

Date: August 11, 2022

To,

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

**Subject: Outcome of the Meeting of the Board of Directors of Sapphire Foods India Limited**

Pursuant to Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), we wish to inform that the Board of Directors of Sapphire Foods India Limited (“the Company”) at its meeting held today, i.e. on Thursday, August 11, 2022, inter-alia, has considered and approved the following:

- 1) Unaudited Financial Results (Standalone and Consolidated) of the Company for the quarter ended June 30, 2022, duly considered, and recommended by the Audit Committee along with the Limited Review Reports issued by M/s. S R B C & Co. LLP, Chartered Accountants, Statutory Auditors of the Company.

Please find enclosed herewith the copies of the Unaudited Financial Results (Standalone and Consolidated) along with the Limited Review Reports on the aforesaid Financial Results issued by Statutory Auditors of the Company.

In connection with the aforesaid, Press (Investor) Release and Earnings Presentation is enclosed herewith with this outcome letter.

The meeting of Board of Directors commenced at 11.30 a.m. and concluded at 01.10 p.m.

Request you to kindly take the same on record.

Thanking you,

**For Sapphire Foods India Limited**




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

Encl.: a/a

**Independent Auditor's Review Report on the Quarterly Unaudited Standalone Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended****Review Report to  
The Board of Directors  
Sapphire Foods India Limited**

1. We have reviewed the accompanying statement of unaudited standalone financial results of Sapphire Foods India Limited (the "Company") for the quarter ended June 30, 2022 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").
2. The Company's Management is responsible for the preparation of the Statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. The Statement has been approved by the Company's Board of Directors. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

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

  
per Vikram Mehta  
Partner  
Membership No.: 109538  
UDIN: 22105938ADUMR02246  
Mumbai,  
August 11, 2022





**Sapphire Foods India Limited**

Registered address :702, Prism Tower, A-Wing, Mindspace, Link Road, Goregaon (W), Mumbai- 400062, India  
CIN: L55204MH2009PLC197005, Email: info@sapphirefoods.in, Website: www.sapphirefoods.in

**Statement of Unaudited Standalone Financial Results for the quarter ended June 30, 2022**

*(Rs. in Million except per share data)*

Particulars	Quarter ended on			Year ended on
	30.06.2022	31.03.2022	30.06.2021	31.03.2022
	(Unaudited)	(Audited) (Refer note 3)	(Audited)	(Audited)
<b>1 Income</b>				
a) Revenue from operations	4,732.96	3,983.27	2,429.48	13,981.54
b) Other income	58.25	97.51	94.16	340.93
<b>Total income [1(a) + 1(b)]</b>	<b>4,791.21</b>	<b>4,080.78</b>	<b>2,523.64</b>	<b>14,322.47</b>
<b>2 Expenses</b>				
a) Cost of materials consumed	1,461.14	1,211.30	701.57	4,189.06
b) Employee benefits expense	558.94	506.87	429.71	2,116.83
c) Finance costs	181.29	181.92	151.38	667.33
d) Depreciation and amortisation expense	542.63	492.98	449.57	1,801.48
e) Other expenses	1,702.91	1,489.62	1,049.68	5,299.70
<b>Total expenses [2(a) to 2(e)]</b>	<b>4,446.91</b>	<b>3,882.69</b>	<b>2,781.91</b>	<b>14,074.40</b>
<b>3 Profit/ (Loss) before tax [1 - 2]</b>	<b>344.30</b>	<b>198.09</b>	<b>(258.27)</b>	<b>248.07</b>
<b>4 Tax expense</b>				
a) Current tax	-	-	-	-
b) Deferred tax	-	-	-	-
<b>Total Tax expense [4(a) + 4(b)]</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>5 Profit/ (Loss) after tax [3 - 4]</b>	<b>344.30</b>	<b>198.09</b>	<b>(258.27)</b>	<b>248.07</b>
<b>6 Other comprehensive income/ (loss)</b>				
a) Items that will not be reclassified to profit or loss				
i) Remeasuments gain/(losses) of net defined benefit plan	5.27	(0.09)	(2.02)	(16.25)
ii) Tax effect on above	-	-	-	-
<b>Total Other comprehensive income/ (loss) [6(a) + 6(b)]</b>	<b>5.27</b>	<b>(0.09)</b>	<b>(2.02)</b>	<b>(16.25)</b>
<b>7 Total comprehensive income/ (loss) [5 + 6]</b>	<b>349.57</b>	<b>198.00</b>	<b>(260.29)</b>	<b>231.82</b>
8 Paid-up equity share capital [Face Value - Rs. 10/- per share]	635.43	635.43	527.90	635.43
9 Other equity (excluding revaluation reserve)				9,780.88
10 Earnings per equity share (of Rs. 10/- each) (not annualised)				
a) Basic (Rs.)	5.42	3.12	(4.89)	4.16
b) Diluted (Rs.)	5.36	3.09	(4.89)	4.12

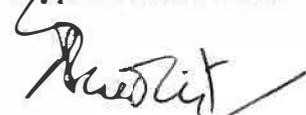
**SIGNED FOR IDENTIFICATION  
BY**  
  
**S R B C & CO LLP  
MUMBAI**



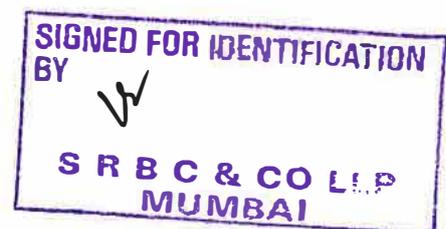
**Notes to Standalone financial results:**

1. The above standalone financial results have been reviewed and recommended by the Audit Committee and approved by the Board of Directors at their meetings held on August 11, 2022.
2. These standalone financial results have been prepared in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2013 read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Indian Accounting Standards) Rules, 2016.
3. The figures of the last quarter ended March 31, 2022 are the balancing figures between audited figures in respect of the full financial year up to March 31, 2022 and the unaudited year-to-date published figures up to December 31, 2021 being the date of the end of the third quarter of the financial year which were subjected to limited review.
4. The Board of Directors ("the Board") of the Company at its meeting held on February 11, 2022 has inter-alia, subject to requisite approvals/consents, considered and approved the Scheme of Merger by Absorption between Sapphire Foods India Limited (the "Transferee Company" or "Company") and wholly owned subsidiaries namely Gamma Pizzakraft Private Limited (Transferor Company 1) and Gamma Pizzakraft (Overseas) Private Limited (Transferor Company 2") under Sections 230 to 232 of the Companies Act, 2013 ("Scheme"). The Scheme is subject to necessary statutory and regulatory approvals including the approval of Hon' ble National Company Law Tribunal (NCLT), Mumbai bench. The Appointed Date of the Scheme is April 1, 2022. The scheme / application was filed and admitted with National Company Law Tribunal (NCLT), Mumbai Bench on May 5, 2022.
5. The Company is in the business of operating restaurants and has only one reportable operating segment as per Ind AS 108 – Operating Segments.
6. The Company holds Investment and has advanced Inter Corporate deposits to its subsidiary Gamma Pizzakraft Overseas Pvt. Limited (GPOPL) who has further invested in its subsidiary Gamma Pizzakraft (Lanka) Private Limited (GPLPL). GPLPL primarily operates Pizza Hut brand in Sri Lanka. Considering the macroeconomic challenges currently faced by Sri Lanka on account of rising prices, depletion of forex reserves, depreciation of Sri Lankan currency to INR and other inflationary pressures, the management has considered all internal and external sources of information including economic forecasts and estimates from market sources as at the date of the approval of these financial results in determining the recoverable value for such investment held in GPOPL. 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.

For and on behalf of the Board of Directors  
**Sapphire Foods India Limited**



Sanjay Purohit  
Whole Time Director and Group CEO  
DIN: 00117676  
Place: Mumbai  
Date: August 11, 2022



**Independent Auditor's Review Report on the Quarterly Unaudited Consolidated Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended**

**Review Report to  
The Board of Directors  
Sapphire Foods India Limited**

1. We have reviewed the accompanying Statement of Unaudited Consolidated Financial Results of Sapphire Foods India Limited (the "Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), for the quarter ended June 30, 2022 (the "Statement") attached herewith, being submitted by the Holding Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").
2. The Holding Company's Management is responsible for the preparation of the Statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. The Statement has been approved by the Holding Company's Board of Directors. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the Circular No. CIR/CFD/CMD1/44/2019 dated March 29, 2019 issued by the Securities and Exchange Board of India under Regulation 33(8) of the Listing Regulations, to the extent applicable.

4. The Statement includes the results of the following entities:

**Holding Company:** Sapphire Foods India Limited

**Subsidiaries:**

- i. Gamma Pizzakraft (Overseas) Private Limited
  - ii. Gamma Pizzakraft Private Limited
  - iii. Gamma Pizzakraft (Lanka) Private Limited
  - iv. French Restaurants Private Limited
  - v. Gamma Island Food Private Limited
5. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review reports of other auditors referred to in paragraph 6 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with recognition and measurement principles laid down in the aforesaid Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.



# **S R B C & CO LLP**

Chartered Accountants

6. The accompanying Statement includes the unaudited interim financial results and other financial information, in respect of 5 subsidiaries, whose unaudited interim financial results include total revenues of Rs 729.71 million, total net profit after tax of Rs. 35.81 million, total comprehensive loss of Rs. 35.60 million, for the quarter ended June 30, 2022, as considered in the Statement which have been reviewed by their respective independent auditors.

The independent auditor's reports on unaudited interim financial results of these entities have been furnished to us by the Management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures in respect of these subsidiaries is based solely on the report of such auditors and procedures performed by us as stated in paragraph 3 above.

Our conclusion on the Statement in respect of matters stated in para 6 above is not modified with respect to our reliance on the work done and the reports of the other auditors.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm registration number: 324982E/E300003



per Vikram Mehta

Partner

Membership No.: 109538

UDIN: 22105938ADUNMB6645

Mumbai

August 11, 2022





**Sapphire Foods India Limited**

Registered address :702, Prism Tower, A-Wing, Mindspace, Link Road, Goregaon (W), Mumbai- 400062, India  
CIN: L55204MH2009PLC197005, Email: info@sapphirefoods.in, Website: www.sapphirefoods.in

**Statement of Unaudited Consolidated financial results for the quarter ended June 30, 2022**

(Rs. in Million except per share data)

Particulars	Quarter ended on			Year Ended on
	30.06.2022	31.03.2022	30.06.2021	31.03.2022
	(Unaudited)	(Audited) (Refer note 3)	(Audited)	(Audited)
<b>1 Income</b>				
a) Revenue from operations	5,462.67	4,968.26	3,030.50	17,215.72
b) Other income	58.95	97.78	108.75	379.78
<b>Total income [1(a) + 1(b)]</b>	<b>5,521.62</b>	<b>5,066.04</b>	<b>3,139.25</b>	<b>17,595.50</b>
<b>2 Expenses</b>				
a) Cost of materials consumed	1,756.16	1,554.68	900.16	5,277.97
b) Employee benefits expense	683.65	678.32	559.38	2,739.94
c) Finance costs	197.19	233.32	172.43	780.93
d) Depreciation and amortisation expense	609.41	576.47	533.57	2,135.21
e) Other expenses	1,918.93	1,737.40	1,230.15	6,147.60
<b>Total expenses [2(a) to 2(e)]</b>	<b>5,165.34</b>	<b>4,780.19</b>	<b>3,395.69</b>	<b>17,081.65</b>
<b>3 Profit / (Loss) before tax [ 1 - 2 ]</b>	<b>356.28</b>	<b>285.86</b>	<b>(256.44)</b>	<b>513.85</b>
<b>4 Tax expense</b>				
a) Current tax	7.39	17.32	8.06	64.42
b) Deferred tax	(32.54)	3.56	(0.47)	(10.42)
<b>Total Tax expense [ 4(a) + 4(b) ]</b>	<b>(25.15)</b>	<b>20.88</b>	<b>7.59</b>	<b>54.00</b>
<b>5 Profit / (Loss) after tax [ 3 - 4 ]</b>	<b>381.43</b>	<b>264.97</b>	<b>(264.03)</b>	<b>459.85</b>
<b>6 Other comprehensive income/ (loss)</b>				
a) Items that will not be reclassified to profit or loss				
i) Remeasurments gain/(losses) of net defined benefit plan	5.27	(4.76)	(0.48)	(20.16)
ii) Tax effect on above	-	0.50	0.04	0.76
b) Items that will be reclassified to profit or loss				
i) Exchange difference on translation of foreign operations	(71.41)	(210.31)	10.95	(208.61)
<b>Total Other comprehensive Income /(loss) [6(a)+6(b)]</b>	<b>(66.14)</b>	<b>(214.57)</b>	<b>10.51</b>	<b>(228.01)</b>
<b>7 Total Comprehensive income/ (loss) [ 5 + 6 ]</b>	<b>315.29</b>	<b>50.40</b>	<b>(253.52)</b>	<b>231.84</b>
<b>8 Total Comprehensive income/ (loss) for the period / year attributable to -</b>				
Equity holders of the parent	317.21	50.85	(249.87)	237.11
Non-controlling interest	(1.92)	(0.45)	(3.65)	(5.27)
<b>9 Profit / (Loss) for the period / year attributable to -</b>				
Equity holders of the parent	382.66	265.12	(260.91)	464.60
Non-controlling interest	(1.23)	(0.15)	(3.12)	(4.75)
<b>10 Other comprehensive Income/ (loss) for the period / year attributable to -</b>				
Equity holders of the parent	(65.45)	(214.27)	11.04	(227.49)
Non-controlling interest	(0.69)	(0.30)	(0.53)	(0.52)
<b>11 Paid-up equity share capital [Face Value - Rs. 10/- per share]</b>	<b>635.43</b>	<b>635.43</b>	<b>527.90</b>	<b>635.43</b>
<b>12 Other equity (excluding revaluation reserve)</b>				<b>9,436.04</b>
<b>13 Earnings per equity share (of Rs. 10/- each) (not annualised)</b>				
a) Basic (Rs.)	6.02	4.17	(4.94)	7.78
b) Diluted (Rs.)	5.95	4.13	(4.94)	7.72

SIGNED FOR IDENTIFICATION  
BY  
W  
S R B C & CO LLP  
MUMBAI

*[Handwritten Signature]*

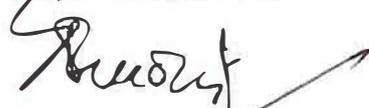


**Notes to Consolidated financial results:**

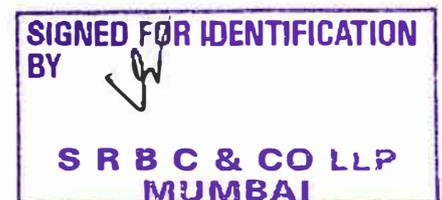
1. The above consolidated financial results have been reviewed and recommended by the Audit Committee and approved by the Board of Directors at their meetings held on August 11, 2022.
2. These consolidated financial results have been prepared in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2013 read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Indian Accounting Standards) Rules, 2016.
3. The figures of the last quarter ended March 31, 2022 are the balancing figures between audited figures in respect of the full financial year up to March 31, 2022 and the unaudited year-to-date published figures up to December 31, 2021 being the date of the end of the third quarter of the financial year which were subjected to limited review.
4. The Board of Directors ("the Board") of the Parent Company at its meeting held on February 11, 2022 has inter-alia, subject to requisite approvals/consents, considered and approved the Scheme of Merger by Absorption between Sapphire Foods India Limited (the "Transferee Company" or "Company") and wholly owned subsidiaries namely Gamma Pizzakraft Private Limited (Transferor Company 1) and Gamma Pizzakraft (Overseas) Private Limited (Transferor Company 2") under Sections 230 to 232 of the Companies Act, 2013 ("Scheme"). The Scheme is subject to necessary statutory and regulatory approvals including the approval of Hon' ble National Company Law Tribunal (NCLT), Mumbai bench. The Appointed Date of the Scheme is April 1, 2022. The scheme / application was filed and admitted with National Company Law Tribunal (NCLT), Mumbai Bench on May 5, 2022. This scheme has no impact on consolidated financial results of the group.
5. The Group is in the business of operating restaurants and has only one reportable operating segment as per Ind AS 108 – Operating Segments.
6. The consolidated financial results of the Group include financial results of one of the subsidiary Gamma Pizzakraft (Lanka) Private Limited (GPLPL) which operates Pizza Hut brand in Sri Lanka. Considering the macroeconomic challenges currently faced by Sri Lanka on account of rising prices, depletion of forex reserves, depreciation of Sri Lankan currency to INR and other inflationary pressures, the management has considered all internal and external sources of information including economic forecasts and estimates from market sources as at the date of the approval of these consolidated financial results. On the basis of the evaluation and current indicators of future economic conditions, the Group has concluded that no adjustments are required as of reporting date at this point in time. Management will continue to monitor the situation. Further, during the quarter ended June 30, 2022, the Group incurred Other comprehensive loss on account of exchange difference on translation of the foreign operation amounting to Rs. 69.94 million pertaining to remeasurement loss on consolidating the Sri Lankan Subsidiary GPLPL due to currency devaluation in Sri Lanka.

For and on behalf of the Board of Directors

**Sapphire Foods India Limited**



Sanjay Purohit  
Whole Time Director and Group CEO  
DIN: 00117676  
Place: Mumbai  
Date: August 11, 20227654321



Investor Release

## Sapphire Foods delivers highest ever Revenue and EBITDA in Q1 FY23 despite macro challenges in Sri Lanka

**Mumbai, 11<sup>th</sup> August, 2022** – Sapphire Foods India Ltd, a franchisee of Yum Brands in the Indian subcontinent announces its Unaudited Financial Results for the Quarter ended 30<sup>th</sup> June 2022.

	FY22	Q1 FY22	Q1 FY23	Change YoY
Restaurant Sales ₹ mn	17,154	3,027	5,436	▲ 80%
Adj. EBITDA ₹ mn	1,808	93	722	▲ 676%
Adj. EBITDA %	10.5%	3.1%	13.3%	▲ 1020 bps
EBITDA ₹ mn	3,248	427	1,114	▲ 161%
EBITDA %	18.9%	14.1%	20.5%	▲ 640 bps
PAT ₹ mn	460	-264	381	N.M.
PAT %	2.7%	-8.7%	7.0%	▲ 1570 bps
Restaurant Additions	142	13	37	

Q1 FY23 was the first quarter since the Covid pandemic to see a full recovery in operating hours. This had a positive impact on both KFC and Pizza Hut India especially the Dine In business which saw 102% and 85% recovery respectively (highest since Mar'20).

We delivered highest ever quarterly revenue at Rs. 5,436 Mn and highest ever EBITDA of Rs. 1,114 Mn\*\*. This stood at 20.5% (up 640 bps). Our Adj. EBITDA was Rs. 722 Mn at 13.3% (up 1020 bps) and PAT stood at Rs. 381 Mn, 7.0% (up 1,570 bps). This strong performance is despite the macro economic challenges that impacted our Sri Lanka business.

KFC had a strong quarter with 65% SSSG and 98% increase in overall revenue. To mitigate inflation we took a price increase of ~9%. Our cost efficiency programs enabled us to deliver one of our best restaurant EBITDA at 20.3%.

Our Pizza Hut performance is especially heartening and continues to validate our compact omni channel restaurant strategy. It delivered SSSG of 47% and overall revenue increased by 85%. In order to further strengthen the value proposition of the brand, price increase was limited to ~5%. However, as Dine In sales recovered, delivery sales held, along with our cost efficiency program we delivered a healthy 14.8% restaurant EBITDA.

*\*\*Note: Our previous highest EBITDA of Rs. 1084Mn was recorded in Q3FY22 (excluding additional incentive accrued in the quarter)*



A significant gap in the product price portfolio of Pizza Hut has been plugged with launch of the differentiated Flavour Fun Pizza range (starting at Rs. 79/- with 12 Pizzas in 5 sauces). This was test marketed in Chennai and Hyderabad in Q1 FY23 and after encouraging results launched nationally on 25 July 2022.

While the external environment was challenging the Sri Lanka business delivered 53% SSSG (LKR) and 93% increase in overall revenue (LKR). While restaurant EBITDA dropped to 15.5% due to lower gross margin owing to high inflationary pressures, the absolute restaurant EBITDA grew by 65% (LKR). Due to currency translation impact, in INR terms the restaurant EBITDA remained flat.

We continued our pace of new restaurant expansion with net addition of 37 restaurants (18 KFC, 16 Pizza Hut in India, 2 Pizza Hut and 1 Taco Bell in Sri Lanka).

### **About Sapphire Foods:**

Sapphire Foods started operations in September 2015, by the acquisition of about 270 KFC and Pizza Hut Stores in India and Sri Lanka, by a group of leading Private Equity firms and is managed by a team of professionals.

Sapphire Foods is a leading YUM franchisee operator in the Indian subcontinent with presence in India, Sri Lanka and Maldives. We are the largest international QSR chain in Sri Lanka in terms of revenue and number of restaurants operated as of March 31, 2021. (Source: *Technopak Report*). As of Jun 30, 2022, we own and operate 281 KFC and 235 Pizza Hut restaurants in India, 92 Pizza Hut and 6 Taco Bell restaurants in Sri Lanka and 1 KFC and Pizza Hut each in Maldives.

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

### **Contact Details**

<b>Company</b>	<b>Investor Relations: Orient Capital</b>
Name: Mr. Rahul Kapoor	Name: Mr. Nachiket Kale
Email: <a href="mailto:rahul.kapoor@sapphirefoods.in">rahul.kapoor@sapphirefoods.in</a>	Email: <a href="mailto:nachiket.kale@linkintime.co.in">nachiket.kale@linkintime.co.in</a>
CIN: L55204MH2009PLC197005	Tel : +91 99209 40808
<a href="http://www.sapphirefoods.in">www.sapphirefoods.in</a>	<a href="http://www.orientcap.com">www.orientcap.com</a>

### **Safe Harbor Statement**

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



# SAPPHIRE FOODS INDIA LIMITED

## Q1 FY23 EARNINGS PRESENTATION

11 AUG 2022



# SAFE HARBOR



This presentation and the accompanying slides (the “Presentation”), which have been prepared by **Sapphire Foods India Limited** (the “Company”), have been prepared solely for information purposes and do not constitute any offer, recommendation or invitation to purchase or subscribe for any securities, and shall not form the basis or be relied on in connection with any contract or binding commitment what so ever. No offering of securities of the Company will be made except by means of a statutory offering document containing detailed information about the Company.

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# HIGHLIGHTS OF Q1 FY23



- Q1 FY23 was the first quarter since the Covid pandemic to see a full recovery in operating hours. This had a positive impact on both KFC and Pizza Hut India especially the Dine In business which saw 102% and 85% recovery respectively (highest since Mar'20).
- We delivered highest ever quarterly revenue at Rs. 5,436 Mn and highest ever EBITDA of Rs. 1,114 Mn\*\*. This stood at 20.5% (up 640 bps). Our Adj. EBITDA was Rs. 722 Mn at 13.3% (up 1020 bps) and PAT stood at Rs. 381 Mn, 7.0% (up 1,570 bps). This strong performance is despite the macro economic challenges that impacted our Sri Lanka business.
- KFC had a strong quarter with 65% SSSG and 98% increase in overall revenue. To mitigate inflation we took a price increase of ~9%. Our cost efficiency programs enabled us to deliver one of our best restaurant EBITDA at 20.3%.
- Our Pizza Hut performance is especially heartening and continues to validate our compact omni channel restaurant strategy. It delivered SSSG of 47% and overall revenue increased by 85%. In order to further strengthen the value proposition of the brand, price increase was limited to ~5%. However, as Dine In sales recovered, delivery sales held, along with our cost efficiency program we delivered a healthy 14.8% restaurant EBITDA.
- A significant gap in the product price portfolio of Pizza Hut has been plugged with launch of the differentiated Flavour Fun Pizza range (starting at Rs. 79/- with 12 Pizzas in 5 sauces). This was test marketed in Chennai and Hyderabad in Q1 FY23 and after encouraging results launched nationally on 25 July 2022.
- While the external environment was challenging the Sri Lanka business delivered 53% SSSG (LKR) and 93% increase in overall revenue (LKR). While restaurant EBITDA dropped to 15.5% due to lower gross margin owing to high inflationary pressures, the absolute restaurant EBITDA grew by 65% (LKR). Due to currency translation impact, in INR terms the restaurant EBITDA remained flat.
- We continued our pace of new restaurant expansion with net addition of 37 restaurants (18 KFC, 16 Pizza Hut in India, 2 Pizza Hut and 1 Taco Bell in Sri Lanka).

*\*\*Note: Our previous highest EBITDA of Rs. 1084Mn was recorded in Q3FY22 (excluding additional incentive accrued in the quarter)*

# TABLE OF CONTENTS



<b>1</b>	<b>THE SAPPHIRE STORY</b>	<b>Page 5</b>
<b>2</b>	<b>Q1 FY23 CONSOLIDATED FINANCIAL HIGHLIGHTS</b>	<b>Page 6-12</b>
<b>3</b>	<b>BUSINESS PERFORMANCE</b> <ul style="list-style-type: none"><li>▪ KFC INDIA</li><li>▪ PIZZA HUT INDIA</li><li>▪ SRI LANKA</li></ul>	<b>Page 13-21</b> <b>Page 22-29</b> <b>Page 30-36</b>

# THE SAPPHIRE STORY



Two global brands  
(KFC & Pizza Hut) with **Scale  
& PAT profitability among  
Top 3 QSR operators**



**Capability and capital to  
rapidly drive organic and  
inorganic growth plans**

**Value based work  
culture, high on  
governance** enabled by  
professional  
management, board and  
promoters



**Execution Mindset**  
Great Customer  
experience along with  
Superior Back-end  
operational excellence



**Optimal capital allocation  
drives new restaurant  
expansion model** - focus on  
smaller sized **omni-channel  
restaurants**



**Q1 FY23**

# **CONSOLIDATED FINANCIAL HIGHLIGHTS**

# SUMMARY CONSOLIDATED FINANCIALS

## Q1FY23

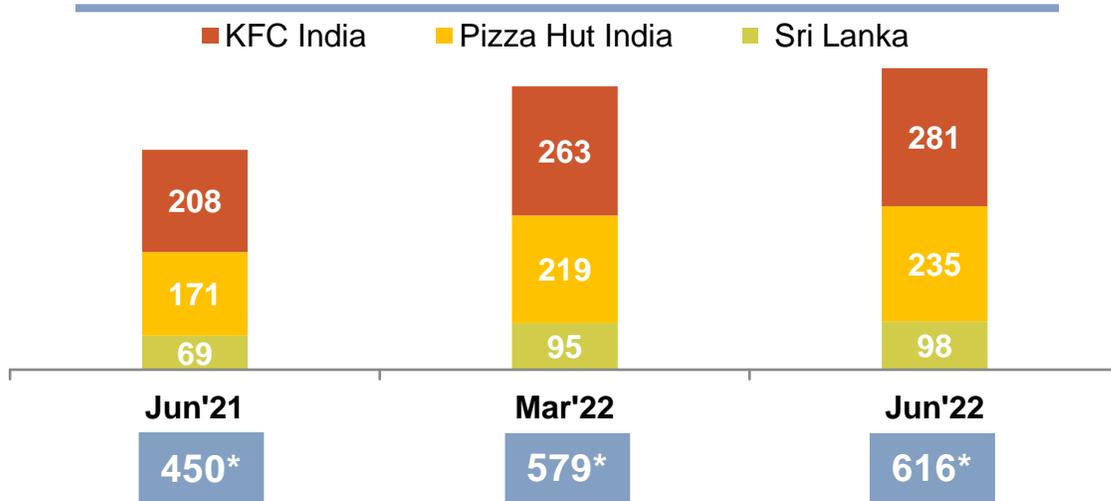


	FY22	Q1 FY22	Q1 FY23	Change YoY
Restaurant Sales ₹ mn	17,154	3,027	5,436	▲ 80%
Adj. EBITDA ₹ mn	1,808	93	722	▲ 676%
Adj. EBITDA %	10.5%	3.1%	13.3%	▲ 1020 bps
EBITDA ₹ mn	3,248	427	1,114	▲ 161%
EBITDA %	18.9%	14.1%	20.5%	▲ 640 bps
PAT ₹ mn	460	-264	381	N.M.
PAT %	2.7%	-8.7%	7.0%	▲ 1570 bps
Restaurant Additions	142	13	37	

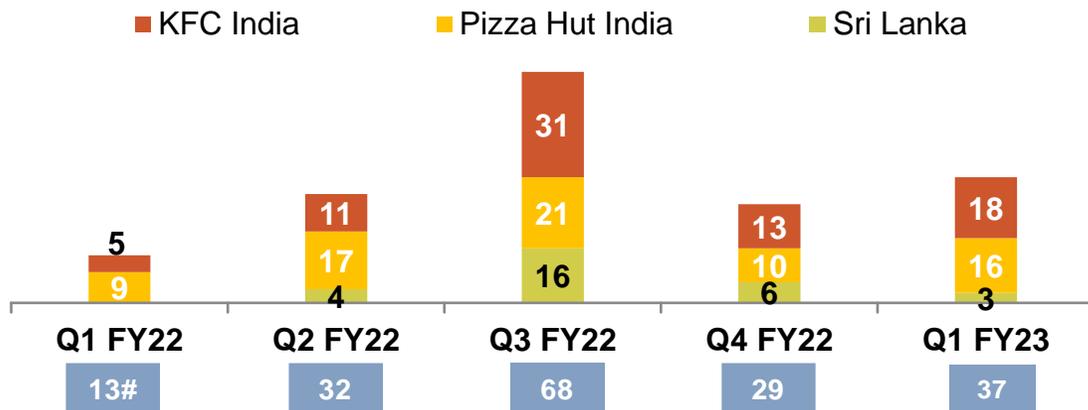
# SAPPHIRE FOODS CURRENT PRESENCE



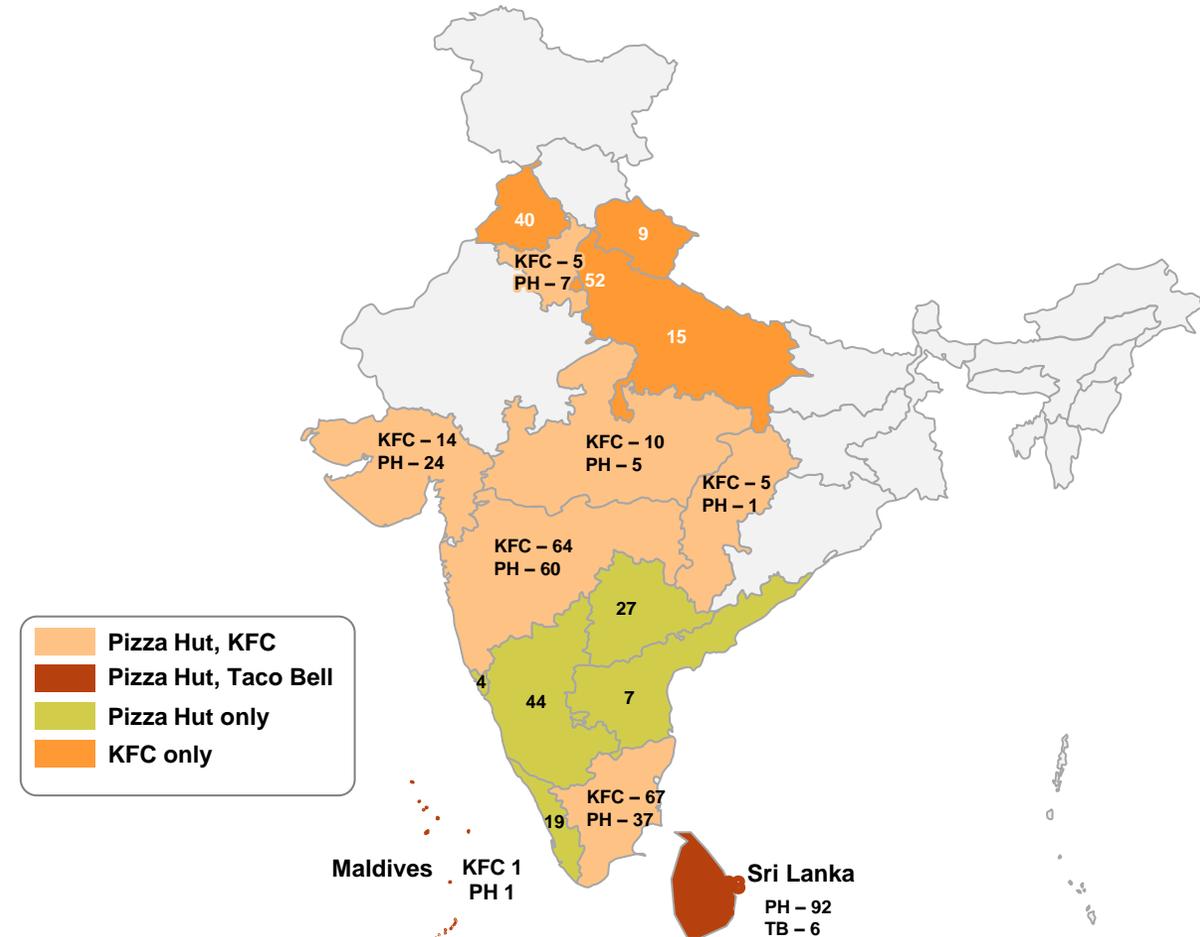
## RESTAURANT COUNT



## RESTAURANT ADDITION



## RESTAURANT DISTRIBUTION ACROSS INDIAN SUBCONTINENT



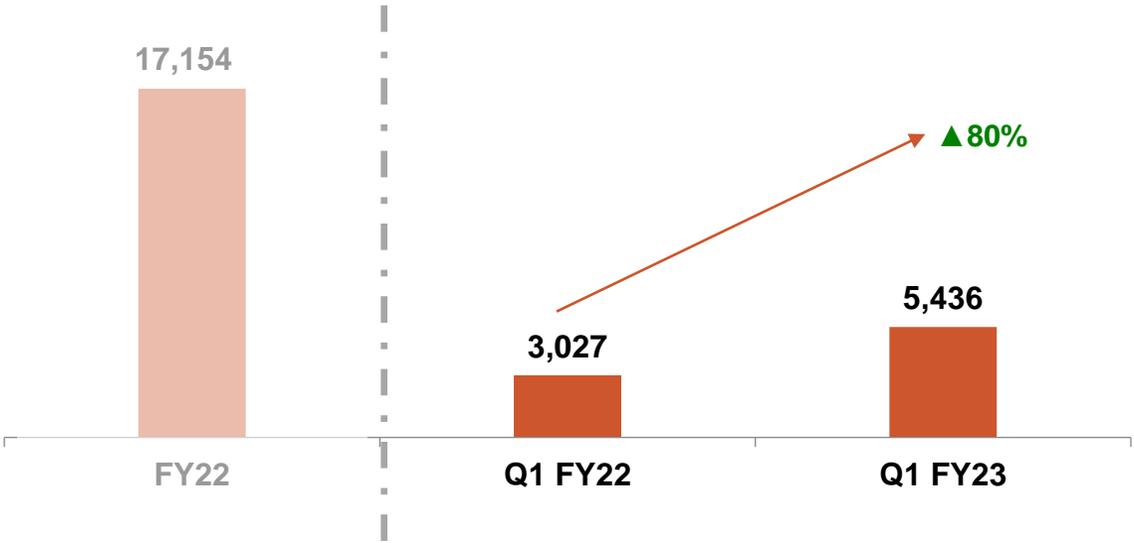
\* Includes 2 restaurants in Maldives  
# Net of 1 restaurant closure in Sri Lanka in Q1 FY22

# CONSOLIDATED FINANCIAL HIGHLIGHTS

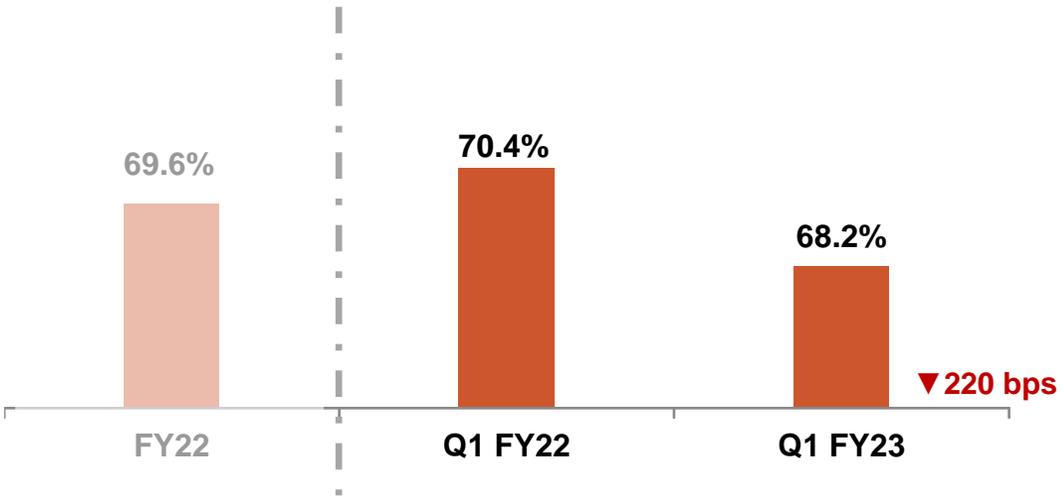
## Q1 FY23



RESTAURANT SALES (₹ MN)



GROSS MARGIN %

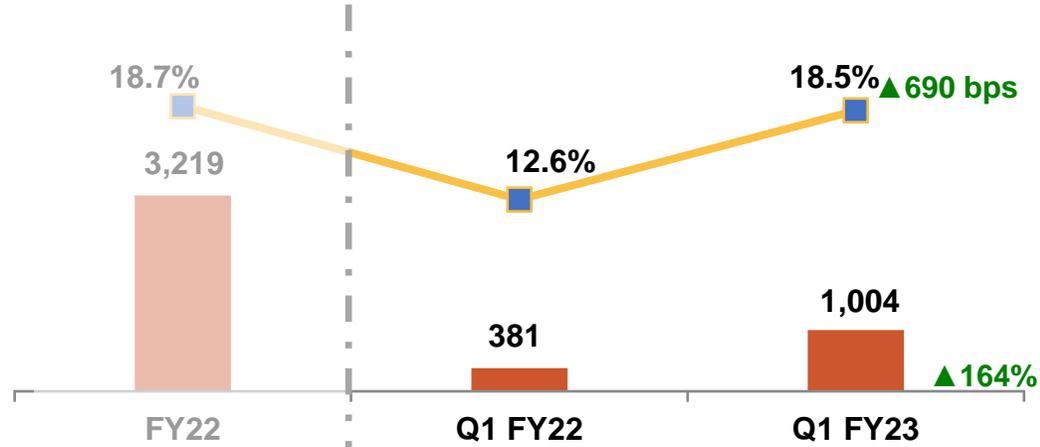


# CONSOLIDATED FINANCIAL HIGHLIGHTS

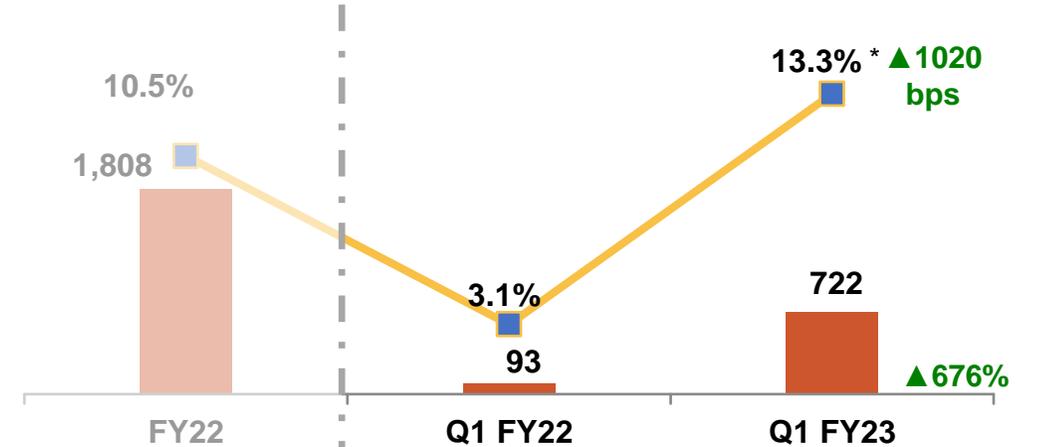
## Q1 FY23



RESTAURANT EBITDA (₹ MN / %) #



ADJ. EBITDA (₹ MN / %) #

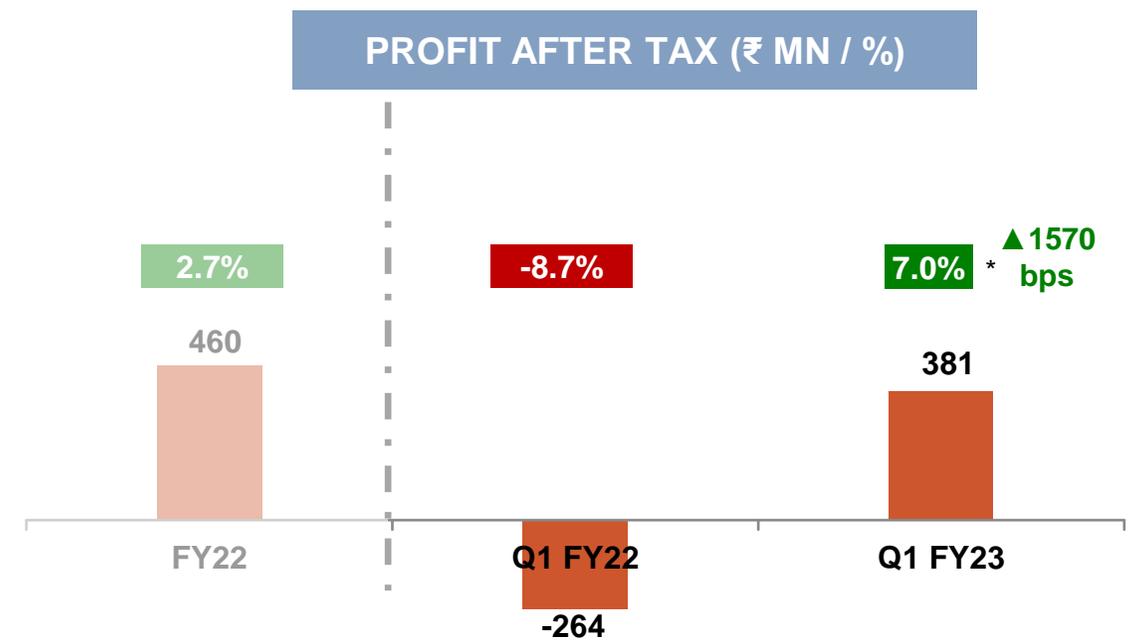
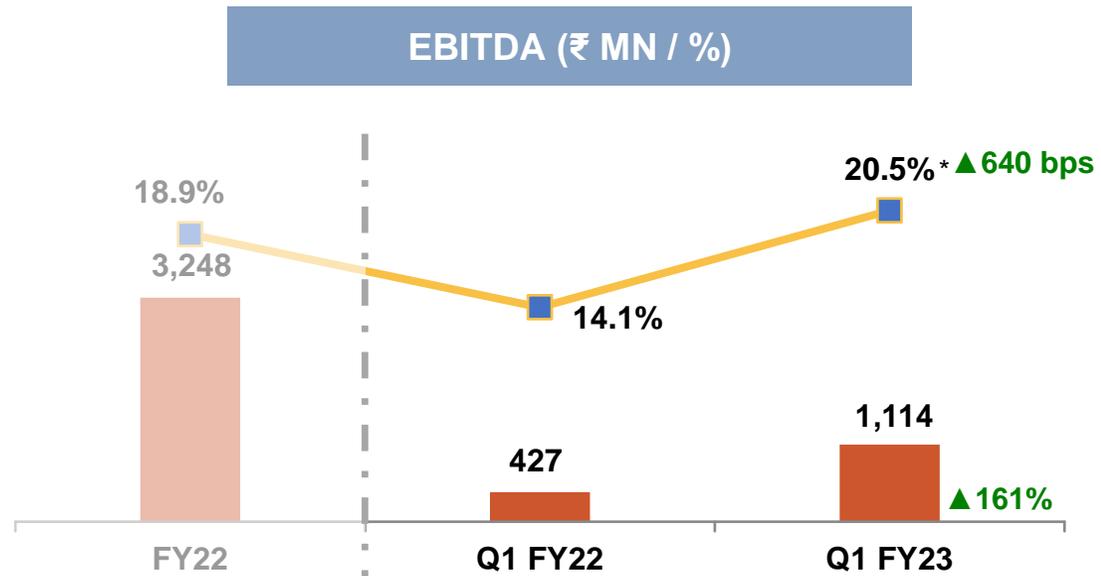


# Restaurant EBITDA and Adj. EBITDA is before Ind-AS 116 adjustments

\* Adj. EBITDA includes ESOP cost of 0.4%

# CONSOLIDATED FINANCIAL HIGHLIGHTS

## Q1 FY23



\* EBITDA & PAT includes ESOP cost of 0.4%

# CONSOLIDATED PROFIT & LOSS STATEMENT



S No.	Particulars (In Rs mn)	FY22	Q1 FY22	Q1 FY23	YoY %
A)	Restaurant Sales	17,154.46	3,026.60	5,435.53	80%
B)	Other operating income	61.26	3.9	27.14	
C)	COGS	5,277.97	900.16	1,756.16	
D)	Gross Profit	11,937.75	2,130.34	3,706.51	74%
E)	Gross Margin%	69.6%	70.4%	68.2%	
F)	Employee Expenses	2,739.94	559.38	683.65	
G)	Other Expenses	5,950.27	1,143.79	1,908.55	
H)	EBITDA	3,247.54	427.17	1,114.31	161%
I)	EBITDA Margin %	18.9%	14.1%	20.5%	
J)	Depreciation	2,135.21	533.57	609.41	
K)	Finance Cost	780.93	172.43	197.19	
L)	Other Income	182.45	22.39	48.57	
M)	PBT	513.85	-256.44	356.28	N.M.
N)	Tax Expense	54.00	7.59	(25.15)	
O)	PAT	459.85	-264.03	381.43	N.M.
P)	PAT Margin %	2.7%	-8.7%	7.0%	

Figures are regrouped/reclassified for the purpose of presentation

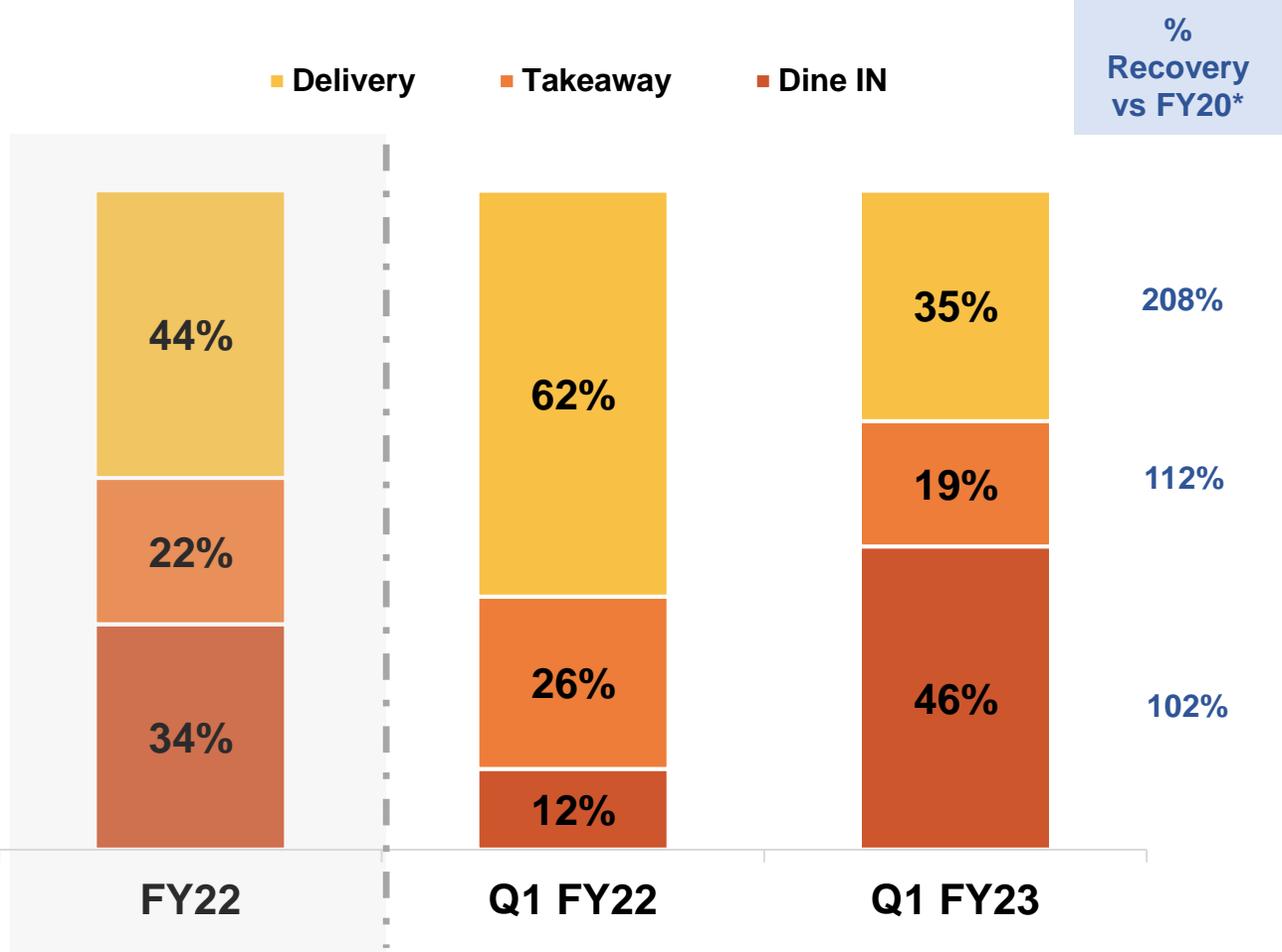


***KFC India***

**Business Performance**

# KFC INDIA

## Q1 FY23 - CHANNEL SALES CONTRIBUTION



\* Recovery % are calculated for comparable stores

# KFC INDIA

## NEW PRODUCT LAUNCH



Additional service charge or taxes.

# KFC INDIA

## BRANDING & PROMOTIONS



**KFC**  
**WEDNESDAY**  
*Special*

**12 PCS FOR ₹ 350/-\***

**WALK-IN | ORDER NOW**

**INTRODUCING BRAILLE MENUS ACROSS 500+ KFC RESTAURANTS ON 4th JAN, WORLD BRAILLE DAY**

**BUCKETS (SERVES 2)**

**8pc STRIPS**

**4pc HOT & CRISPY**

**SMOKY LEG PEECE**

**Boneless Strips Bucket**  
8pc Boneless Strips & 2 Dips  
₹299

**Hot & Crispy Bucket**  
4pc Hot & Crispy  
₹349

**Smoky Red Leg Piece Bucket**  
2pc Smoky Red Leg Piece  
₹379

**ADD KRUSH LIME ₹29**

**BRaille text on the right side of the menu board.**

**THINK FRIED CHICKEN THINK KFC.**

**CHICKEN CONTAINS ADDED MONOSODIUM GLUTAMATE. NOT RECOMMENDED FOR INFANTS BELOW 12 MONTHS AND PREGNANT WOMEN.**

**KFC-hampions**

**BUCKET BEFORE WICKET**

**PARTNERING WITH INDIAN DEAF CRICKET ASSOCIATION**

# KFC INDIA

## DIGITAL ACTIVATION



### SPONSORING THE BIGGEST E-GAME IN INDIA

KFC Loot Box targeting Gamers & App



Unique Chicken Dinner Champion Award



WWCD Branded Moment



Gaming Influencers



WWCD Merch for Fan Contest



Placement On Caster's Deck



# KFC INDIA

## NEW RESTAURANT LAUNCHES



KFC-PHOENIX MALL LOWER PAREL

# KFC INDIA

## NEW RESTAURANT LAUNCHES



**KFC CHIKALI PUNE**



**KFC SHALIMAR BAGH DELHI**



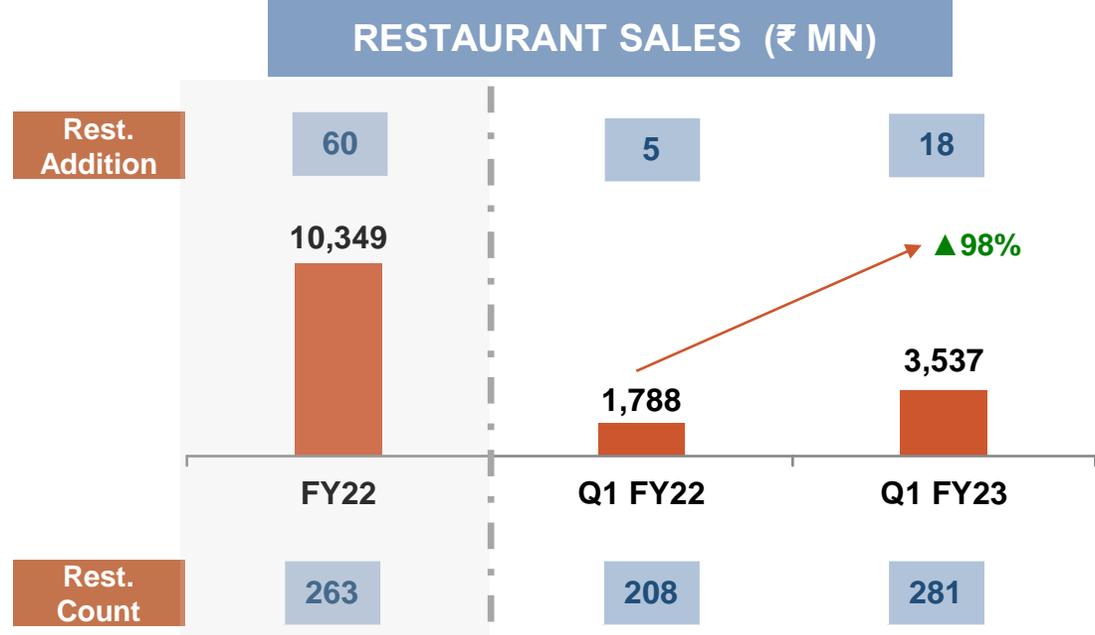
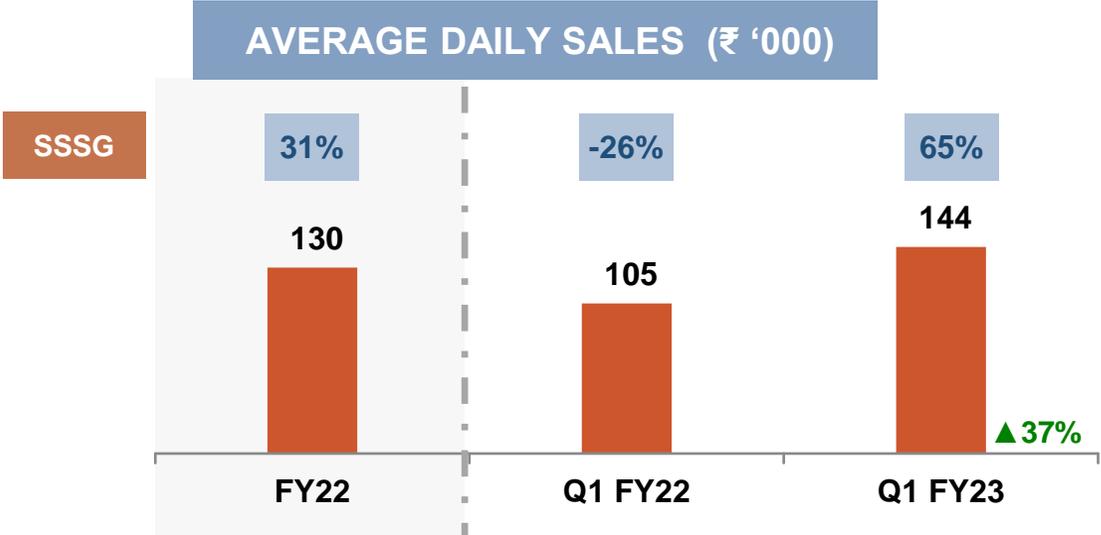
**KFC GERUGAMBAKKAM CHENNAI**



**KFC VICINO MALL MUMBAI**

# KFC INDIA

## Q1 FY23



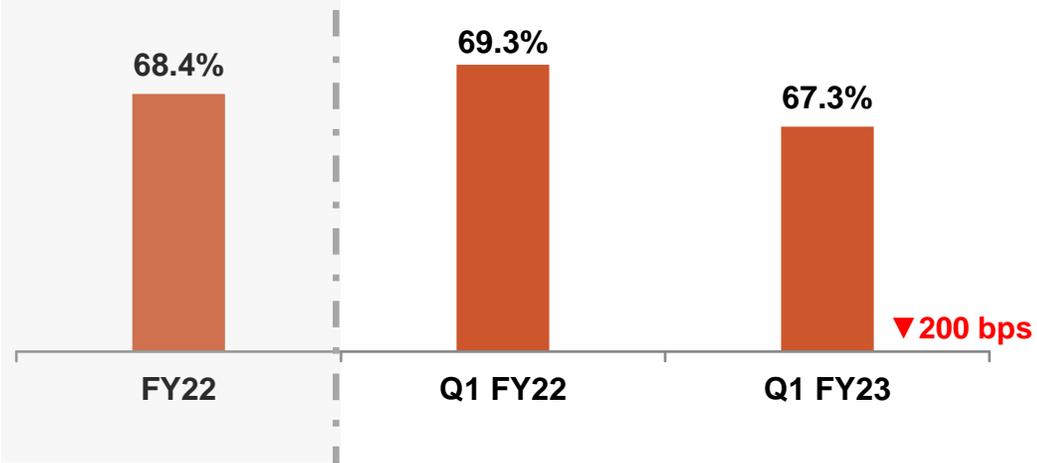
Average daily sales is for all restaurants including new additions during the period

# KFC INDIA

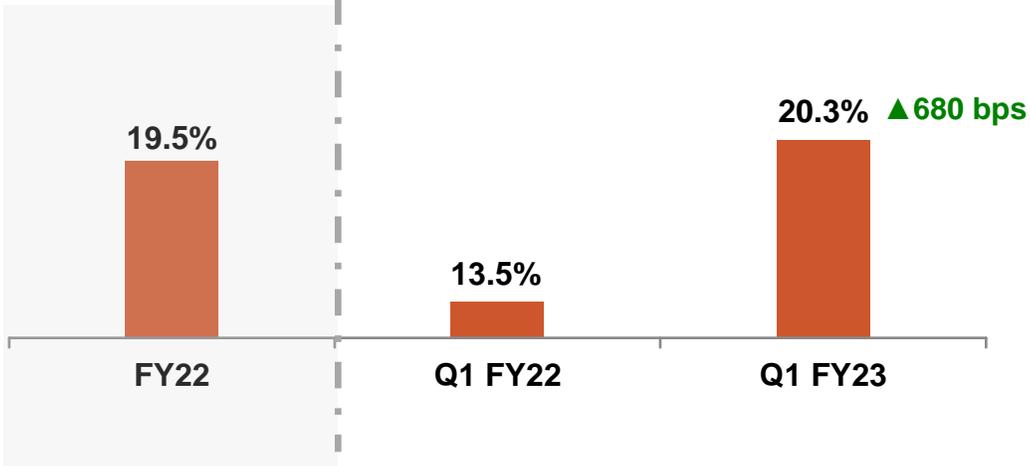
## Q1 FY23



### GROSS MARGIN (%)



### RESTAURANT EBITDA# (%)



# Restaurant EBITDA figures are Pre-IND AS 116.

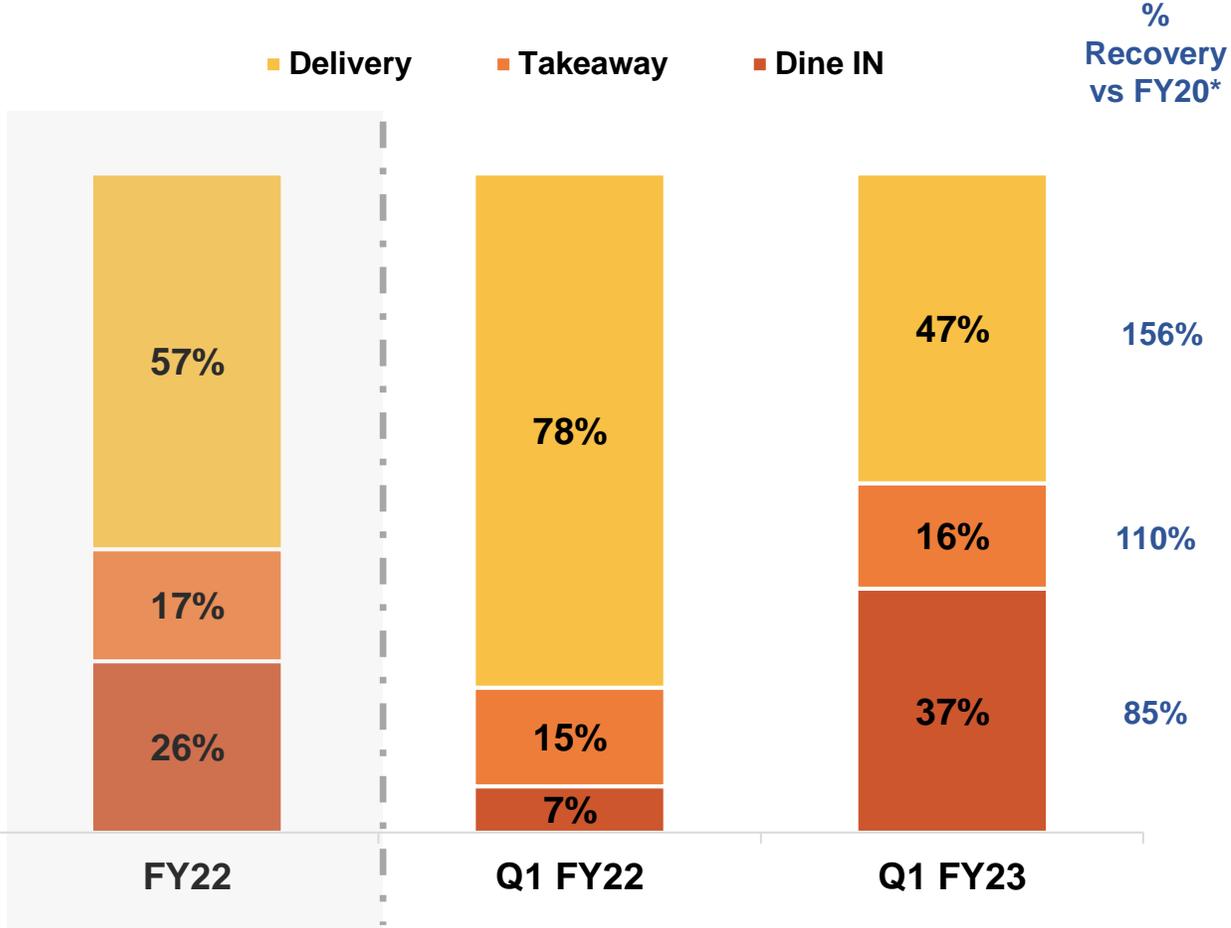


***Pizza Hut India***

**Business Performance**

# PIZZA HUT INDIA

## Q1 FY23 - CHANNEL SALES CONTRIBUTION



\* Recovery % are calculated for comparable stores

# PIZZA HUT INDIA

## NEW PRODUCT LAUNCH



**INTRODUCING**  
**FLAVOUR FUN PIZZAS**

STARTING @  
₹ **79\***

**CHOOSE FROM**  
**5 DELICIOUS SAUCE FLAVOURS**

**CLASSIC**  
**ITALIAN**  
**TANDOORI**  
**CHEEZY**  
**SCHEZWAN**

**Pizza Hut**  
**DIL KHOLKE DELIVERING**

**DINE-IN | TAKEAWAY | ORDER ONLINE**

Visit [pizzahut.co.in](http://pizzahut.co.in)  
or download our app

Prices applicable as per pizza selection by the consumer. Not valid on airport and Pizza Hut Express stores. Images shown are for illustration purpose only. Prices are exclusive of taxes. Offer available in limited stores and cities only. Prices may vary basis the city selected. Pizza Hut reserves the right to change, modify, withdraw the offer at any point of time without any prior notice. For more details visit [pizzahut.co.in](http://pizzahut.co.in). \*T&C Apply.

# PIZZA HUT INDIA BRANDING & PROMOTIONS



# PIZZA HUT

## DIGITAL ACTIVATION



### FB Insta- Sust

**Pizza Hut (IN)** Sponsored

Pizza Hut presents FLAVOUR FUN pizzas starting @ Rs. 59\* with 5 delicious sauce flavours. Ab dil khol ke crave karo!

**5 DELICIOUS SAUCE FLAVOURS**

**TANDOORI**

**RANGE STARTING AT ₹ 59\***

PIZZAHUT.CO.IN  
**PIZZA HUT starting @Rs 59\*** [SHOP NOW](#)  
 Crave karo, Save karo!

### MX Player- Sust

1:48 57%

**FLAVOUR FUN PIZZAS** STARTING @ **₹ 79**

**DIL KHOL KE DELIVERING**

ORDER NOW | WALK IN

Bhaukaal  
 S1 E1, 06 Mar 2020  
 Episode 1

Mohit Raina Sunny Hinduja Rashmi Rajput Bidita Bag Gulki

Seasons  
[Season 1](#) [Season 2](#)

Episodes [SEE MORE](#)

### Dailyhunt Impact

11:49 PM

For You News Bengaluru Cricket Share

First test-tube baby born at government hospital in Bihar

ETV Bharat English · now

**FLAVOUR FUN PIZZAS** STARTING @ **₹ 79**

CHOOSE FROM 5 DELICIOUS SAUCE FLAVORS

**Ab Dil Khol Ke Crave Karo | ORDER NOW**

Order Now

### Social Campaign

**WE CHEER FOR THIS PULL**

**AND THIS ONE!**

# PIZZA HUT INDIA

## NEW RESTAURANT LAUNCHES



PH CAPITAL MALL NALASOPARA



PH THODUPUZA KERALA



PH DB MALL BHOPAL



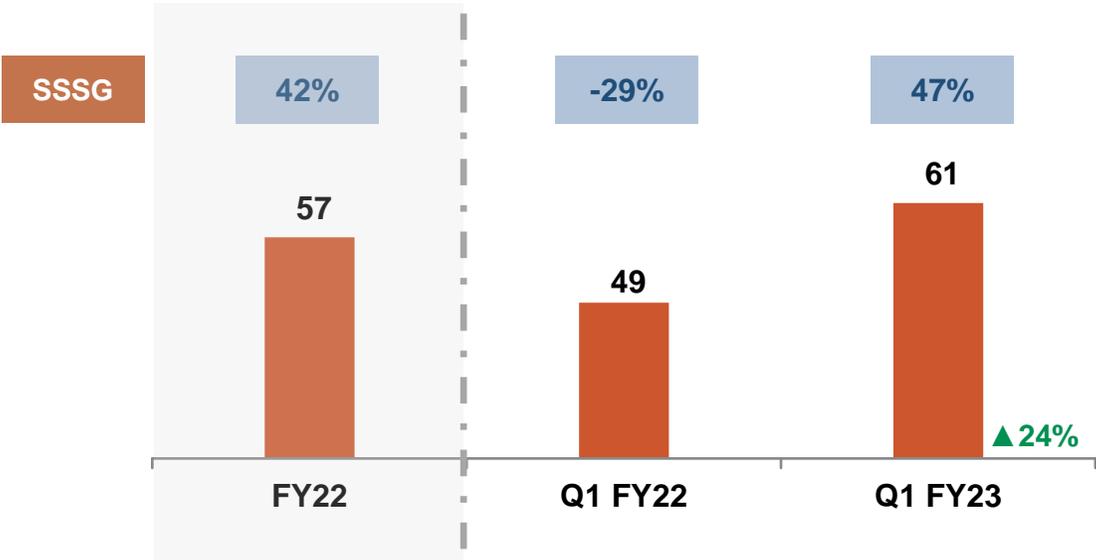
PH NELLORE ANDHRA PRADESH

# PIZZA HUT INDIA

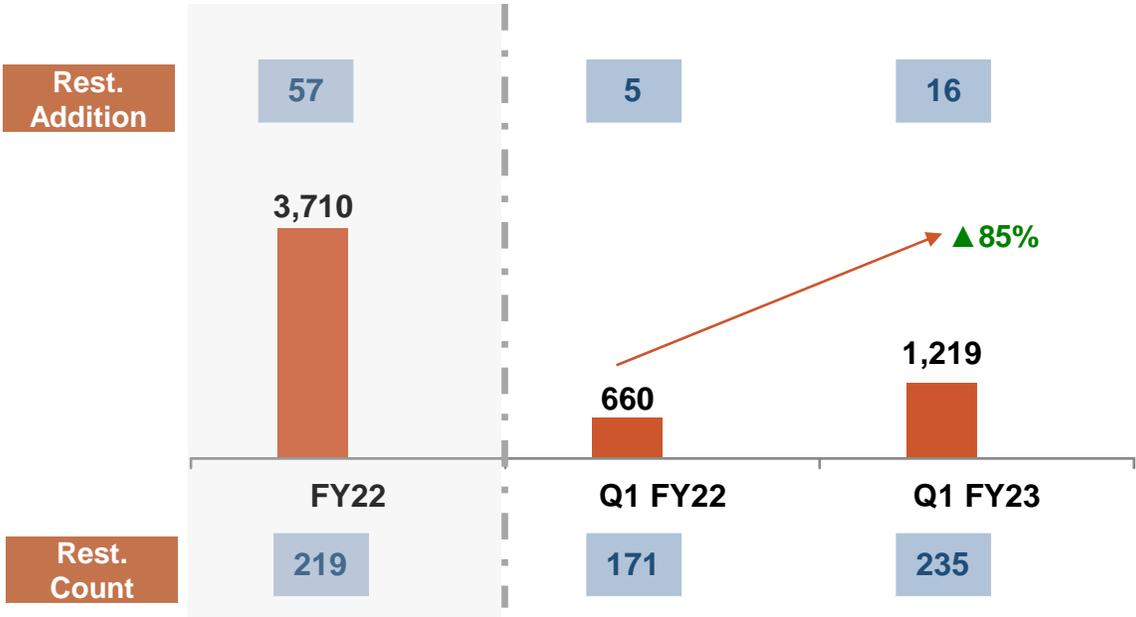
## Q1 FY23



### AVERAGE DAILY SALES (₹ '000)



### RESTAURANT SALES (₹ MN)



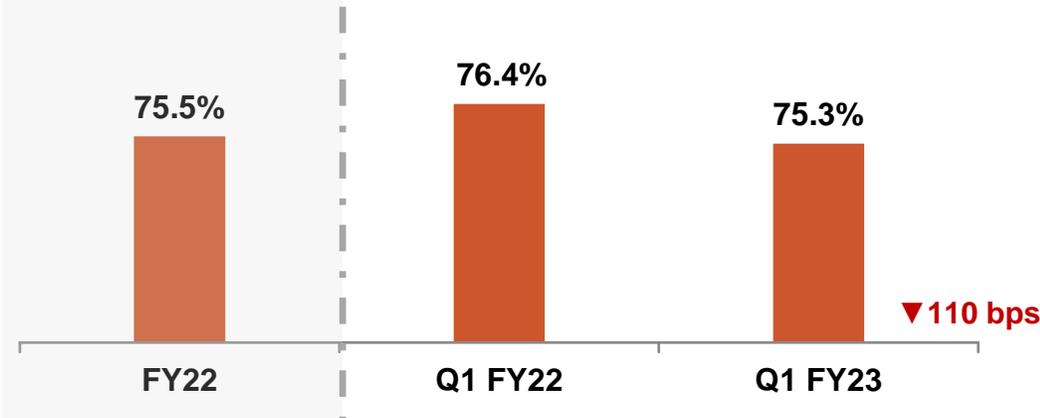
Average daily sales is for all restaurants including new additions during the period

# PIZZA HUT INDIA

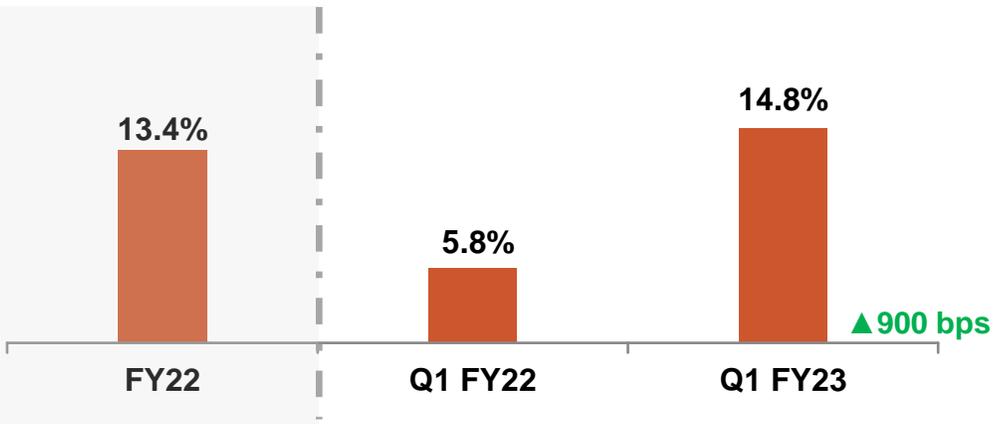
## Q1 FY23



### GROSS MARGIN (%)



### RESTAURANT EBITDA# (%)



# Restaurant EBITDA figures are Pre-IND AS 116.

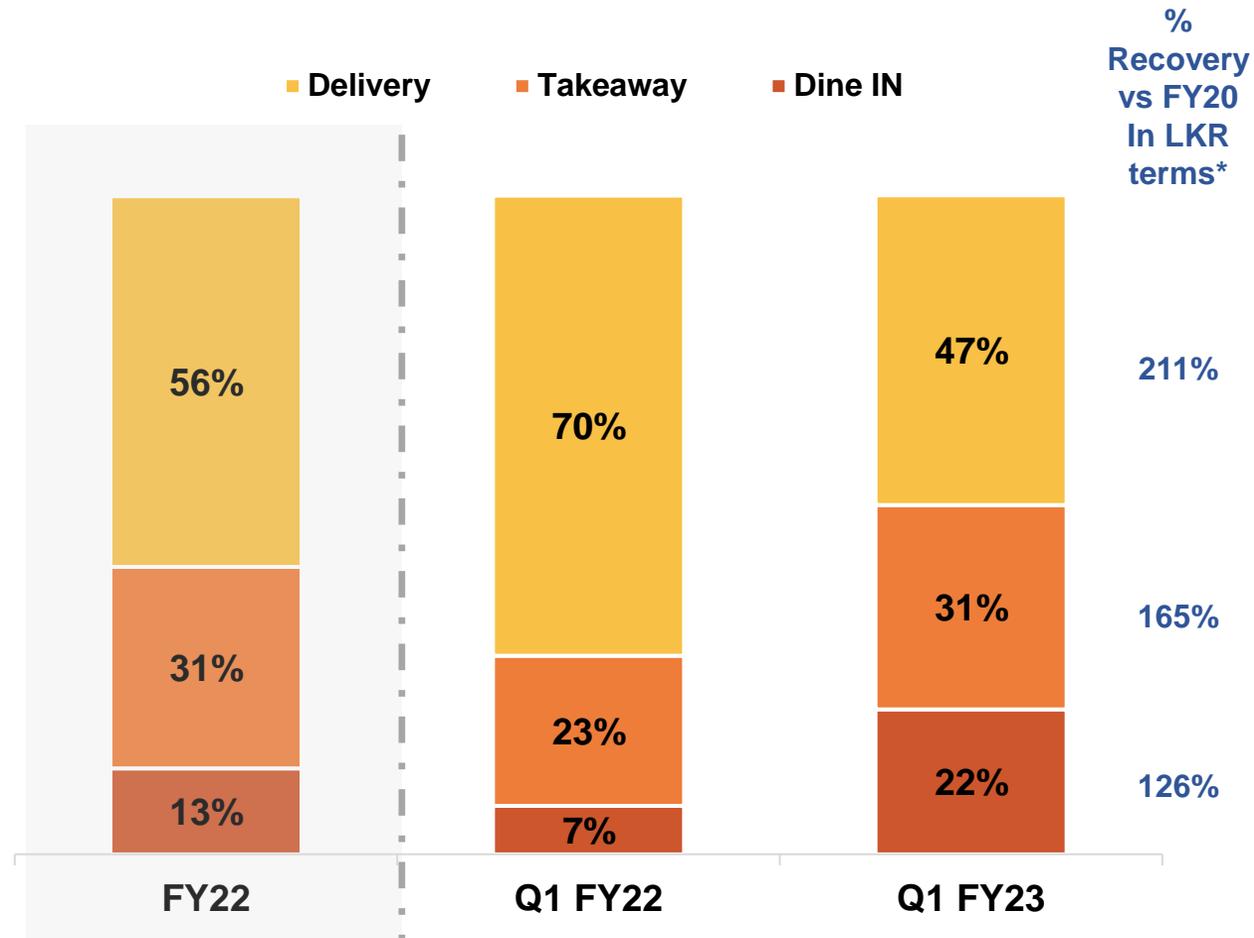


*Sri Lanka*  
**Business Performance**



# SRI LANKA BUSINESS

## Q1 FY23 - CHANNEL SALES CONTRIBUTION



\* Recovery % are calculated for comparable stores

# SRI LANKA BUSINESS BRANDING & PROMOTIONS



EXCLUSIVE ONLINE OFFERS

## CYBER SAVINGS

TILL 30<sup>TH</sup> JUNE 2022

BUY ANY 2 LARGE PIZZAS & GET **RS. 500 OFF!**

BUY ANY 2 MEDIUM PIZZAS & GET **RS. 250 OFF!**

ENJOY **10% OFF** YOUR TOTAL BILL ON DINE-IN & TAKEAWAY ORDERS

VALID TILL 19<sup>TH</sup> JUNE 2022

\*Offer cannot be combined with any other offers

BUY ANY LARGE PAN PIZZA & GET A CLASSIC PERSONAL PAN PIZZA **FREE!**

OR

BUY ANY LARGE PAN PIZZA & GET **50% OFF** ON ANY APPETIZER

EXCLUSIVE DINE-IN & TAKEAWAY OFFER

Valid till 22<sup>nd</sup> May 2022

WEEKEND VIBES!

VALID TILL 5<sup>TH</sup> JUNE 2022

BUY ANY 2 LARGE PIZZAS & GET **RS.500/- OFF** + 1.5L COKE FREE!

OR

BUY ANY 2 MEDIUM PIZZAS & GET A CLASSIC PERSONAL PAN PIZZA + A PET COKE FREE!

# SRI LANKA BUSINESS

## NEW RESTAURANT LAUNCHES



**KALMUNEI**



**EMBULDENIYA**



**PELAWATTA**

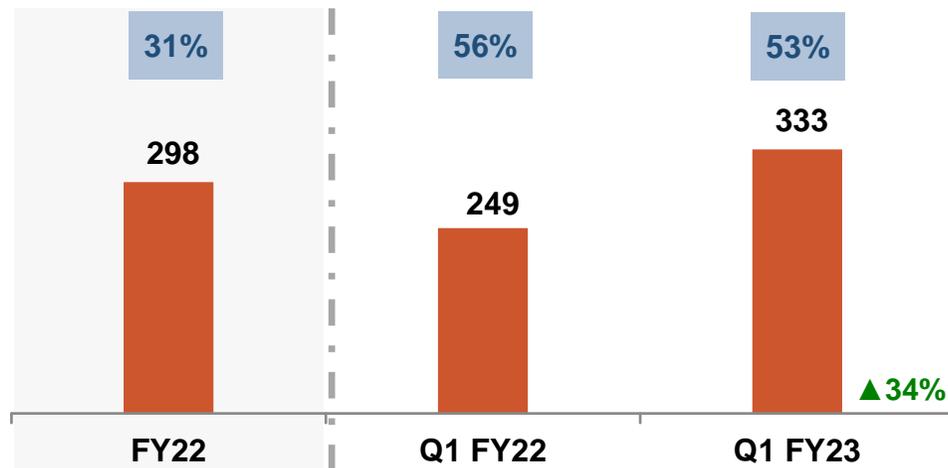
# SRI LANKA BUSINESS

## Q1 FY23

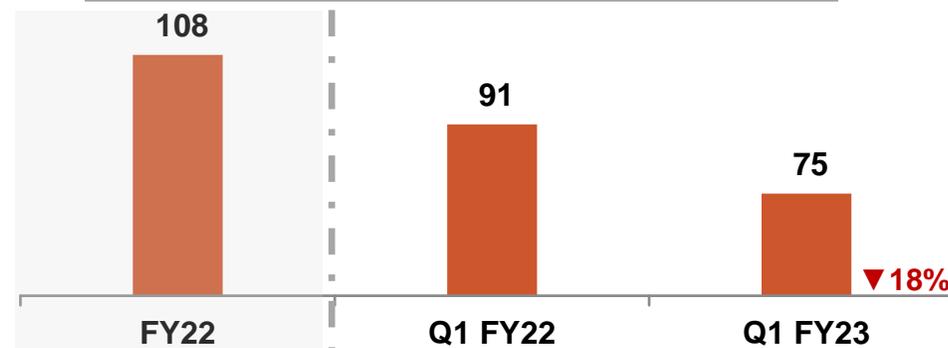


### AVERAGE DAILY SALES (LKR '000)

SSSG%

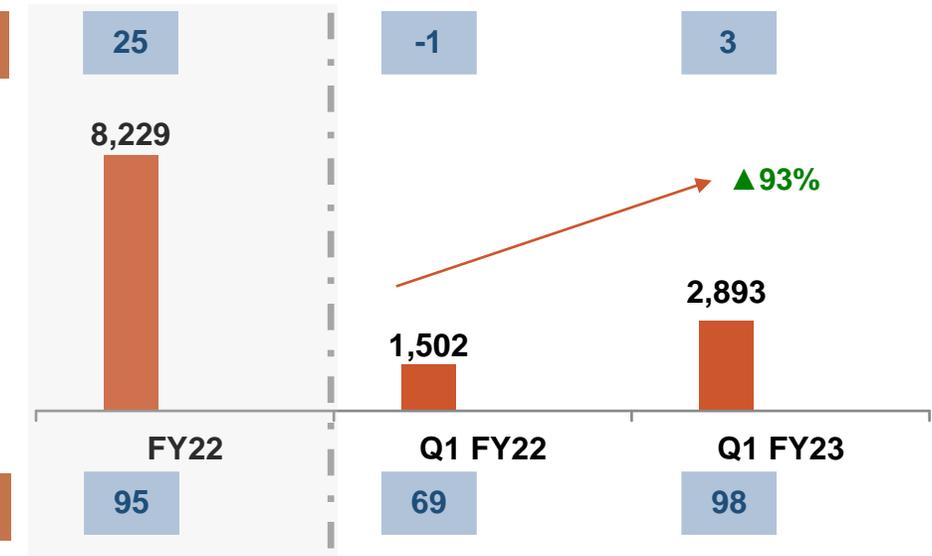


### AVERAGE DAILY SALES (INR '000)

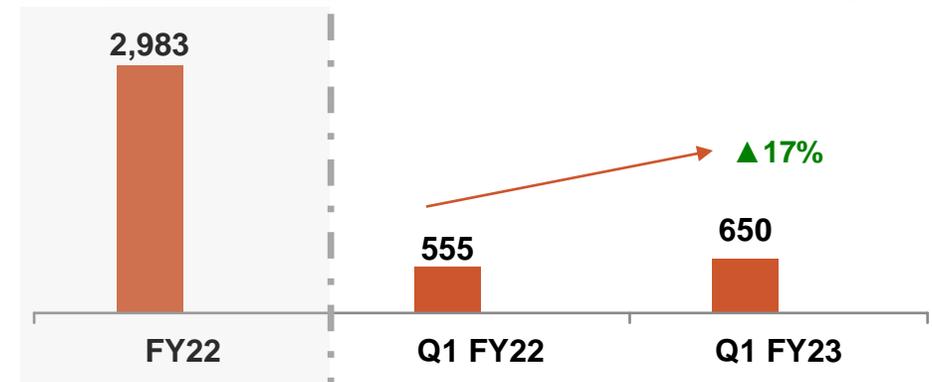


### RESTAURANT SALES (LKR MN)

Rest. Addition



### RESTAURANT SALES (INR MN)



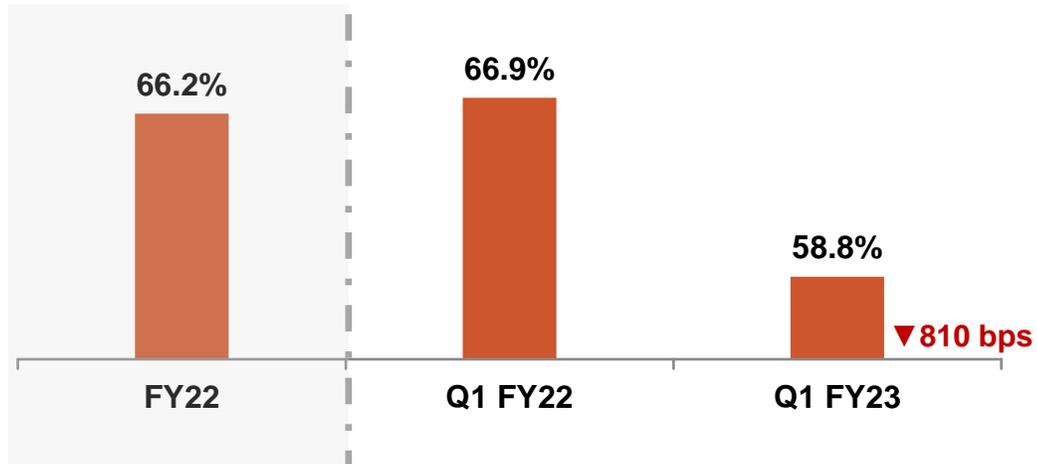
Average daily sales is for all restaurants including new additions during the period  
 Note: LKR to INR conversion rate of 0.2247 for Q1 FY23 and 0.396 for Q1 FY22

# SRI LANKA BUSINESS

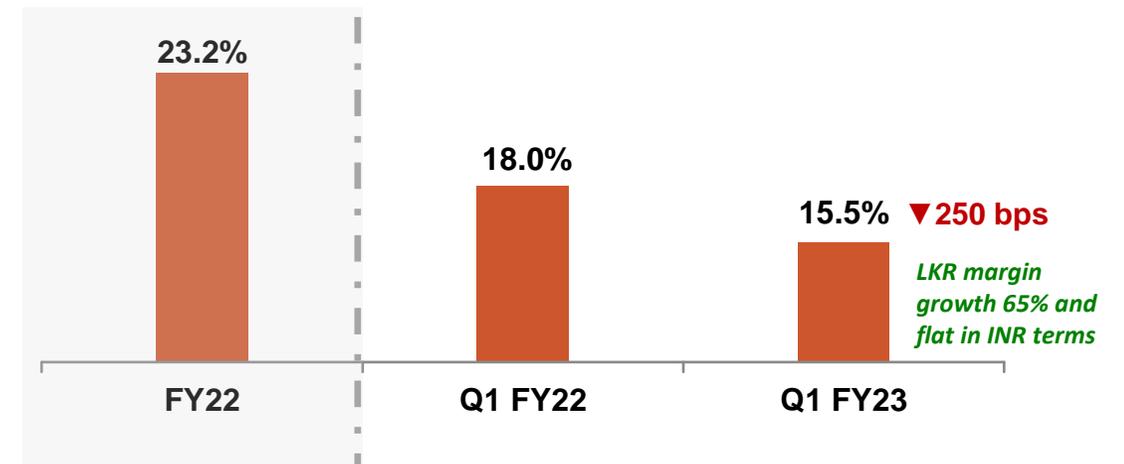
## Q1 FY23



### GROSS MARGIN (%)



### RESTAURANT EBITDA# (%)



# Restaurant EBITDA figures are Pre-IND AS 116.



**THANK YOU**