerolac Paints Limited. He has over 30 years of work experience across consumer product categories including food and apparel retail, packaged food, and paints.

(2) **Past remuneration:** During FY 2023-24, the Company paid Mr. Sanjay Purohit remuneration of Rs.3.78 crores including perquisites, etc.

(3) **Recognition or awards:** Mr. Sanjay Purohit leadership has earned the Company many recognitions, awards and accolades from franchisor, industry associations, etc.

(4) **Job profile and his suitability:** Mr. Sanjay Purohit is responsible for day-to-day management of the Company and shall carry out such duties as may be entrusted to him by the Board.

(5) **Remuneration proposed:** The remuneration is proposed as mentioned hereinabove, for a period of two (2) years commencing from 1st April 2024 to 31st March 2026.

(6) **Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person:** Taking into consideration the size of the Company, growth plan, the profile, knowledge, industry benchmarks, skills and responsibilities shouldered by Mr. Sanjay Purohit, the remuneration proposed to be paid is commensurate with the remuneration packages paid to their similar counterparts in other companies.

(7) **Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel or other director, if any:** Apart from receiving managerial remuneration mentioned hereinabove above and equity shares / stock options held, Mr. Sanjay Purohit does not have any other pecuniary relationship with the Company or relationship with the managerial personnel or other directors of the Company.

## III. Other information:

(1) **Reasons of loss or inadequate profits:** The Company is already profitable at Operating and PAT level since financial year (FY) 2021-22. The reason of loss or inadequate profits is due to operating losses incurred/accumulated (excess of expenditure over income which has not been deducted/adjusted in any subsequent years) by the Company.

(2) **Steps taken or proposed to be taken for improvement** – The Company continue to build scale with addition of stores and also improve unit economics by further driving cost efficiencies.

(3) **Expected increase in productivity and profits in measurable terms** – As mentioned above at point 2, building scale and improving unit economics (through better SSSG, operating cost and capex efficiency) will help grow both revenue and profits year on year.

The total managerial remuneration payable to Mr. Sanjay Purohit, along with other Executive Director(s) and/or Non-Executive Directors of the Company, in any financial year, may exceed the limits of net profits of the Company as prescribed under Section 197 of the Act read with rules made thereunder. Hence, the approval of the Members is sought by way of special resolution pursuant to the relevant provisions of Section 197 of the Act and rules made thereunder read with Schedule V to the Act.

The Board of Directors of the Company, therefore, recommends the resolution as set out under this notice for the approval of the members as a Special Resolution.

Except Mr. Sanjay Purohit, being himself as a director and to the extent of his shareholding in the Company, no other Directors or Key Managerial Personnel or their relatives is concerned or interested in the resolution set out in Item no.4 of the Notice. The relatives of the Mr. Sanjay Purohit may be deemed to be interested in the resolution to the extent of their shareholding, if any.

## ITEM NO. 5:

**Approval for payment of Remuneration to Non-Executive/Independent Directors**

Section 197 of the Companies Act, 2013 and Regulation 17(6) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), permits the payment of remuneration to a Director who is neither a Whole Time Director nor a Managing Director of a company, by way of commission or otherwise, not exceeding one percent of the net profits of the company, if the shareholders of the company authorizes such payment.

The Board of Directors of the Company is of the view that the 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 upon recommendation of Nomination and Remuneration Committee has proposed to reward them by paying such commission in the form of remuneration.

Pursuant to the provisions of the Companies Act, 2013 read with rules made thereunder (as amended from time to time), if a company fails to make profits or makes inadequate profits in a financial year, any non-executive director of such company, including an independent director, may be paid remuneration in accordance with Schedule V of the Act.

The above remuneration to Non-Executive Directors will be in addition to the sitting fees, if any, payable to them for attending Board/committee meetings, as may be decided by the Board of Directors.

The resolution is being proposed as a Special Resolution in view of the relevant provisions of Schedule V to the Act for payment of minimum remuneration in the event of inadequacy of profits or loss.

The Board recommends the Special Resolution set out in Item No. 5 for approval by members.

None of the Directors/Key Managerial Personnel and/or their relatives, except the concerned non-executive directors including Independent Directors are directly or indirectly concerned or interested, financially or otherwise, except to the extent of remuneration that may be received by them and their respective shareholding, if any, in the Company, in the resolution set out in Item No. 5 of the Notice.

## ITEM NO. 6:

**Payment of Remuneration to Mr. Sunil Chandiramani (DIN:00524035), Chairman and Independent Director of the Company**

Section 197 of the Companies Act, 2013 read with Schedule V and rules made thereunder, Regulation 17(6) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), permits the payment of remuneration to a Director who is neither a Whole Time Director nor a Managing Director of a company, by way of commission or otherwise, not exceeding one percent of the net profits of the company, if the shareholders of the company authorizes such payment.

Pursuant to the provisions of the Companies Act, 2013 read with rules made thereunder (as amended from time to time), if a company fails to make profits or makes inadequate profits in a financial year, any non-executive director of such company, including an independent director, may be paid remuneration in accordance with Schedule V of the Act.

The Independent Directors devote their valuable time and brings their skills, expertise and experience to the Company. The Board of Directors of your Company is of the view that the Independent Directors have higher responsibility for their meaningful engagement and participation in Board and Committee meetings and hence they should be rewarded adequately even in case of inadequacy of profits or losses.

Mr. Sunil Chandiramani, Independent Director is designated as Chairman of the Board of Directors and plays a very crucial role in terms of bringing objectivity into the functioning of the Board and improving its effectiveness. The Board of Directors, upon recommendation of the Nomination and Remuneration Committee, has decided to pay Mr. Sunil Chandiramani, Chairman and Independent Director, remuneration at a fixed amount as proposed in the Resolution No. 6 of this Notice.

The details of Mr. Sunil Chandiramani, Chairman and Independent Director, as required under the provisions of the Companies Act, 2013, Secretarial Standards on General Meetings, SEBI Listing Regulations, etc. are provided hereunder and form part of this Notice.

### I). General information:

(1) **Nature of industry:** Food and Beverage Service Activity (Quick Service Restaurants);

(2) **Date or expected date of commencement of commercial production:** Company has already commenced the commercial production and is in the business of operating restaurants.

(3) **In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:** Not Applicable

(4) **Financial performance based on given indicators:**

(₹ in million)

| Particulars | FY 2023-24 | FY 2022-23 | FY 2021-22 |
|---|---|---|---|
| Gross Income / Turnover | 22,676.55 | 19,917.17 | 14,322.47 |
| Total Expenditure | 22,022.95 | 18,909.23 | 14,074.40 |
| Profit / (loss) before tax & exceptional items | 653.60 | 1007.94 | 248.07 |
| Profit / (loss) after tax | 507.68 | 2,260.60 | 248.07 |

(5) **Foreign investments or collaborations, if any:** The Company has received Foreign Direct Investment (FDI) in the past. As on 31st March 2024, the foreign investment including FDI in the Company constitutes ~57.09% of total shareholding. The Company does not have, directly or indirectly, any foreign collaborations. However, the Company has foreign subsidiaries in Sri-Lanka and Maldives, which operates Pizza hut, KFC and Taco Bell stores.

### II). Information about Mr. Sunil Chandiramani

**(1) Background detail:** Mr. Sunil Chandiramani holds a bachelor's degree in commerce from University of Mumbai, and an honours diploma in systems management from the National Institute of Information Technology. He is also an associate of the Institute of Chartered Accountants of India. Prior to joining our Company, he was associated with S.R. Batliboi & Co. LLP and with Ernst & Young LLP as a partner. He is also the founder of NYKA Advisory Services and currently manages its business affairs as the proprietor. He has experience of over 30 years and has worked in the field of accounting and advisory services.

**(2) Past remuneration:** During FY 2023-24, the Company has paid Rs. 20,00,000/- as remuneration and Rs. 5,00,000/- as sitting fees to Mr. Sunil Chandiramani.

**(3) Recognition or awards:** Widely regarded as a thought leader, Mr. Sunil Chandiramani has been invited to speak at conferences both in India and Overseas and at prestigious forums like CII, NASSCOM, American Chamber of Commerce, leading Management institutions and The Institute of Internal Auditors. He has also served as the Mumbai chapter president for the Institute of Internal Auditors and was a member on the Board of Governors for the institute of Internal Auditors, in India.

**(4) Job profile and his suitability:** Mr. Sunil Chandiramani worked for 25 years with Ernst & Young LLP, India's leading professional services firm. He was the CEO of the Advisory Practice and responsible for building

India's Largest Advisory Practice (3000 Professionals). He also led the development of the Global Innovation Strategy for EY Global (a USD 27 Billion enterprise) to identify growth opportunities.

Mr. Sunil Chandiramani has the credit of turning around loss making practices, developing and grooming leaders and implementing sales interventions and account management programs to deliver hyper growth. He also serves on the CII Corporate Governance Committee and contributes on the agenda of Policy changes and improving corporate governance. Mr. Sunil Chandiramani has been a member of committees constituted by ICAI (Digital Accounting and Assurance Board), Reserve Bank of India (RBI), the Securities and Exchange Board of India (SEBI) and CII. He is on the Advisory panel for Universal Business School (UBS) and the Information Security Management Group.

Mr. Sunil Chandiramani also serves as Independent Director on the Boards of Rupa & Company Limited and Updater Services Limited.

(5) **Remuneration proposed:** The remuneration is proposed as mentioned hereinabove, for a period of three (3) financial years commencing from 1st April 2024.

(6) **Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person:** Taking into consideration the size of the Company, growth plan, the profile of the Independent Director, knowledge, industry benchmarks, skills and responsibilities shouldered by Mr. Sunil Chandiramani as Chairman and Independent Director, the remuneration proposed to be paid is commensurate with the remuneration packages paid to their similar counterparts in other companies.

(7) **Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel or other director, if any:** Apart from receiving managerial remuneration mentioned above and sitting fees payable, if any, Mr. Sunil Chandiramani does not have any other pecuniary relationship with the Company.

### III. Other information:

(1) **Reasons of loss or inadequate profits:** The Company is already profitable at Operating and PAT level since financial year (FY) 2021-22. The reason of loss or inadequate profits is due to operating losses incurred/accumulated (excess of expenditure over income which has not been deducted/adjusted in any subsequent years) by the Company.

(2) **Steps taken or proposed to be taken for improvement** – The Company continue to build scale with addition of stores and also improve unit economics by further driving cost efficiencies.

(3) **Expected increase in productivity and profits in measurable terms** – As mentioned above at point 2, building scale and improving unit economics (through better SSSG, operating cost and capex efficiency) will help grow both revenue and profits year on year.

The total managerial remuneration payable to Mr. Sunil Chandiramani, along with other Executive Director(s) and/or Non-Executive Directors of the Company, in any financial year, may exceed the limits of net profits of the Company as prescribed under Section 197 of the Act read with rules made thereunder. Hence, the approval of the Members is sought by way of special resolution pursuant to the relevant provisions of Section 197 of the Act and rules made thereunder read with Schedule V to the Act.

Your Board is of the opinion that the remuneration payable to Mr. Sunil Chandiramani, Chairman and Independent Director, is in the best interest of the Company and accordingly recommends resolution as set out under Item No. 6 of the Notice as Special Resolution for approval of members.

None of the Directors/key managerial personnel and/or their relatives, except the Mr. Sunil Chandiramani and his relatives, are directly or indirectly concerned or interested, financially or otherwise, except to the extent of remuneration that may be received by Mr. Sunil Chandiramani in the Company, in the resolution set out in Item No. 6 of the Notice.

## ITEM NO. 7:

**Payment of Remuneration to Ms. Deepa Wadhwa (DIN: 07862942), Independent Director of the Company**

Section 197 of the Companies Act, 2013 read with Schedule V and rules made thereunder, Regulation 17(6) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), permits the payment of remuneration to a Director who is neither a Whole Time Director nor a Managing Director of a company, by way of commission or otherwise, not exceeding one percent of the net profits of the company, if the shareholders of the company authorizes such payment.

Pursuant to the provisions of the Companies Act, 2013 read with rules made thereunder (as amended from time to time), if a company fails to make profits or makes inadequate profits in a financial year, any non-executive director of such company, including an independent director, may be paid remuneration in accordance with Schedule V of the Act.

The Independent Directors devote their valuable time and brings their skills, expertise and experience to the Company. The Board of Directors of your Company is of the view that the Independent Directors have higher responsibility for their meaningful engagement and participation in Board and Committee meetings and hence they should be rewarded adequately even in case of inadequacy of profits or losses.

Ms. Deepa Wadhwa, Independent Director plays a very crucial role in terms of bringing objectivity into the functioning of the Board and improving its effectiveness. The Board of Directors, upon recommendation of the Nomination and Remuneration Committee, has decided to pay Ms. Deepa Wadhwa, Independent Director, remuneration at a fixed amount as proposed in the Resolution No. 7 of this Notice.

The details of Ms. Deepa Wadhwa, Independent Director`, as required under the provisions of the Companies Act, 2013, Secretarial Standards on General Meetings, SEBI Listing Regulations, etc. are provided hereunder and form part of this Notice.

### III). General information:

(1) **Nature of industry:** Food and Beverage Service Activity (Quick Service Restaurants);

(2) **Date or expected date of commencement of commercial production:** Company has already commenced the commercial production and is in the business of operating restaurants.

(3) **In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:** Not Applicable

(4) **Financial performance based on given indicators:**

(₹ in million)

| Particulars | FY 2023-24 | FY 2022-23 | FY 2021-22 |
|---|---|---|---|
| Gross Income / Turnover | 22,676.55 | 19,917.17 | 14,322.47 |
| Total Expenditure | 22,022.95 | 18,909.23 | 14,074.40 |
| Profit / (loss) before tax & exceptional items | 653.60 | 1007.94 | 248.07 |
| Profit / (loss) after tax | 507.68 | 2,260.60 | 248.07 |

(5) **Foreign investments or collaborations, if any:** The Company has received Foreign Direct Investment (FDI) in the past. As on 31st March 2024, the foreign investment including FDI in the Company constitutes ~57.09% of total shareholding. The Company does not have, directly or indirectly, any foreign collaborations. However, the Company has foreign subsidiaries in Sri-Lanka and Maldives, which operates Pizza hut, KFC and Taco Bell stores.

### IV). Information about Ms. Deepa Wadhwa

(1) **Background detail:** Ms. Deepa Wadhwa holds a bachelor's degree of science from Madras University and a degree of Master of Arts from Sri Venkateswara University. She served in the Indian Foreign Services ("IFS") form July 1979 to November 2015, in the capacity of inter alia, ambassador in Stockholm, Doha and Tokyo. During her career with experience of over 36 years in the IFS, she had also held other assignments in Geneva, Hong Kong, China, Netherlands, the International Labour Organization (ILO) and served as a joint secretary in the Ministry of External Affairs.

(2) **Past remuneration:** During FY 2023-24, the Company has paid Rs. 15,00,000/- as remuneration and Rs. 5,00,000/- as sitting Fees to Ms. Deepa Wadhwa

(3) **Recognition or awards:** Ms. Deepa Wadhwa has been a career diplomat who served in the Indian Foreign Services (IFS) form July 1979 to December 2015. Ms. Wadhwa is currently Chairperson of the India – Japan Friendship Forum located in FICCI and in on the Governing Council of the Asian Confluence based in Shillong. She is associated with think tanks dealing with foreign and strategic policy, such as the Vivekananda International Foundation, and the Institute of Chinese Studies based in New Delhi.

(4) **Job profile and his suitability:** Ms. Deepa Wadhwa serves as Independent Director on the Boards of JK Cement Ltd, JK Paper Ltd., Bengal & Assam Co Ltd., Subros Ltd., Artemis Medicare Services Ltd. and NDR Auto Components Ltd. She also serves on the Advisory Boards of Power Transmission and Distribution IC, and WET IC of the Larsen & Toubro Group.

(5) **Remuneration proposed:** The remuneration is proposed as mentioned hereinabove, for a period of three (3) financial years commencing from 1st April 2024.

(6) **Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person:** Taking into consideration the size of the Company, growth plan, the profile, knowledge, industry benchmarks, skills and responsibilities of Ms. Deepa Wadhwa as Independent Director of the Company, the remuneration proposed to be paid is commensurate with the remuneration packages paid to their similar counterparts in other companies.

(7) **Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel or other director, if any:** Apart from receiving managerial remuneration mentioned above and sitting fees payable, if any, Ms. Deepa Wadhwa does not have any other pecuniary relationship with the Company.

### III. Other information:

(1) **Reasons of loss or inadequate profits:** The Company is already profitable at Operating and PAT level since financial year (FY) 2021-22. The reason of loss or inadequate profits is due to operating losses incurred/accumulated (excess of expenditure over income which has not been deducted/adjusted in any subsequent years) by the Company.

(2) **Steps taken or proposed to be taken for improvement** – The Company continue to build scale with addition of stores and also improve unit economics by further driving cost efficiencies.

(3) **Expected increase in productivity and profits in measurable terms** – As mentioned above at point 2, building scale and improving unit economics (through better SSSG, operating cost and capex efficiency) will help grow both revenue and profits year on year.

The total managerial remuneration payable to Ms. Deepa Wadhwa, Independent Director, along with other Executive Director(s) and/or Non-Executive Directors of the Company, in any financial year, may exceed the limits of net profits of the Company as prescribed under Section 197 of the Act read with rules made thereunder. Hence, the approval of the Members is sought by way of special resolution pursuant to the relevant provisions of Section 197 of the Act and rules made thereunder read with Schedule V to the Act.

Your Board is of the opinion that the remuneration payable to Ms. Deepa Wadhwa, Independent Director, is in the best interest of the Company and accordingly recommends resolution as set out under Item No. 7 of the Notice as Special Resolution for approval of members.

None of the Directors/key managerial personnel and/or their relatives, except the Ms. Deepa Wadhwa and her relatives, are directly or indirectly concerned or interested, financially or otherwise, except to the extent of remuneration that may be received by Ms. Deepa Wadhwa in the Company, in the resolution set out in Item No. 7 of the Notice.

## ITEM NO. 8:

**To Approve Sub-Division/Split of Face Value of Equity Shares of the Company and the consequent amendment to the Memorandum of Association of the Company.**

The equity shares of the Company are listed and traded on the National Stock Exchange of India Limited and BSE Limited. In order to improve liquidity of the equity shares of the company in the capital markets through widening shareholder base and to make it more affordable for retail investors, the Board of Directors of the Company at its meeting held on 19th June 2024, considered it desirable to sub-divide/split face value of equity shares of the Company from Rs. 10 per share to the denomination of Rs. 2 per share, fully paid up, ranking pari-passu with each other in all respects with effect from such date ('Record Date') as may be fixed for this purpose by the Board of Directors (hereinafter referred to as the "Board" which term shall be deemed to include any Committee thereof constituted by the Board), subject to approval of shareholders of the Company.

The aforesaid sub-division/split of the face value of the equity shares of the Company requires amendment to the Memorandum of Association of the Company. Accordingly, Clause V of the Memorandum of Association needs to be amended for reflecting the corresponding changes in the Authorized Share Capital of the Company and shall stand at Rs. 467,01,20,000/- (Rupees Four Hundred Sixty Seven Crores and One lakh Twenty Thousand Only) divided into 233,50,60,000 equity shares of Rs 2/- each.

The sub-division/split of par value of the equity shares shall also require, inter-alia, appropriate adjustments with respect to all stock options which are/will be granted, unvested, vested but not exercised, exercised, lapsed/cancelled by the employees of the Company and its subsidiaries covered under "Sapphire Foods Employee Stock Option Plan 2017" ("ESOP Plan") read with the following scheme(s):

1. "Sapphire Foods Employees Stock Option Scheme 2019 – Scheme III – Management other than CEO ("Scheme III");
2. Sapphire Foods Employees Stock Option Scheme 2019 – Scheme IV – CEO ("Scheme IV");
3. Sapphire Foods Employee Stock Option Scheme 2022 – Scheme IIIA – Management other than CEO ("Scheme IIIA") and
4. Sapphire Foods Employee Stock Option Scheme 2022 – Scheme IVA – CEO ("Scheme IVA").

Such that all the stock options outstanding on the Record Date to be determined by the Board, both vested and unvested including lapsed and forfeited options available for reissue, shall be appropriately/proportionately adjusted.

Accordingly, the approval of the Members of the Company is sought by way of Ordinary Resolutions for sub-division/split of equity shares and consequential alteration to Capital Clause (Clause V) of the Memorandum of Association of the Company.

None of the Directors, Key Managerial Personnel of the Company or their relatives are in any way, concerned or interested, in the resolutions as set out respectively at Item No. 8 of the Notice, except to the extent of their shareholding in the Company and/or the Options granted/ which may be granted in future, under the above Employee Stock Option Plan/Schemes, if any.

By order of the Board of Directors
For SAPPHIRE FOODS INDIA LIMITED

SACHIN DUDAM
COMPANY SECRETARY & COMPLIANCE OFFICER
(Membership No. A31812)

Place: Mumbai
Date: 19th June 2024

**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 / fixation or variation of remuneration:**

### 1) MR. VINOD NAMBIAR:

| S. N. | Particulars | Details of Mr. Vinod Nambiar |
|---|---|---|
| 1 | DIN | 07290613 |
| 2 | Age | 58 years |
| 3 | Brief Resume and Qualification | Mr. Vinod Nambiar joined More Retail in April 2020. 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.<br><br>In his various roles at Colgate over last 21 years, Mr. Nambiar 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.<br><br>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 | 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. |
| 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 | 4 |
| 12 | Other directorship/ membership/ Chairmanship of the Committee of other Board | **Directorships:**<br>1. More Retail Private Limited.<br>2. More Consumer Brands Private Limited. |

### 2) MR. NORBERT FERNANDES:

| S. N. | Particulars | Details of Mr. Norbert Fernandes |
|---|---|---|
| 1 | DIN | 06716549 |
| 2 | Age | 43 years |
| 3 | Brief Resume and Qualification | Mr. Norbert Fernandes is a Director at TR Capital and leads the Mumbai office. Prior to TR Capital, Mr. Fernandes was co-founding principal at IvyCap Ventures. Before that, he worked at Temasek Holdings in Singapore and Mumbai, where he was an early member of the India Investment Team. Mr. Fernandes holds an undergraduate degree from IIT Kanpur and a management degree from IIM Calcutta. |
| 4 | Nature of his expertise in specific functional areas | Mr. Fernandes has vide experience in the field of private equity, finance, banking, audit and accountancy, strategy, planning and execution, risk management |
| 5 | Date of First appointment on the Board | 12th May 2023 |
| 6 | Terms & Conditions of Appointment, other than remuneration | Non-Executive Nominee Director, liable to retire by rotation |
| 7 | Remuneration sought to be paid, if any | NIL |
| 8 | Remuneration last drawn by such person | NIL |
| 9 | Shareholding in the Company | NIL |
| 10 | Relationship with the other directors, Managers and Key Managerial Personnel of the Company | None |
| 11 | Number of Meetings of the Board attended during the year | 4 |
| 12 | Other directorship/ membership/ Chairmanship of the Committee of other Board | **Directorships:**<br>1. Vegayan Systems Private Limited<br>2. Paradise Food Court Private Limited |

### 3) MR. SANJAY PUROHIT:

| S. N. | Particulars | Details of Mr. Sanjay Purohit |
|---|---|---|
| 1 | DIN | 00117676 |
| 2 | Age | 58 Years |
| 3 | Qualifications | PGDM – IIM, BE - Mechanical |
| 4 | Experience | Over 30 years |
| 5 | Terms & Conditions of Appointment, other than remuneration | As per Company Policy and decided by the Board and Members from time to time |
| 6 | Remuneration sought to be paid, if any | As mentioned in the Notice of 15th AGM |
| 7 | Remuneration last drawn by such person | During FY 2023-24, the Company paid Mr. Sanjay Purohit remuneration of Rs.3.78 crores including perquisites. |
| 8 | Date of First appointment on the Board | 31st August 2016 |
| 9 | Shareholding in the Company | 647,778 Equity Shares of the Company pursuant to exercise of Stock Options |
| 10 | Relationship with the other directors, Managers and Key Managerial Personnel of the Company | Nil |
| 11 | Number of Meetings of the Board attended during the previous year | 4 |
| 12 | Other directorship/ membership/ Chairmanship of the Committee of other Board | **Directorships:**<br>Gamma Pizzakraft Lanka (Private) Limited, wholly-owned subsidiary of the Company |

### 4) MR. SUNIL CHANDIRAMANI:

| S. N. | Particulars | Details of Mr. Sunil Chandiramani |
|---|---|---|
| 1 | DIN | 00524035 |
| 2 | Age | 58 Years |
| 3 | Qualifications | Bachelor of Commerce from the University of Mumbai and Honours Diploma in Systems Management from the National Institute of Information Technology (NIIT). Chartered Accountant from Institute of Chartered Accountants of India (ICAI). |
| 4 | Experience | Over 30 years |
| 5 | Terms & Conditions of Appointment, other than remuneration | Chairman and Independent Director. Not liable to retire by rotation |
| 6 | Remuneration sought to be paid, if any | As mentioned in the Notice of 15th AGM |

| S. N. | Particulars | Details of Mr. Sunil Chandiramani |
|---|---|---|
| 7 | Remuneration last drawn by such person | During FY 2023-24, the Company paid Mr. Sunil Chandiramani remuneration of Rs. 20 lakhs and sitting fee of Rs. 5 lakhs for attending Board and Committee meetings. |
| 8 | Date of First appointment on the Board | 5th August 2021 |
| 9 | Shareholding in the Company | Nil |
| 10 | Relationship with the other directors, Managers and Key Managerial Personnel of the Company | Nil |
| 11 | Number of Meetings of the Board attended during the previous year | 4 |
| 12 | Other directorship/ membership/ Chairmanship of the Committee of other Board | **Directorships:**<br>1. Ganesh Grains Limited<br>2. Vigyanlabs Innovations Private Limited<br>3. Updater Services Limited<br>4. Davadost Pharma Private Limited<br>5. Rupa & Company Limited<br>6. Denave India Private Limited<br>7. IKF Finance Limited<br>**Membership/ Chairmanship of the Committee:**<br>1. Ganesh Grains Limited – Audit Committee Chairman<br>2. Updater Services Limited - Audit Committee Chairman<br>3. Denave India Private Limited - - Audit Committee Member<br>4. IKF Finance Limited – Audit Committee & Stakeholders Relationship Committee Member |

**5) MS. DEEPA WADHWA:**

| S. N. | Particulars | Details of Ms. Deepa Wadhwa |
|---|---|---|
| 1 | DIN | 07862942 |
| 2 | Age | 68 Years |
| 3 | Qualifications | Bachelor's degree in Science from University of Madras and Master of Arts from Sri Venkateswara University |
| 4 | Experience | Over 36 years |
| 5 | Terms & Conditions of Appointment, other than remuneration | Independent Director, not liable to retire by rotation |
| 6 | Remuneration sought to be paid, if any | As mentioned in the Notice of 15th AGM |
| 7 | Remuneration last drawn by such person | During FY 2023-24, the Company paid Ms. Deepa Wadhwa remuneration of Rs. 15 lakhs and sitting fee of Rs. 5 lakhs for attending Board and Committee meetings. |
| 8 | Date of First appointment on the Board | 5th August 2021 |
| 9 | Shareholding in the Company | Nil |
| 10 | Relationship with the other directors, Managers and Key Managerial Personnel of the Company | Nil |
| 11 | Number of Meetings of the Board attended during the previous year | 4 |
| 12 | Other directorship/ membership/ Chairmanship of the Committee of other Board | Directorships:<br>1. J.K. Cement Limited<br>2. JK Paper Limited<br>3. Bengal & Assam Company Limited<br>4. Mukand Sumi Special Steel Limited<br>5. ASA Corporate Catalyst India Private Limited<br>6. Artemis Medicare Services Limited<br>7. NDR Auto Components Limited<br>8. Horizon Packs Private Limited<br>9. L&T Metro Rail (Hyderabad) Limited<br>10. Subros Limited<br>**Membership/ Chairmanship of the Committee:**<br>1. J.K. Cement Limited - Stakeholders Relationship Committee Member<br>2. JK Paper Limited - Stakeholders Relationship Committee Member<br>3. A rtemis Medicare Services Limited – Audit Committee Member<br>4. NDR Auto Components Limited - Audit Committee & Stakeholders Relationship Committee Member<br>5. L&T Metro Rail (Hyderabad) Limited - Stakeholders Relationship Committee Chairperson |