



**SAPPHIRE FOODS INDIA LIMITED**

Our Company was incorporated under the name 'Samarjit Advisors Private Limited' on November 10, 2009 as a private limited company, under the Companies Act, 1956 and was granted a certificate of incorporation by the Registrar of Companies, Maharashtra at Mumbai ('RoC'). Subsequently, pursuant to a special resolution passed in the extraordinary general meeting of our Shareholders held on December 26, 2014, our Company changed its name to 'Sapphire Foods India Private Limited', and a fresh certificate of incorporation dated January 7, 2015 was issued to our Company by the RoC. Thereafter, our Company was converted into a public limited company, pursuant to a special resolution passed in the extraordinary general meeting of our Shareholders held on June 15, 2021 and the name of our Company was changed to 'Sapphire Foods India Limited', and a fresh certificate of incorporation dated July 8, 2021 was issued to our Company by the RoC. For details of changes in the name and registered office address of our Company, see 'History and Certain Corporate Matters – Brief history of our Company and change in registered office of our Company' on page 190.

**Registered and Corporate Office:** 702, Prism Tower, A Wing, Mindspace, Link Road, Goregaon (West), Mumbai, 400 062, Maharashtra, India.  
**Contact Person:** Sachin Tukaram Dudam, Company Secretary and Compliance Officer; **Tel.:** +91 22 6752 2343  
**E-mail:** investor@sapphirefoods.in; **Website:** https://www.sapphirefoods.in/; **Corporate Identity Number:** U55204MH2009PLC197005

**PROMOTERS OF OUR COMPANY: QSR MANAGEMENT TRUST AND SAPPHIRE FOODS MAURITIUS LIMITED**

INITIAL PUBLIC OFFERING OF UP TO 17,569,941 EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH ("EQUITY SHARES") OF SAPPHIRE FOODS INDIA LIMITED (OUR "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE INCLUDING A SECURITIES PREMIUM OF ₹ [●] PER EQUITY SHARE (THE "OFFER PRICE") THROUGH AN OFFER FOR SALE AGGREGATING UP TO ₹ [●] MILLION (THE "OFFER" OR "OFFER FOR SALE") BY THE SELLING SHAREHOLDERS, COMPRISING OF UP TO 850,000 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY QSR MANAGEMENT TRUST ("QMT"), UP TO 5,569,533 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY SAPPHIRE FOODS MAURITIUS LIMITED ("SAPPHIRE MAURITIUS") AND TOGETHER WITH QMT, THE "PROMOTER SELLING SHAREHOLDERS"), UP TO 4,846,706 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY WWD RUBY LIMITED ("WWD"), UP TO 3,961,737 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY AMETHYST PRIVATE LIMITED ("AMETHYST"), UP TO 80,169 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY AAJV INVESTMENT TRUST ("AAJV"), UP TO 1,615,569 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY EDELWEISS CROSSOVER OPPORTUNITIES FUND ("EDELWEISS") AND UP TO 646,227 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY EDELWEISS CROSSOVER OPPORTUNITIES FUND – SERIES II ("EDELWEISS II") AND TOGETHER WITH WWD, AMETHYST, AAJV AND EDELWEISS, THE "INVESTOR SELLING SHAREHOLDERS") (INVESTOR SELLING SHAREHOLDERS TOGETHER WITH THE PROMOTER SELLING SHAREHOLDERS ARE REFERRED TO AS THE "SELLING SHAREHOLDERS").

THE OFFER INCLUDES A RESERVATION OF UP TO [●] EQUITY SHARES, AGGREGATING UP TO ₹ [●] MILLION, FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES (AS DEFINED HEREIN) NOT EXCEEDING 1% OF OUR POST-OFFER PAID-UP EQUITY SHARE CAPITAL ("EMPLOYEE RESERVATION PORTION"). THE OFFER LESS THE EMPLOYEE RESERVATION PORTION IS HERINAFTER REFERRED TO AS THE "NET OFFER". OUR COMPANY AND THE SELLING SHAREHOLDERS MAY, IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS, OFFER A DISCOUNT UP TO ₹ [●] OF THE OFFER PRICE TO ELIGIBLE EMPLOYEES BIDDING IN THE EMPLOYEE RESERVATION PORTION ("EMPLOYEE DISCOUNT"). THE OFFER AND THE NET OFFER SHALL CONSTITUTE [●]% AND [●]%, RESPECTIVELY, OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

\*An Employee Discount of up to 10% on the Offer Price may be offered to the Eligible Employees Bidding in the Employee Reservation Portion equivalent to ₹ [●] per Equity Share.

THE FACE VALUE OF THE EQUITY SHARE IS ₹ 10. THE OFFER PRICE IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARES.

THE PRICE BAND AND THE MINIMUM BID LOT SIZE WILL BE DECIDED BY OUR COMPANY AND THE SELLING SHAREHOLDERS IN CONSULTATION WITH THE BRLMS AND WILL BE ADVERTISED IN ALL EDITIONS OF THE ENGLISH NATIONAL DAILY NEWSPAPER [●], ALL EDITIONS OF THE HINDI NATIONAL DAILY NEWSPAPER [●], AND THE [●] EDITION OF THE MARATHI DAILY NEWSPAPER [●] (MARATHI BEING THE REGIONAL LANGUAGE OF MAHARASHTRA WHEREIN THE REGISTERED AND CORPORATE OFFICE OF OUR COMPANY IS LOCATED), EACH WITH WIDE CIRCULATION, AT LEAST TWO WORKING DAYS PRIOR TO THE BID/ OFFER OPENING DATE AND SHALL BE MADE AVAILABLE TO THE BSE LIMITED ("BSE") AND NATIONAL STOCK EXCHANGE OF INDIA LIMITED ("NSE"), AND TOGETHER WITH BSE, THE "STOCK EXCHANGES" FOR UPLOADING ON THEIR RESPECTIVE WEBSITES IN ACCORDANCE WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED.

In case of any revision in the Price Band, the Bid/ Offer Period shall be extended for at least three additional Working Days after such revision of the Price Band, subject to the total Bid/ Offer Period not exceeding 10 Working Days. In cases of force majeure, banking strike or similar circumstances, our Company and the Selling Shareholders (excluding WWD Ruby Limited) may, in consultation with the BRLMs, for reasons to be recorded in writing, extend the Bid / Offer Period for a minimum of three Working Days, subject to the Bid/ Offer Period not exceeding 10 Working Days. Any revision in the Price Band, and the revised Bid/ Offer Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges by issuing a press release and also by indicating the change on the websites of the BRLMs and at the terminals of the Members of the Syndicate and by intimation to Designated Intermediaries and Sponsor Bank, as applicable.

The Offer is being made in terms of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended ("SCRR") read with Regulation 31 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("SEBI ICDR Regulations"). This Offer is being made through the Book Building Process in accordance with Regulation 6(2) of the SEBI ICDR Regulations wherein not less than 75% of the Net Offer shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("QIBs") ("QIB Portion"), provided that our Company and the Selling Shareholders (excluding WWD Ruby Limited) in consultation with the BRLMs may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from the domestic Mutual Funds at or above the Anchor Investor Allocation Price. 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than 5% of the QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining QIB Portion for proportionate allocation to QIBs. If at least 75% of the Net Offer cannot be Allotted to QIBs, the Bid Amounts received by our Company shall be refunded. Further, not more than 15% of the Net Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not more than 10% of the Net Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received from them at or above the Offer Price. Further, Equity Shares shall be made available for allocation on a proportionate basis to Eligible Employees Bidding under the Employee Reservation Portion, subject to valid Bids received from them at or above the Offer Price. All Bidders, other than Anchor Investors, are mandatorily required to participate in the Offer through the Application Supported by Blocked Amount ("ASBA") process by providing details of their respective bank accounts (including UPI ID in case of RIBs) which will be blocked by the Self Certified Syndicate Banks ("SCSBs") or through the UPI Mechanism, to the extent of the respective Bid Amounts. Anchor Investors are not permitted to participate in the Anchor Investor Portion through the ASBA Process. For details, see "Offer Procedure" beginning on page 380.

**RISKS IN RELATION TO FIRST OFFER**

This being the first public issue of our Company, there has been no formal market for the Equity Shares. The face value of the Equity Shares is ₹ 10. The Offer Price/Floor Price/Cap Price, as determined and justified by our Company and the Selling Shareholders in consultation with the BRLMs in accordance with the SEBI ICDR Regulations and as stated in "Basis for Offer Price" on page 117 should not be taken to be indicative of the market price of the Equity Shares after such Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares nor regarding the price at which the Equity Shares will be traded after listing.

**GENERAL RISKS**

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Offer unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Offer. For taking an investment decision, investors must rely on their own examination of the Issuer and this Offer, including the risks involved. The Equity Shares have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Red Herring Prospectus. Specific attention of the investors is invited to "Risk Factors" on page 28.

**COMPANY'S AND SELLING SHAREHOLDERS' ABSOLUTE RESPONSIBILITY**

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to our Company and this Offer, which is material in the context of this Offer, that the information contained in this Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions, misleading in any material respect. Further, each Selling Shareholder, severally and not jointly, accepts responsibility for and confirms only the statements specifically made by such Selling Shareholder in this Draft Red Herring Prospectus to the extent of information specifically pertaining to itself and its portion of the Offered Shares and assumes responsibility that such statements are true and correct in all material respects and not misleading in any material respect. Each Selling Shareholder, severally and not jointly, does not assume any responsibility for any other statements, including without limitation, any and all of the statements made by or in relation to our Company or its business or any other Selling Shareholders in this Draft Red Herring Prospectus.

**LISTING**

The Equity Shares offered through the Red Herring Prospectus are proposed to be listed on BSE and NSE. Our Company has received in-principle approvals from BSE and NSE for listing of the Equity Shares pursuant to their letters dated [●] and [●], respectively. For the purposes of this Offer, [●] shall be the Designated Stock Exchange. A signed copy of the Red Herring Prospectus and the Prospectus shall be filed with the RoC in accordance with Sections 26(4) and 32 of the Companies Act, 2013. For details of the material contracts and documents available for inspection from the date of the Red Herring Prospectus up to the Bid/Offer Closing Date, see "Material Contracts and Documents for Inspection" on page 439.

**BOOK RUNNING LEAD MANAGERS**

**REGISTRAR TO THE OFFER**

<b>JM Financial Limited</b> 7 <sup>th</sup> Floor, Nergay, Aposhah's Marathe Marg, Prabhadevi, Mumbai 400 025 Tel.: +91 22 6630 3030 E-mail: sfil.ipo@jmf.com Investor Grievance ID: grievance.ibd@jmf.com Website: www.jmf.com Contact Person: Prachee Dhuri SEBI Registration: INM000010361	<b>BoFA Securities India Limited</b> Ground Floor, "A" Wing, One BKC, "CG" Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051 Tel: +91 22 6632 8000 E-mail: dg.sapphire_ipo@bofa.com Investor Grievance ID: dg.india_merchantbanking@bofa.com Website: www.mf-india.com Contact Person: Vivek Arora SEBI Registration Number: INM000011625	<b>ICICI Securities Limited</b> ICICI Centre, H. T. Parekh Marg, Churchgate, Mumbai 400 020 Tel: +91 22 2288 2460 E-mail: sapphire_ipo@icicisecurities.com Investor Grievance ID: customercare@icicisecurities.com Website: www.icicisecurities.com Contact Person: Shekhar Anansi/Sumit Singh SEBI Registration: INM000011179	<b>IIFL Securities Limited</b> 10 <sup>th</sup> Floor, IIFL Centre Kamala City, Senapati Bapat Marg Lower Parel (West), Mumbai 400 013 Tel: +91 22 4646 4600 E-mail: sapphirefoods.ipo@iiflcap.com Investor Grievance ID: ig.ib@iiflcap.com Website: www.iiflcap.com Contact Person: Ujjaval Kumar / Keyur Ladhawala SEBI Registration Number: INM000010940	<b>Link Intime India Private Limited</b> C 101, 247 Park, L. B. S. Marg Vikhroli (West) Mumbai 400 083 Tel: +91 22 4918 6200 E-mail: sapphire.ipo@linkintime.co.in Investor grievance e-mail: sapphire.ipo@linkintime.co.in Website: www.linkintime.co.in Contact person: Shanti Gopalkrishnan SEBI Registration No.: INR000004058

<b>BID/OFFER PROGRAMME</b>	
BID/ OFFER OPENS ON:*	[●]
BID/ OFFER CLOSES ON:**	[●]

\* Our Company and the Selling Shareholders (excluding WWD Ruby Limited) may, in consultation with the BRLMs, consider participation by Anchor Investors. The Anchor Investors shall Bid during the Anchor Investor Bidding Date, i.e., one Working Day prior to the Bid/Offer Opening Date.  
 \*\* Our Company and the Selling Shareholders (excluding WWD Ruby Limited) may, in consultation with the BRLMs, consider closing the Bid/Offer Period for QIBs one day prior to the Bid/Offer Closing Date, in accordance with the SEBI ICDR Regulations.

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## SECTION I – GENERAL

### DEFINITIONS AND ABBREVIATIONS

*This Draft Red Herring Prospectus uses certain definitions and abbreviations which, unless the context otherwise indicates or implies, shall have the meaning as provided below. References to any legislation, act, regulation, rule, guideline, policy, circular, notification or clarification shall be to such legislation, act, regulation, rule, guideline, policy, circular, notification or clarification as amended.*

#### General Terms

Term	Description
“the Company”, “our Company”, or “the Issuer”	Sapphire Foods India Limited, a public limited company incorporated under the Companies Act, 1956, and having its Registered and Corporate Office at 702, Prism Tower, A Wing, Mindspace, Link Road, Goregaon (West), Mumbai, 400 062, Maharashtra, India.
“we”, “our” or “us” or “Group”	Unless the context otherwise indicates or implies, refers to our Company and our Subsidiaries.

#### Company Related Terms

Term	Description
8% Compulsorily Convertible Preference Shares	Compulsorily convertible preference shares of face value ₹ 100 each.
“Articles” or “Articles of Association” or “AoA”	The articles of association of our Company, as amended.
Audit Committee	The audit committee of our Board, as described in “ <i>Our Management</i> ” on page 213.
“Auditors” or “Statutory Auditors”	The current statutory auditors of our Company, namely, S R B C & CO LLP, Chartered Accountants.
“Board” or “Board of Directors”	The board of directors of our Company (including any duly constituted committees thereof).
Compulsorily Convertible Preference Shares	Compulsorily convertible preference shares of face value ₹ 361.90 each.
CSR Committee	The corporate social responsibility committee of our Board, as described in “ <i>Our Management</i> ” on page 218.
Director(s)	The director(s) on our Board.
Edelweiss Crossover Opportunities Fund	Edelweiss Alternate Investment Opportunities Trust – Edelweiss Crossover Opportunities Fund
Edelweiss Crossover Opportunities Fund – Series II	Edelweiss Alternate Investment Opportunities Trust – Edelweiss Crossover Opportunities Fund – Series II
Equity Shares	The equity shares of our Company of face value of ₹ 10 each.
ESOP 2017	Sapphire Foods Employee Stock Option Plan 2017
Group CEO	The Group Chief Executive Officer of our Company, being Sanjay Purohit. For details, see “ <i>Our Management</i> ” on page 56.
Group Companies	The companies as described in “ <i>Our Group Companies</i> ” on page 228.
Independent Director(s)	Independent Director(s) on our Board.
IPO Committee	The committee constituted by our Board for the Offer.
Key Management/ Managerial Personnel/ KMP	Key management/ managerial personnel of our Company in terms of the SEBI ICDR Regulations and the Companies Act, 2013 and as disclosed in “ <i>Our Management</i> ” on page 220.
Licensee SHA	Licensee shareholders’ agreement dated September 4, 2015 executed by and amongst QSR Management Trust, Goldman Sachs Investments Holdings (Asia) Limited, Amethyst Private Limited, Sapphire Foods Mauritius Limited and Yum Restaurants (India) Private Limited.
Licensee SHA Amendment Agreement	The amendment agreement to the Licensee SHA dated August 3, 2021, entered into amongst our Company, QSR Management Trust, WWD Ruby Limited, Amethyst Private Limited, Sapphire Foods Mauritius Limited, Edelweiss Crossover Opportunities Fund, Edelweiss Crossover Opportunities Fund – Series II, and Yum Restaurants (India) Private Limited.
Material Subsidiary	Subsidiaries which contribute 10% or more to the turnover or net-worth or profits before tax of the immediately preceding financial year forming part of the Restated Financial

<b>Term</b>	<b>Description</b>
	Statements. Accordingly, Gamma Pizzakraft Lanka (Private) Limited is the Material Subsidiary of our Company
“Memorandum” or “Memorandum of Association” or “MoA”	The memorandum of association of our Company, as amended from time to time.
New Licensee SHA	Amended and restated licensee shareholders’ agreement dated August 3, 2021 executed by and amongst our Company, QSR Management Trust, Sumeet Subhash Narang, Sapphire Foods Mauritius Limited and Yum Restaurants (India) Private Limited
Non-executive Director(s)	Non-executive Director(s) of our Company. For details see “ <i>Our Management</i> ” on page 204.
Nomination and Remuneration Committee	The nomination and remuneration committee of our Board, as described in “ <i>Our Management</i> ” on page 216.
Promoter(s)	The promoters of our Company, namely, QSR Management Trust and Sapphire Foods Mauritius Limited.
Promoter Group	The entities constituting the promoter group of our Company in terms of Regulation 2(1) (pp) of the SEBI ICDR Regulations. For details, see “ <i>Our Promoters and Promoter Group</i> ” on page 227.
Registered and Corporate Office	702, Prism Tower, A Wing, Mindspace, Link Road, Goregaon (West), Mumbai, 400 062, Maharashtra, India.
“Registrar of Companies” or “RoC”	The Registrar of Companies, Maharashtra, located at Mumbai.
Restated Financial Statements	Restated consolidated summary statements of our Group as at and for the years ended March 31, 2021, March 31, 2020 and March 31, 2019 comprise the restated consolidated Ind AS summary statement of assets and liabilities as at March 31, 2021, March 31, 2020 and March 31, 2019, the restated consolidated Ind AS summary statements of profit and loss and the restated consolidated Ind AS summary statement of cash flows for the years ended March 31, 2021, March 31, 2020 and March 31, 2019, together with the summary statement of significant accounting policies, and other explanatory information thereon derived from audited consolidated financial statements as at and for the years ended March 31, 2021, March 31, 2020 and March 31, 2019 prepared in accordance with the Indian Accounting Standard (referred to as “ <b>Ind AS</b> ”) as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended and other accounting principles generally accepted in India and restated in accordance with the SEBI ICDR Regulations and the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the ICAI
Sapphire Mauritius SHA	Shareholders’ agreement dated August 2, 2021 executed by and amongst Sapphire Foods Mauritius Limited, Schroders Capital Private Equity Asia III L.P, Schroders Capital cPI Global 2014-2016 C.V., Schroders Capital Private Equity Global LP, Celox Olympos Limited, Samara Capital Partners Fund II Limited, Samara Capital Management Limited, Karikala (Mauritius) Limited, TR Capital III Mauritius III, Newquest Asia Fund IV (Singapore) Pte. Ltd., and Pergo Company Limited.
Scheme of Arrangement	Scheme of arrangement filed by our Company, Sapphire Hospitality and Recreation Private Limited, Hansazone Private Limited, Pizzeria Fast Foods Restaurants (Madras) Private Limited, and KFCH Restaurants Private Limited on November 20, 2017 as described in “ <i>History and Certain Corporate</i> ” on page 192.
SHA	Amended and restated shareholders’ agreement dated August 2, 2021 executed by and amongst our Company, Sapphire Foods Mauritius Limited, WWD Ruby Limited, Amethyst Private Limited, AAJV Investment Trust, Samara Capital Partners Fund II Limited, Edelweiss Crossover Opportunities Fund, Edelweiss Crossover Opportunities Fund – Series II, QSR Management Trust, and Arinjaya (Mauritius) Limited.
SHA Amendment Agreement	The amendment agreement to the SHA dated August 9, 2021, entered into amongst our Company, Sapphire Foods Mauritius Limited, WWD Ruby Limited, Amethyst Private Limited, AAJV Investment Trust, Samara Capital Partners Fund II Limited, Edelweiss Crossover Opportunities Fund, Edelweiss Crossover Opportunities Fund – Series II, QSR Management Trust, and Arinjaya (Mauritius) Limited.
Shareholders	The holders of the Equity Shares of our Company from time to time.
Stakeholders’ Relationship Committee	The stakeholders’ relationship committee of our Board as described in “ <i>Our Management</i> ” on page 217.
Subsidiaries	The direct subsidiary of our Company, namely Gamma Pizzakraft (Overseas) Private Limited, and the indirect subsidiaries of our Company, namely Gamma Pizzakraft Private

<b>Term</b>	<b>Description</b>
	Limited, Gamma Pizzakraft Lanka (Private) Limited, Gamma Island Food Private Limited and French Restaurants Private Limited.
YUM	Yum Restaurants (India) Private Limited and its affiliates

### Offer Related Terms

<b>Term</b>	<b>Description</b>
Acknowledgement Slip	The slip or document issued by the relevant Designated Intermediary (ies) to the Bidder as proof of registration of the Bid cum Application Form.
‘Allot’ or ‘Allotment’ or ‘Allotted’	Transfer of the Offered Shares by the Selling Shareholders pursuant to the Offer for Sale to the successful Bidders.
Allotment Advice	Advice or intimation of Allotment sent to the Bidders who have bid in the Offer after the Basis of Allotment has been approved by the Designated Stock Exchange.
Allottee	A successful Bidder to whom an Allotment is made.
Anchor Investor(s)	A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with SEBI ICDR Regulations and the Red Herring Prospectus, and who has Bid for an amount of at least ₹ 100 million.
Anchor Investor Allocation Price	The price at which Equity Shares will be allocated to Anchor Investors according to the terms of the Red Herring Prospectus and the Prospectus, which will be decided by our Company and the Selling Shareholders in consultation with the BRLMs.
Anchor Investor Application Form	The form used by an Anchor Investor to make a Bid in the Anchor Investor Portion and which will be considered as an application for Allotment in terms of the Red Herring Prospectus and the Prospectus.
Anchor Investor Bid/ Offer Period or Anchor Investor Bidding Date	The date, one Working Day prior to the Bid/ Offer Opening Date, on which Bids by Anchor Investors shall be submitted and allocation to Anchor Investors shall be completed.
Anchor Investor Offer Price	The price at which the Equity Shares will be Allotted to Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which price will be equal to or higher than the Offer Price but not higher than the Cap Price.  The Anchor Investor Offer Price will be decided by our Company and the Selling Shareholders in consultation with the BRLMs.
Anchor Investor Portion	Up to 60% of the QIB Portion which may be allocated by our Company and the Selling Shareholders (excluding WWD Ruby Limited) in consultation with the BRLMs, to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations.  One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price.
Anchor Investor Pay-in Date	With respect to Anchor Investor(s), it shall be the Anchor Investor Bidding Date, and in the event the Anchor Investor Allocation Price is lower than the Offer Price, not later than two Working Days after the Bid/ Offer Closing Date.
‘ASBA’ or ‘Application Supported by Blocked Amount’	An application, whether physical or electronic, used by Bidders/Applicants, other than Anchor Investors, to make a Bid and authorising an SCSB to block the Bid Amount in the specified bank account maintained with such SCSB and will include amounts blocked by RIIs using the UPI mechanism
ASBA Account	Account maintained with an SCSB which may be blocked by such SCSB or the account of the RII Bidder blocked upon acceptance of UPI Mandate Request by RIIs using the UPI mechanism to the extent of the Bid Amount of the Bidder/Applicant
ASBA Bid	A Bid made by an ASBA Bidder.
ASBA Bidder(s)	Any Bidder (other than an Anchor Investor) in the Offer who intends to submit a Bid.
ASBA Form	An application form, whether physical or electronic, used by ASBA Bidders which will be considered as the application for Allotment in terms of the Red Herring Prospectus and the Prospectus.
Basis of Allotment	Basis on which Equity Shares will be Allotted to successful Bidders under the Offer, described in “Offer Procedure” on page 382.
Bid(s)	An indication by a Bidder (other than an Anchor Investor) to make an offer during the Bid/Offer Period pursuant to submission of the ASBA Form, or on the Anchor Investor Bidding Date by an Anchor Investor, pursuant to the submission of the Anchor Investor Application Form, to subscribe to or purchase Equity Shares at a price within the Price

<b>Term</b>	<b>Description</b>
	Band, including all revisions and modifications thereto, to the extent permissible under the SEBI ICDR Regulations, in terms of the Red Herring Prospectus and the Bid cum Application Form.
	The term 'Bidding' shall be construed accordingly.
Bid Amount	<p>The highest value of optional Bids indicated in the Bid cum Application Form and, in the case of Retail Individual Bidders Bidding at the Cut off Price, the Cap Price multiplied by the number of Equity Shares Bid for by such Retail Individual Bidder and mentioned in the Bid cum Application Form and payable by the Bidder or blocked in the ASBA Account of the Bidder, as the case may be, upon submission of the Bid.</p> <p>Eligible Employees applying in the Employee Reservation Portion can apply at the Cut-Off Price and the Bid Amount shall be Cap Price, net of Employee Discount, if any, multiplied by the number of Equity Shares Bid for such Eligible Employee and mentioned in the Bid cum Application Form.</p> <p>The maximum Bid Amount under the Employee Reservation Portion by an Eligible Employee shall not exceed ₹ 500,000 (net of Employee Discount). However, the initial Allotment to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹ 200,000 (net of Employee Discount). Only in the event of under-subscription in the Employee Reservation Portion, the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹200,000 (net of Employee Discount), subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹500,000 (net of Employee Discount).</p>
Bid cum Application Form 'Bidder' or 'Applicant'	<p>The Anchor Investor Application Form or the ASBA Form, as the context requires.</p> <p>Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form and unless otherwise stated or implied, includes an Anchor Investor.</p>
Bidding Centres	Centres at which the Designated Intermediaries shall accept the ASBA Forms, <i>i.e.</i> , Designated SCSB Branches for SCSBs, Specified Locations for Members of the Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs.
Bid Lot	[●] Equity Shares.
Bid/ Offer Closing Date	<p>Except in relation to any Bids received from the Anchor Investors, the date after which the Designated Intermediaries will not accept any Bids, which shall be notified in all editions of the English national daily newspaper [●], all editions of the Hindi national daily newspaper [●], and the [●] edition of Marathi daily newspaper [●] (Marathi being the regional language of Maharashtra wherein our Registered and Corporate Office is located), each with wide circulation and in case of any revision, the extended Bid/Offer Closing Date shall also be notified on the website and terminals of the Members of the Syndicate and communicated to the designated intermediaries and the Sponsor Bank, as required under the SEBI ICDR Regulations.</p> <p>Our Company and the Selling Shareholders (excluding WWD Ruby Limited) in consultation with the BRLMs, may consider closing the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date.</p>
Bid/ Offer Opening Date	Except in relation to any Bids received from the Anchor Investors, the date on which the Designated Intermediaries shall start accepting Bids, which shall be notified in all editions of the English national daily newspaper [●], all editions of the Hindi national daily newspaper [●], and the [●] edition of Marathi daily newspaper [●] (Marathi being the regional language of Maharashtra wherein our Registered and Corporate Office is located), each with wide circulation, and in case of any revision, the extended Bid/ Offer Opening Date also to be notified on the website and terminals of the Members of the Syndicate and communicated to the Designated Intermediaries and the Sponsor Bank, as required under the SEBI ICDR Regulations.
Bid/ Offer Period	Except in relation to Anchor Investors, the period between the Bid/ Offer Opening Date and the Bid/ Offer Closing Date, inclusive of both days, during which Bidders can submit their Bids, including any revisions thereof.
BofA	BofA Securities India Limited
Book Building Process	Book building process, as provided in Schedule XIII of the SEBI ICDR Regulations, in terms of which the Offer is being made.

<b>Term</b>	<b>Description</b>
'Book Running Lead Managers' or 'BRLMs'	The book running lead managers to the Offer, being JM Financial Limited, BofA Securities India Limited, ICICI Securities Limited and IIFL Securities Limited.
Broker Centres	<p>Broker centres notified by the Stock Exchanges where ASBA Bidders can submit the ASBA Forms to a Registered Broker.</p> <p>The details of such Broker Centres, along with the names and contact details of the Registered Brokers are available on the respective websites of the Stock Exchanges at <a href="http://www.bseindia.com">www.bseindia.com</a> and <a href="http://www.nseindia.com">www.nseindia.com</a>.</p>
'CAN' or 'Confirmation of Allocation Note'	Notice or intimation of allocation of the Equity Shares sent to Anchor Investors, who have been allocated the Equity Shares, after the Anchor Investor Bidding Date.
Cap Price	The higher end of the Price Band, above which the Offer Price and Anchor Investor Offer Price will not be finalised and above which no Bids will be accepted.
Cash Escrow and Sponsor Bank Agreement	The agreement dated [●] amongst our Company, the Selling Shareholders, the Registrar to the Offer, the BRLMs, the Escrow Collection Bank(s), the Public Offer Account Bank(s), the Sponsor Bank, and the Refund Bank(s) for among other things, collection of the Bid Amounts from the Anchor Investors and where applicable, refunds of the amounts collected from Anchor Investors, on the terms and conditions thereof.
Client ID	Client identification number maintained with one of the Depositories in relation to the demat account.
'CDP' or 'Collecting Depository Participant'	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI.
Compliance Officer for the Offer	Compliance officer for the Offer in terms of the SEBI ICDR Regulations.
Cut-Off Price	<p>Offer Price, which shall be any price within the Price Band, finalised by our Company and the Selling Shareholders in consultation with the BRLMs.</p> <p>Only Retail Individual Bidders in the Retail Portion and Eligible Employees Bidding in the Employee Reservation Portion are entitled to Bid at the Cut-off Price. QIBs (including Anchor Investor) and Non-Institutional Bidders are not entitled to Bid at the Cut-off Price.</p>
Designated CDP Locations	<p>Such locations of the CDPs where Bidders can submit the ASBA Forms.</p> <p>The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (<a href="http://www.bseindia.com">www.bseindia.com</a> and <a href="http://www.nseindia.com">www.nseindia.com</a>, respectively,) as updated from time to time.</p>
Designated Date	The date on which the Escrow Collection Bank(s) transfers funds from the Escrow Account, and funds blocked by the SCSBs and Sponsor Bank are transferred from the ASBA Accounts, as the case may be, to the Public Offer Account or the Refund Account, as appropriate, after finalisation of the Basis of Allotment, in terms of the Red Herring Prospectus following which the Equity Shares will be Allotted in the Offer.
Designated Intermediary(ies)	Collectively, the Syndicate, Sub-Syndicate Members/ agents, SCSBs, Registered Brokers, CDPs and RTAs, who are authorised to collect Bid cum Application Forms from the Bidders in the Offer.
Designated RTA Locations	<p>Such locations of the RTAs where Bidders can submit the ASBA Forms to RTAs.</p> <p>The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (<a href="http://www.bseindia.com">www.bseindia.com</a> and <a href="http://www.nseindia.com">www.nseindia.com</a>, respectively,) as updated from time to time.</p>
Designated SCSB Branches	Such branches of the SCSBs which shall collect the ASBA Forms used by the Bidders, a list of which is available on the website of SEBI at <a href="http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=35">http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=35</a> , updated from time to time, or at such other website as may be prescribed by SEBI from time to time.
Designated Stock Exchange	[●]
Draft Red Herring Prospectus or DRHP	This draft red herring prospectus dated August 10, 2021 issued in accordance with the SEBI ICDR Regulations, which does not contain complete particulars of the price at which the Equity Shares will be Allotted and the size of the Offer.
Eligible Employee	All or any of the following:



Term	Description
	<p>(1) a permanent employee of our Company or of our Subsidiaries, working in India or outside India (excluding such employees not eligible to invest in the Offer under applicable laws, rules, regulations and guidelines), as on the date of filing of the Red Herring Prospectus with the RoC and who continue to be a permanent employee of our Company or any of our Subsidiaries until the submission of the Bid cum Application Form; or</p> <p>(2) a Director, whether a whole time Director or otherwise, who is eligible to apply under the Employee Reservation Portion under applicable law as on the date of the Red Herring Prospectus and who continues to be a Director of our Company, as of the date of submission of the Bid cum Application Form, but not including Directors who either themselves or through their relatives or through any body corporate, directly or indirectly, hold more than 10% of the outstanding Equity Shares.</p> <p>The maximum Bid Amount under the Employee Reservation Portion by an Eligible Employee shall not exceed ₹ 500,000 (net of Employee Discount). However, the initial Allotment to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹ 200,000 (net of Employee Discount). Only in the event of an under-subscription in the Employee Reservation Portion post initial Allotment, such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, for a value in excess of ₹ 200,000 (net of Employee Discount) subject to the total Allotment to an Eligible Employee not exceeding ₹ 500,000 (net of Employee Discount).</p>
Eligible NRI	NRI(s) from jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the Bid cum Application Form and the Red Herring Prospectus will constitute an invitation to purchase the Equity Shares.
Employee Discount	A discount of up to 10% to the Offer Price (equivalent of ₹[●] per Equity Share) as may be offered by our Company and the Selling Shareholders, in consultation with the Book Running Lead Managers, to Eligible Employees and which shall be announced at least two Working Days prior to the Bid / Offer Opening Date.
Employee Reservation Portion	The portion of the Offer being up to [●] Equity Shares aggregating ₹[●] million, available for allocation to Eligible Employees, on a proportionate basis not exceeding 1% of our post-Offer paid-up Equity Share capital.
Escrow Account(s)	Account(s) opened with the Escrow Collection Bank and in whose favour Anchor Investors will transfer the money through direct credit/NEFT/RTGS/NACH in respect of the Bid Amount while submitting a Bid.
Escrow Collection Bank	Bank which is a clearing member and registered with SEBI as a banker to an issue, and with whom the Escrow Account(s) will be opened, in this case being [●].
First or sole Bidder	The Bidder whose name shall be mentioned in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name shall also appear as the first holder of the beneficiary account held in joint names.
Floor Price	The lower end of the Price Band, subject to any revision thereto, at or above which the Offer Price and the Anchor Investor Offer Price will be finalised and below which no Bids will be accepted.
General Information Document or GID	The General Information Document for investing in public offers, prepared and issued in accordance with the circular (SEBI/HO/CFD/DIL1/CIR/P/2020/37) dated March 17, 2020 issued by SEBI, suitably modified and updated pursuant to, among others, the circular (SEBI/HO/CFD/DIL2/CIR/P/2020/50) dated March 30, 2020 issued by SEBI.
IIFL	IIFL Securities Limited.
Investor Selling Shareholders	WWD Ruby Limited, Amethyst Private Limited, AAJV Investment Trust, Edelweiss Crossover Opportunities Fund and Edelweiss Crossover Opportunities Fund – Series II.
I-Sec	ICICI Securities Limited
JM	JM Financial Limited.
Maximum RIB Allottees	Maximum number of RIBs who can be allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIBs by the minimum Bid Lot.
Materiality Policy	Policy for identification of group companies, material outstanding civil litigations proceedings of our Company, our Subsidiaries, our Promoters and our Directors and material creditors of the Company, pursuant to the disclosure requirements under SEBI ICDR Regulations, as adopted by the Board through its resolution dated August 6, 2021.

<b>Term</b>	<b>Description</b>
Mutual Fund Portion	5% of the Net QIB Portion or [●] Equity Shares which shall be available for allocation to Mutual Funds only on a proportionate basis, subject to valid Bids being received at or above the Offer Price.
Mutual Funds	Mutual funds registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.
Net Offer	The Offer less the Employee Reservation Portion
Net QIB Portion	The portion of the QIB Portion less the number of Equity Shares Allotted to the Anchor Investors.
NBFC-SI	A systemically important non-banking financial company as defined under Regulation 2(1)(iii) of the SEBI ICDR Regulations.
Non-Institutional Bidders	Bidders that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than ₹ 200,000.
Non-Institutional Portion	Not less than [●] Equity Shares which shall be available for allocation to Non-Institutional Bidders on a proportionate basis, subject to valid Bids being received at or above the Offer Price.
‘Non-Resident’ or ‘NR’	A person resident outside India, as defined under FEMA and includes FPIs, VCFs, FVCIs and NRIs.
Offer	The initial public offering of the Equity Shares of our Company by way of the Offer for Sale. The Offer comprises of the Net Offer and the Employee Reservation Portion.
Offer Agreement	The agreement dated August 10, 2021 among our Company, the Selling Shareholders, the BRLMs, pursuant to which certain arrangements are agreed to in relation to the Offer.
Offer for Sale	The offer for sale of up to 17,569,941 Equity Shares aggregating up to ₹ [●] million by the Selling Shareholders.
Offer Price	The final price at which Equity Shares will be Allotted to successful ASBA Bidders in terms of the Red Herring Prospectus. The Offer Price will be decided by our Company and the Selling Shareholders in consultation with the BRLMs on the Pricing Date, in accordance with the Book-Building Process and in terms of the Red Herring Prospectus.  A discount of up to 10% on the Offer Price (equivalent of ₹ [●] per Equity Share) may be offered to Eligible Employees bidding in the Employee Reservation Portion. This Employee Discount, if any, will be decided by our Company and the Selling Shareholders in consultation with the BRLMs.
Offered Shares	Equity Shares being offered for sale by the Selling Shareholders in the Offer.
Offer Proceeds	Our Company will not receive any proceeds from the Offer. For further information about use of the Offer Proceeds, see “ <i>Objects of the Offer</i> ” beginning on page 115.
Price Band	The price band ranging from the Floor Price of ₹ [●] per Equity Share to the Cap Price of ₹ [●] per Equity Share, including any revisions thereof. The Price Band and minimum Bid Lot, as decided by our Company and the Selling Shareholders, in consultation with the BRLMs will be advertised in all editions of the English national daily newspaper [●], all editions of the Hindi national daily newspaper [●], and [●] edition of the Marathi daily newspaper [●] (Marathi being the regional language of Maharashtra wherein our Registered and Corporate Office is located), each with wide circulation, at least two Working Days prior to the Bid/ Offer Opening Date with the relevant financial ratios calculated at the Floor Price and at the Cap Price, and shall be made available to the Stock Exchanges for the purpose of uploading on their respective websites.
Pricing Date	The date on which our Company and Selling Shareholders in consultation with the BRLMs, will finalise the Offer Price.
Promoter Selling Shareholders	QSR Management Trust and Sapphire Food Mauritius Limited
Prospectus	The Prospectus to be filed with the RoC after the Pricing Date in accordance with Section 26 of the Companies Act, 2013, and the SEBI ICDR Regulations containing, <i>inter alia</i> , the Offer Price, the size of the Offer and certain other information, including any addenda or corrigenda thereto.
Public Offer Account	The bank account opened with the Public Offer Account Bank under Section 40(3) of the Companies Act, 2013, to receive monies from the Escrow Account and from the ASBA Accounts on the Designated Date.
Public Offer Account Bank	Bank which is a clearing member and registered with SEBI as a banker to an issue, and with whom the Public Offer Account(s) will be opened, in this case being [●].
‘QIBs’ or ‘Qualified Institutional Buyers’	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations.
QIB Bidders	QIBs who Bid in the Offer.

<b>Term</b>	<b>Description</b>
QIB Portion	[●] Equity Shares, which shall be available for allocation to QIBs (including Anchor Investors) on a proportionate basis, subject to valid Bids being received at or above the Offer Price.
QIB Bid/ Offer Closing Date	In the event our Company and the Selling Shareholders (excluding WWD Ruby Limited) in consultation with the BRLMs, decide to close Bidding by QIBs one day prior to the Bid/Offer Closing Date, the date one day prior to the Bid/Offer Closing Date; otherwise it shall be the same as the Bid/Offer Closing Date.
'Red Herring Prospectus' or 'RHP'	The Red Herring Prospectus dated [●] to be issued in accordance with Section 32 of the Companies Act, 2013, and the provisions of the SEBI ICDR Regulations, which will not have complete particulars of the price at which the Equity Shares will be offered and the size of the Offer, including any addenda or corrigenda thereto. The Red Herring Prospectus will be filed with the RoC at least three Working Days before the Bid/Issue Opening Date and will become the Prospectus upon filing with the RoC after the Pricing Date.
Refund Account	The account opened with the Refund Bank(s), from which refunds, if any, of the whole or part of the Bid Amount to Anchor Investors shall be made.
Refund Bank	The Banker to the Offer with whom the Refund Account(s) will be opened, in this case being [●].
Registrar Agreement	The agreement dated August 9, 2021, entered into between our Company, the Selling Shareholders and the Registrar to the Offer, in relation to the responsibilities and obligations of the Registrar to the Offer pertaining to the Offer.
Registered Brokers	Stock brokers registered with SEBI under the Securities and Exchange Board of India (Stock Brokers and Sub-Brokers) Regulations, 1992 and the stock exchanges having nationwide terminals, other than the Members of the Syndicate and eligible to procure Bids in terms of Circular No. CIR/CFD/14/2012 dated October 4, 2012, issued by SEBI.
'Registrar to the Offer' or 'Registrar'	Link Intime India Private Limited.
'RTAs' or 'Registrar and Share Transfer Agents'	The registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, issued by SEBI.
Resident Indian	A person resident in India, as defined under FEMA.
'Retail Individual Bidder(s)' or 'Retail Individual Investor(s)' or 'RII(s)' or 'RIB(s)'	Individual Bidders, who have Bid for the Equity Shares for an amount which is not more than ₹ 200,000 in any of the bidding options in the Offer (including HUFs applying through their Karta and Eligible NRI Bidders) and does not include NRIs (other than Eligible NRIs).
Retail Portion	The portion of the Offer being not more than 10% of the Net Offer comprising [●] Equity Shares, which shall be available for allocation to RIBs in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price.
Revision Form	Form used by the Bidders to modify the quantity of the Equity Shares or the Bid Amount in any of their Bid cum Application Forms or any previous Revision Form(s).  QIB Bidders and Non-Institutional Bidders are not allowed to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders and Eligible Employee Bidding in the Employee Reservation Portion can revise their Bids during the Bid/ Offer Period and withdraw their Bids until the Bid/ Offer Closing Date.
'Self Certified Syndicate Bank(s)' or 'SCSB(s)'	The banks registered with SEBI, offering services in relation to ASBA, a list of which is available on the website of SEBI at <a href="http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=35">http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=35</a> or such other websites and updated from time to time.
Selling Shareholders	Collectively, the Promoter Selling Shareholders and the Investor Selling Shareholders.
Share Escrow Agent	The share escrow agent appointed pursuant to the Share Escrow Agreement, namely [●].
Share Escrow Agreement	The agreement dated [●] between our Company, the Selling Shareholders and the Share Escrow Agent in connection with the transfer of the Offered Shares by the Selling Shareholders and credit of such Equity Shares to the demat account of the Allottees in accordance with the Basis of Allotment.
Specified Locations	Bidding centres where the Syndicate shall accept ASBA Forms from Bidders.
Sponsor Bank	Bank registered with SEBI which is appointed by the issuer to act as a conduit between the Stock Exchanges and the National Payments Corporation of India in order to push the mandate collect requests and / or payment instructions of the RIIs into the UPI, the

Term	Description
	Sponsor Bank in this case being [●].
Sub-Syndicate Members	The sub-syndicate members, if any, appointed by the BRLMs and the Syndicate Members, to collect ASBA Forms and Revision Forms.
Syndicate Agreement	The agreement dated [●] between our Company, the Registrar to the Offer, the Selling Shareholders, the BRLMs and the Syndicate Members in relation to the procurement of Bid cum Application Forms by the Syndicate.
Syndicate Members	Syndicate members as defined under Regulation 2(1)(hhh) of the SEBI ICDR Regulations, namely, [●] and [●].
‘Syndicate’ or ‘Members of the Syndicate’	The BRLMs and the Syndicate Members.
Technopak	Technopak Advisors Private Limited
Technopak Report	Industry report entitled “ <i>Industry Report on Indian Food Services Market</i> ” dated July 23, 2021 which is exclusively prepared for the purpose of the Offer and issued by Technopak, and is commissioned and paid for by our Company.
Underwriters	[●]
Underwriting Agreement	The agreement dated [●] between the Underwriters, our Company and the Selling Shareholders, entered into on or after the Pricing Date but prior to filing of the Prospectus with the RoC.
UPI Circulars	The SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019, SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020, SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2021/47 dated March 31, 2021, SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 and any subsequent circulars or notifications issued by SEBI in this regard.
UPI ID	ID created on Unified Payment Interface (UPI) for single-window mobile payment system developed by the National Payments Corporation of India (NPCI).
UPI Mandate Request	A request (intimating the RII by way of a notification on the UPI application and by way of a SMS directing the RII to such UPI application) to the RII initiated by the Sponsor Bank to authorise blocking of funds on the UPI application equivalent to Bid Amount and subsequent debit of funds in case of Allotment
UPI mechanism	The bidding mechanism that may be used by an RII to make a Bid in the Offer in accordance with UPI Circulars.
UPI PIN	Password to authenticate UPI transaction
Wilful Defaulter	Wilful defaulter as defined under Regulation 2(1)(iii) of the SEBI ICDR Regulations
Working Day	All days other than second and fourth Saturday of the month, Sunday or a public holiday, on which commercial banks in Mumbai are open for business; provided, however, with reference to (a) announcement of Price Band; and (b) Bid/ Offer Period, the expression “Working Day” shall mean all days on which commercial banks in Mumbai are open for business, excluding all Saturdays, Sundays or public holidays; and (c) with reference to the time period between the Bid/ Offer Closing Date and the listing of the Equity Shares on the Stock Exchanges, the expression ‘Working Day’ shall mean all trading days of Stock Exchanges, excluding Sundays and bank holidays, in terms of the circulars issued by SEBI.

#### Technical/ Industry Related Terms/ Abbreviations

Term	Description
CAGR	Compound Annual Growth Rate
GDP	Gross Domestic Product
POS	Point of Sales
SCM	Supply chain management
QSR	Quick Service Restaurant

#### Conventional and General Terms or Abbreviations

Term	Description
'Mn' or 'mn'	Million.
AGM	Annual General Meeting.
AIF	An alternative investment fund as defined in and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.
Average Daily Sales	Average daily sales is calculated by dividing restaurant sales during the period by number of days these restaurants were operational during the period
BSE	BSE Limited.
Category I FPI	FPIs registered as "Category I foreign portfolio investors" under the SEBI FPI Regulations.
Category II FPI	FPIs registered as "Category II foreign portfolio investors" under the SEBI FPI Regulations.
CDSL	Central Depository Services (India) Limited.
CIN	Corporate Identity Number.
CIT	Commissioner of Income Tax.
Companies Act	Companies Act, 1956 and Companies Act, 2013, as applicable.
Companies Act, 1956	The erstwhile Companies Act, 1956 along with the relevant rules made thereunder.
Companies Act, 2013	Companies Act, 2013, along with the relevant rules, regulations, clarifications, circulars and notifications issued thereunder, as amended to the extent currently in force.
Company Adjusted EBITDA	Company EBITDA adjusted for Ind AS 116 adjustment on account of lease contract for rent expenses, other miscellaneous expenses, rent waiver due to COVID and other income pertaining to gain on termination of lease contract and interest income from security deposit at amortized cost as set forth in "Other Financial Information" on page 307.
Company Adjusted EBITDA Margin	Company Adjusted EBITDA as a percentage of restaurant related revenue
Company Adjusted EBITDA before ESOP expenses	Company Adjusted EBITDA plus share-based payments as set forth in "Other Financial Information" on page 309.
Company Adjusted EBITDA before ESOP expenses Margin	Company Adjusted EBITDA before ESOP expenses as a percentage of restaurant related revenue
Company EBITDA	Restated loss for the year after tax plus total tax expense, finance costs, depreciation, impairment and amortization expense, exceptional items, net gain on termination of lease contract and rent waiver due to COVID 19 less other income, as set forth in "Other Financial Information" on page 307.
Company EBITDA Margin	Company EBITDA as a percentage of restaurant related revenue
Company EBITDA before ESOP expenses	Company EBITDA plus share-based payments as set forth in expenses as set forth in "Other Financial Information" on page 310.
Company EBITDA before ESOP expenses Margin	Company EBITDA before ESOP expenses as a percentage of restaurant related revenue
Contract Labour Act	The Contract Labour (Regulation and Abolition) Act, 1970.
CSR	Corporate Social Responsibility.
Depositories	NSDL and CDSL.
Depositories Act	The Depositories Act, 1996, read with regulations framed thereunder.
DIN	Director Identification Number.
DP ID	Depository Participant's Identity Number.
DP or Depository Participant	A depository participant as defined under the Depositories Act.
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EGM	Extraordinary General Meeting.
Employees Provident Fund Act	Employees Provident Funds and Miscellaneous Provisions Act, 1952.
EPS	Earnings Per Share.
FAQs	Frequently asked questions.
FCNR	Foreign currency non-resident account.
FDI	Foreign Direct Investment.
FDI Circular	The consolidated FDI policy, issued by the Department of Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India, and any modifications thereto or substitutions thereof, issued from time to time
FEMA	Foreign Exchange Management Act, 1999, read with rules and regulations thereunder.

<b>Term</b>	<b>Description</b>
FEMA NDI Rules	Foreign Exchange Management (Non-debt Instrument) Rules, 2019.
'Financial Year' or 'Fiscal' or 'Fiscal Year' or 'FY'	The period of 12 months commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year.
FPI(s)	Foreign portfolio investors as defined under the SEBI FPI Regulations.
FVCI	Foreign venture capital investors as defined and registered under the SEBI FVCI Regulations.
GDP	Gross domestic product.
GoI or Government or Central Government	The Government of India.
Gross Margin	Restaurant sales less cost of materials consumed as set forth in " <i>Other Financial Information</i> " on page 308
Gross Margin Percentage	Gross Margin as a percentage of restaurant sales
GST	Goods and services tax.
HUF	Hindu undivided family.
ICAI	The Institute of Chartered Accountants of India.
IFRS	International Financial Reporting Standards of the International Accounting Standards Board.
Income Tax Act	Income- Tax Act, 1961, read with the rules framed thereunder.
Income Tax Rules	Income- Tax Rules, 1962.
Ind AS	Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013, read with Companies (Indian Accounting Standard) Rules, 2015, as amended.
Indian GAAP	Accounting standards notified under section 133 of the Companies Act, 2013, read with Companies (Accounting Standards) Rules, 2006, as amended and the Companies (Accounts) Rules, 2014, as amended
IPO	Initial public offering.
IST	Indian Standard Time.
IT	Information Technology
MCA	Ministry of Corporate Affairs, Government of India.
N.A.	Not applicable.
NAV	Net asset value.
NEFT	National Electronic Fund Transfer.
NRE Account	Non-Resident External account.
NRI	A person resident outside India, who is a citizen of India or an overseas citizen of India cardholder within the meaning of section 7(A) of the Citizenship Act, 1955.
NSDL	National Securities Depository Limited.
NSE	National Stock Exchange of India Limited.
'OCB' or 'Overseas Corporate Body'	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date was eligible to undertake transactions pursuant to general permission granted to OCBs under FEMA. OCBs are not allowed to invest in the Offer.
p.a.	Per annum.
P/E Ratio	Price/earnings ratio.
PAN	Permanent account number.
PAT	Profit after tax.
RBI	Reserve Bank of India.
Restaurant EBITDA	Restaurant sales less cost of materials consumed, and restaurant related expenditure as set forth in " <i>Other Financial Information</i> " on page 307.
Restaurant EBITDA Margin	Restaurant EBITDA as a percentage of restaurant related revenue.
RTGS	Real time gross settlement.
SCRA	Securities Contracts (Regulation) Act, 1956.
SCRR	Securities Contracts (Regulation) Rules, 1957.
SEBI	Securities and Exchange Board of India constituted under the SEBI Act, 1992.
SEBI Act	Securities and Exchange Board of India Act, 1992.
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019.

<b>Term</b>	<b>Description</b>
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000.
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996.
SSSG	Same Store Sales Growth. It represents the period-over-period percentage change in restaurant sales from operations of all stores or restaurants that have been open prior to the first day of the previous financial year and were operational in both financial years.
State Government	The government of a state in India.
Stock Exchanges	Collectively, the BSE and NSE.
STT	Securities transaction tax.
Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
TAN	Tax deduction account number.
TDS	Tax deducted at source.
U.S. GAAP	Generally accepted accounting principles of the United States of America.
U.S. Securities Act	U.S. Securities Act of 1933, as amended.
VAT	Value added tax.
VCFs	Venture capital funds as defined in and registered with SEBI under SEBI VCF Regulations.
VP	Vice President
Year/ Calendar Year	The 12 month period ending December 31.

Words and expressions used but not defined herein shall have the same meaning as is assigned to such terms in the SEBI ICDR Regulations, the Companies Act, the SEBI Act, the SCRA, the Depositories Act and the rules and regulations made thereunder.

Notwithstanding the foregoing, capitalised terms in “*Statement of Special Tax Benefits*”, “*Restated Financial Statements*”, “*Basis for Offer Price*”, “*Outstanding Litigation and Material Developments*”, “*Offer Procedure*” and “*Main Provision of the Articles of Association*” on pages 120, 236, 117, 350, 380 and 399 respectively, shall have the meaning as ascribed to such terms in such sections.

## CERTAIN CONVENTIONS, USE OF FINANCIAL INFORMATION AND MARKET DATA AND CURRENCY OF PRESENTATION

### Certain Conventions

All references to “India” in this Draft Red Herring Prospectus are to the Republic of India, all references to “Maldives” are to the Republic of Maldives and all references to “Sri Lanka” are to the Democratic Socialist Republic of Sri Lanka.

### Page Numbers

Unless otherwise stated, all references to page numbers in this Draft Red Herring Prospectus are to page numbers of this Draft Red Herring Prospectus.

### Currency and Units of Presentation

All references to “Rupee(s)”, “Rs.” or “₹” or “INR” are to Indian Rupees, the official currency of the Republic of India. All references to “US\$” or “USD” or “U.S. Dollars” are to United States Dollar, the official currency of the United States of America. All references to “EUR” or “€” are to Euro, the official currency of the European Union. All references to “LKR” are to Sri Lankan Rupee, the official currency of Sri Lanka. All references to “MVR” are to the Maldivian Rufiyaa, the official currency of the Republic of Maldives

### Exchange Rates

This Draft Red Herring Prospectus contains conversions of certain other currency amounts into Rupees that have been presented solely to comply with the requirements of SEBI ICDR Regulations. Unless otherwise stated, the exchange rates referred to for the purpose of conversion of foreign currency amounts into Rupee amounts, are as follows:

(in ₹)

Currency	Exchange rate as on		
	March 31, 2021	March 31, 2020	March 31, 2019
USD	73.50	75.39	69.17
LKR	0.37	0.40	0.39
MVR	4.81	4.94	4.57

# Source: [www.rbi.org.in](http://www.rbi.org.in), [www.fbil.org.in](http://www.fbil.org.in), [www1.oanda.com](http://www1.oanda.com).

*On instances where the given day is a holiday, the exchange rate from the previous working day has been considered.*

Such conversion should not be considered as a representation that such currency amounts have been, could have been or can be converted into Rupees at any particular rate, the rates stated above or at all.

### Time

All references to time in this Draft Red Herring Prospectus are to Indian Standard Time.

### Financial and Other Data

Unless stated otherwise or the context requires otherwise, the financial information in this Draft Red Herring Prospectus is derived from our Restated Financial Statements.

There are significant differences between Ind AS, U.S. GAAP and IFRS. Our Company does not provide reconciliation of its financial information to IFRS or U.S. GAAP. Our Company has not attempted to explain those differences or quantify their impact on the financial data included in this Draft Red Herring Prospectus and it is urged that you consult your own advisors regarding such differences and their impact on our financial data. For details in connection with risks involving differences between Ind AS, U.S. GAAP and IFRS see “*Risk Factors - Significant differences exist between Ind AS used to prepare our financial information and other accounting principles, such as IFRS and U.S. GAAP, with which investors may be more familiar*” on page 67. Accordingly, the degree to which the financial information included in this Draft Red Herring Prospectus will provide meaningful information is entirely



dependent on the reader's level of familiarity with Indian accounting policies and practices, the Companies Act, Ind AS, and the SEBI ICDR Regulations. Any reliance by persons not familiar with Indian accounting policies and practices on the financial disclosures presented in this Draft Red Herring Prospectus should, accordingly, be limited.

Our Company's fiscal year commences on April 1 of each year and ends on March 31 of the next year. Accordingly, all references to a particular fiscal year (referred to herein as "**Fiscal**", "**Fiscal Year**" or "**FY**") are to the 12 months period ended March 31 of that particular year, unless otherwise specified.

All the figures in this Draft Red Herring Prospectus, except for figures derived from the Technopak Report (which are in crores, billions or as the context may require), have been presented in million or in whole numbers where the numbers have been too small to present in million unless stated otherwise. One million represents 1,000,000 and one billion represents 1,000,000,000. Certain figures contained in this Draft Red Herring Prospectus, including financial information, have been subject to rounding adjustments. Any discrepancies in any table between the totals and the sum of the amounts listed are due to rounding off. All figures in decimals have been rounded off to the second decimal. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given, and (ii) the sum of the figures in a column or row in certain tables may not conform exactly to the total figure given for that column or row. However, figures sourced from third-party industry sources may be expressed in denominations other than million or may be rounded off to other than two decimal points in the respective sources, and such figures have been expressed in this Draft Red Herring Prospectus in such denominations or rounded-off to such number of decimal points as provided in such respective sources.

Unless the context otherwise indicates, any percentage amounts, as set forth in "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 28, 159 and 312, respectively, and elsewhere in this Draft Red Herring Prospectus have been calculated on the basis of amounts derived from the Restated Financial Statements.

#### *Non- GAAP Financial Measures*

This Draft Red Herring Prospectus contains certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance like Company EBITDA, Company adjusted EBITDA, Company EBITDA margin, Company adjusted EBITDA margin, Company EBITDA before ESOP expenses, Company adjusted EBITDA before ESOP expenses, Company EBITDA before ESOP expenses margin, Company adjusted EBITDA before ESOP expenses margin, net worth, return on net worth, Net Asset Value per Equity Share, debt equity ratio, total borrowings/ equity, ratio of total liabilities including contingent liabilities to net worth, and certain other statistical information relating to our operations and financial performance that are not required by, or presented in accordance with, Ind AS, Indian GAAP, or IFRS. Further, these Non-GAAP Measures are not a measurement of our financial performance or liquidity under Ind AS, Indian GAAP, IFRS or US GAAP and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the years/ period or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, Indian GAAP, IFRS or US GAAP. We compute and disclose such non- GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance. These non- GAAP financial measures and other statistical and other information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other companies and are not measures of operating performance or liquidity defined by Ind AS and may not be comparable to similarly titled measures presented by other companies.

#### **Industry and Market Data**

The industry and market data set forth in this Draft Red Herring Prospectus have been obtained or derived from publicly available information as well as industry publications and sources. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. The data used in these sources may have been re-classified by us for the purposes of presentation. Data from these sources may also not be comparable.

The extent to which industry and market data set forth in this Draft Red Herring Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources. Accordingly, no investment decision should be made solely on the basis of such information. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those disclosed in "*Risk Factors*" on page 28. For details in relation to the risks involving the Industry Reports, see "*Risk Factors – We have referred to the data derived from the industry report prepared by Technopak Advisors Private Limited which has been commissioned and paid for by us for the purposes of confirming our understanding of the industry in connection with the Offer.*" on page 63.

In accordance with the SEBI ICDR Regulations, the section "*Basis for Offer Price*" on page 117 includes information relating to our peer group companies. Such information has been derived from publicly available sources. Such industry sources and publications are also prepared based on information as at specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base this information on estimates and assumptions that may prove to be incorrect. Accordingly, no investment decision should be made solely on the basis of such information. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those disclosed in "*Risk Factors*" beginning on page 28.

This Draft Red Herring Prospectus contains certain industry and market data and statements concerning our industry obtained from Technopak Report which is subject to the disclaimer mentioned below. Further Technopak, vide their letter dated July 23, 2021 ("**Letter**") has accorded their no objection and consent to use the Technopak Report. Technopak, vide their Letter has also confirmed that they are an independent agency, and confirmed that Technopak is not related to our Company, our Directors, our Promoters, or our Key Managerial Personnel.

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*All recipients of the information package should make their own independent evaluations and should conduct their own investigation and analysis and should check the accuracy, reliability and completeness of the information and obtain independent and specified advice from appropriate professional adviser, as they deem necessary.”*

## FORWARD-LOOKING STATEMENTS

This Draft Red Herring Prospectus contains certain “forward-looking statements”. These forward-looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “believe”, “goal”, “expect”, “estimate”, “intend”, “likely to”, “objective”, “plan”, “project”, “shall”, “should”, “will”, “will continue”, “seek to”, “will pursue” or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. For the reasons described below, we cannot assure investors that the expectations reflected in these forward-looking statements will prove to be correct. Therefore, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements as a guarantee of future performance.

Actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties associated with the expectations with respect to, but not limited to, regulatory changes pertaining to the industry in which our Company and Subsidiaries have businesses and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India and globally which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in laws, regulations and taxes and changes in competition in our industry. Certain important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

- The Coronavirus disease (COVID-19) pandemic has substantially affected and may continue to affect our business, results of operations, financial condition, cash flows and reputation in the future.
- Operation of our restaurants pursuant to the Franchisee Arrangement that imposes certain restrictions and obligations on us with respect to our operations.
- Failure or deterioration in quality control systems or protocols for supply chain or restaurants.
- We reported restated loss for the year after tax for the financials years 2021, 2020 and 2019 and may incur additional losses in the future.
- There are material outstanding legal proceedings involving our Company, Subsidiaries and Directors.

For a further discussion of factors that could cause our actual results to differ from our expectations, see “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 28, 159 and 312, respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual gains or losses could materially differ from those that have been estimated.

There can be no assurance to Bidders that the expectations reflected in these forward-looking statements will prove to be correct. Given these uncertainties, Bidders are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements to be a guarantee of our future performance.

Forward-looking statements reflect our views as of the date of this Draft Red Herring Prospectus and are not a guarantee of future performance. These statements are based on our management’s beliefs and assumptions, which in turn are based on the currently available information. Although the assumptions upon which these forward-looking statements are based are reasonable and reflect the current views of the Company’s management as of the date of the DRHP, which in turn are based on currently available information, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. None of our Company, Directors, the Selling Shareholders, and the BRLMs or their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition.

In accordance with SEBI requirements, our Company and each Selling Shareholder shall severally (to the extent of

statements specifically made or confirmed by them in relation to their respective portion of Offered Shares in this DRHP) and the BRLMs ensure that investors in India are informed of material developments from the date of the Red Herring Prospectus in relation to the statements and undertakings made by them in the Red Herring Prospectus until the time of the grant of listing and trading permission by the Stock Exchanges for this Offer.

## SUMMARY OF THE OFFER DOCUMENT

This section is a general summary of certain disclosures included in this Draft Red Herring Prospectus and is not exhaustive, nor does it purport to contain a summary of all the disclosures in this Draft Red Herring Prospectus or all details relevant to prospective investors. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Draft Red Herring Prospectus, including the sections titled “Risk Factors”, “Our Business”, “Industry Overview”, “Capital Structure”, “The Offer” and “Outstanding Litigation and Material Developments” beginning on at pages 28, 159, 127, 89, 79 and 350 respectively of this Draft Red Herring Prospectus.

### Primary business of our Company

We are YUM’s largest franchisee operator in the Indian subcontinent in terms of revenue in the financial year 2020 (Source: Technopak Report). We are also Sri Lanka’s largest international quick service restaurant chain in terms of revenue for the financial year 2021 and number of restaurants operated as of March 31, 2021 (Source: Technopak Report). We have also established a presence in the Maldives. As of March 31, 2021, we owned and operated 204 KFC restaurants in India and the Maldives, 231 Pizza Hut restaurants in India, Sri Lanka and the Maldives, and two Taco Bell restaurants in Sri Lanka.

### Industry in which our Company operates

Within the organized food services market in India, the QSR chain sub-segment is the fastest growing sub-segment, with its value expected to grow at a CAGR of approximately 23% from ₹ 188.00 billion in financial 2020 to ₹ 534.00 billion in financial year 2025. Chicken and pizza are amongst the largest categories within the QSR chain sub-segment. As of March 31, 2021, KFC and Pizza Hut restaurants comprised approximately 7% and 6%, respectively, of the total number of outlets of key QSR brands in India (Source: Technopak Report).

### Promoters

Our Promoters are QSR Management Trust and Sapphire Foods Mauritius Limited.

### Offer Size

Offer <sup>(1) (2)</sup>	Up to 17,569,941 Equity Shares, aggregating up to ₹ [●] million
Employee Reservation Portion <sup>(3)</sup>	Up to [●] Equity Shares aggregating up to ₹ [●] million not exceeding 1% of our post-Offer paid-up Equity Share capital
Net Offer	Up to [●] Equity Shares aggregating up to ₹ [●] million

(1) Our Board has authorised the Offer, pursuant to their resolution dated August 6, 2021.

(2) The Selling Shareholders have authorised and consented to participate in the Offer for Sale. The Equity Shares being offered by the Selling Shareholders have been held for a period of at least one year immediately preceding the date of this Draft Red Herring Prospectus with the SEBI and are eligible for being offered for sale pursuant to the Offer in terms of the SEBI ICDR Regulations. For details of authorizations received for the Offer for Sale, see “The Offer” beginning on page 79.

(3) In the event of under-subscription in the Employee Reservation Portion (if any), the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹ 200,000, subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹ 500,000. The unsubscribed portion, if any, in the Employee Reservation Portion (after allocation of up to ₹ [●]), shall be added to the Net Offer. For further details, see “Offer Structure” beginning on page 377.

### Objects of the Offer

The objects of the Offer are to (i) carry out the Offer for Sale of up to 17,569,941 Equity Shares by the Selling Shareholders, (ii) achieve the benefits of listing the Equity Shares on the Stock Exchanges, and (iii) enhancement of our Company’s brand name amongst our existing and potential customers and creation of a public market for our Equity Shares in India. For further details, see “Objects of the Offer” on page 115.

**Pre-Offer Shareholding of Promoters, Promoter Group and Selling Shareholders as a percentage of our paid-up Equity Share capital**

S. No.	Category of Shareholders**	No. of Equity Shares	% of total Pre-Offer paid up Equity Share capital
<b>A.</b>	<b>Promoter Selling Shareholders</b>		
1.	Sapphire Foods Mauritius Limited	28,927,588	46.53%
2.	QSR Management Trust*	3,705,590	5.96%
	<b>Total (A)</b>	<b>32,633,178</b>	<b>52.50%</b>
<b>B.</b>	<b>Promoter Group</b>		
3.	Samara Capital Management Limited	NIL	NIL
4.	Samara Capital Partners Fund II Limited	449,999	0.72%
5.	Sagista Realty Advisor Private Limited#	NIL	NIL
6.	KFCH Restaurants Private Limited	NIL	NIL
7.	Karikala (Mauritius) Limited	NIL	NIL
8.	Arinjaya (Mauritius) Limited	5,090,503	8.19%
	<b>Total (B)</b>	<b>5,540,502</b>	<b>8.91%</b>
<b>C.</b>	<b>Investor Selling Shareholders</b>		
9.	WWD Ruby Limited	11,678,516	18.79%
10.	Amethyst Private Limited	4,149,257	6.67%
11.	AAJV Investment Trust	83,964	0.14%
12.	Edelweiss Crossover Opportunities Fund	4,248,730	6.83%
13.	Edelweiss Crossover Opportunities Fund- Series IIs	1,746,273	2.81%
	<b>Total (C)</b>	<b>21,906,740</b>	<b>35.24%</b>
	<b>Total (A+B+C)</b>	<b>60,080,420</b>	<b>96.65%</b>

\* The Equity Shares held by QSR Management Trust are held through its trustee, Sagista Realty Advisor Private Limited.

# The Equity Shares are held in its capacity as the trustee of QSR Management Trust.

\*\* In terms of the SHA, between the Red Herring Prospectus and the Prospectus, Amethyst Private Limited and WWD Ruby Limited shall transfer, by way of gift, 187,520 Equity Shares and 356,664 Equity Shares respectively, to Sapphire Foods Mauritius Limited, and AAJV Investment Trust shall transfer, by way of gift, 3,795 Equity Shares to QSR Management Trust. Further, between the Red Herring Prospectus and the Prospectus, WWD Ruby shall transfer, by way of gift, such number of Equity Shares (i.e., between 236,482 Equity Shares, and 267,804 Equity Shares) to Sapphire Foods Mauritius Limited, depending on the Offer Price, as provided for in the SHA. Accordingly, if such Equity Shares are transferred to QSR Management Trust and Sapphire Foods Mauritius Limited, their shareholding shall increase from 3,705,590 Equity Shares to 3,709,385 Equity Shares for QSR Management Trust, and from 28,927,588 Equity Shares to between 29,708,254 and 29,739,576 Equity Shares for Sapphire Foods Mauritius Limited. For further details, please see "History and Certain Corporate Matters - Shareholders' agreements and share subscription agreements" on page 196.

**Select Financial Information**

(in ₹ million except per share data)

Particulars	As on March 31, 2021 and for the Fiscal ended March 31, 2021	As on March 31, 2020 and for the Fiscal ended March 31, 2020	As on March 31, 2019 and for the Fiscal ended March 31, 2019
Equity share capital	527.90	502.44	431.08
Other equity	4,271.13	4,742.28	3,584.75
Net worth#	4,442.93	4,888.62	3,659.73
Total income	10,812.35	13,517.36	12,062.82
Restated loss for the year after tax	(998.97)	(1,592.47)	(694.04)
Restated basic and diluted earning per share	(19.04)	(31.36)	(14.95)
Net asset value per equity share*	84.16	97.30	84.90
Total borrowings^	756.56	711.95	959.03

# Net worth is derived from the Restated Financial Statements and comprises of equity share capital and other equity excluding capital reserve

\* Net asset value (per Equity Share) is derived from the Restated Financial Statements and is calculated as restated net worth above at the end of the year divided by number of Equity Shares outstanding at the end of the year.

^ 'Total borrowings' is calculated as borrowings under total non-current liabilities, plus borrowings under current liabilities, plus current maturities of non-current borrowings.

## Qualifications of the Auditors which have not been given effect to in the Restated Financial Statements

Our Statutory Auditors have not made any qualifications in the examination report.

## Summary of Outstanding Litigation

A summary of outstanding litigation proceedings involving our Company, our Subsidiaries, our Promoters, our Directors, and our Group Companies as disclosed in this Draft Red Herring Prospectus, is provided below:

Nature of cases	Number of cases	Amount involved* (₹ million)
<b>Cases against our Company</b>		
Criminal proceedings	7	0.05
Action by regulatory/statutory authorities	25	202.29 <sup>(1)</sup>
Tax proceedings	79	195.43 <sup>(3)</sup>
Material civil litigation	1	-
<b>Total</b>	<b>112</b> <sup>(2)</sup>	<b>397.77</b>
<b>Cases by our Company</b>		
Criminal proceedings	-	-
Action by regulatory/statutory authorities	-	-
Tax proceedings	-	-
Material civil litigation	-	-
Total	-	-
<b>Cases involving our Subsidiaries</b>		
Criminal proceedings	-	-
Action by regulatory/statutory authorities	-	-
Tax proceedings	4	108.88 <sup>(4)</sup>
Material civil litigation	-	-
<b>Total</b>	<b>4</b>	<b>108.88</b>
<b>Cases involving our Directors</b>		
Criminal proceedings	2	-
Action by regulatory/statutory authorities	2	-
Tax proceedings	-	-
Material civil litigation	1	75
<b>Total</b>	<b>5</b>	<b>75</b>
<b>Cases involving our Promoters</b>		
Criminal proceedings	-	-
Action by regulatory/statutory authorities	-	-
Tax proceedings	-	-
Material civil litigation	-	-
Disciplinary action including penalty imposed by SEBI or stock exchanges	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Cases against our Group Companies that may have a material impact on the Company</b>		
Outstanding litigation that may have a material impact on our Company	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

\*Amount to the extent quantifiable

<sup>(1)</sup>This includes an amount of ₹ 1.72 million which has been paid by our Company under protest as provident fund dues to the recovery officer of the employee provident fund organization.

<sup>(2)</sup> This includes an anti-profiteering investigation which was initiated against one of our restaurants, pursuant to which our Company has filed a writ petition in High Court of Gujarat at Ahmedabad challenging the conduct of the investigation. For further details, see – "Material civil litigation initiated against our Company" at page no. 353. Please note that this matter has been included as a 'tax proceedings against our Company' as well as a 'material civil litigation against our Company'. However, in the



total number of cases against the Company, it has been considered as a single matter only.

<sup>(3)</sup>This includes an amount of ₹ 28.11 million which has been paid by our Company under protest to the relevant authorities.

<sup>(4)</sup> This includes an indirect tax matter involving Gamma Pizzakraft Lanka (Private) Limited considered at the exchange rate of 2.65062 LKR per ₹ as on July 15, 2021.

For further details of the outstanding litigation proceedings, see “*Outstanding Litigation and Material Developments*” beginning on page 350.

## **Risk Factors**

For the details of the risks applicable to us, please see “*Risk Factors*” beginning on page 28.

## **Summary of Contingent liabilities**

As of March 31, 2021, contingent liabilities as per Ind AS 37 are as follows:

		<i>(in ₹ million)</i>
S. No.	Particulars	As on March 31, 2021
(a)	<b>Contingent liabilities</b>	
	Sales tax	75.86
	Income tax	152.01
	Other matters	14.82
	<b>Total</b>	<b>242.69</b>

b) One of the Company's subsidiary namely Gamma Pizzakraft Lanka Private Limited has facilitated the contracted delivery riders to purchase motor bikes on leases from financial institutions. Leased motor bikes have been recognised as Right of use assets (ROU) with effect from April 1, 2018 under Ind AS 116 net of the amount recoverable from employees. Aggregated amount so recoverable from employees on future lease rentals of such lease agreements amounting to INR 4 million as at March 31, 2021 (March 31, 2020 INR 11.33 million; March 31, 2019 INR 12.16 million) (March 31, 2021 LKR 10.9 million; March 31, 2020 LKR 28.5 million; March 31, 2019 LKR 30.8 million). However, company has not experienced any loss or damage relating to such facilitation

c) Sri Lanka Customs ("SLC") conducted an inquiry against the Company's subsidiary namely Gamma Pizzakraft Lanka Private Limited ("the Co."). Pursuant to section 8 of the Customs Ordinance No.17 of 1869 as amended on the alleged basis that by failing to declare the continuing fee and advertising contribution as set out in the International Franchisee Agreement between Yum ! Asia Franchise Pte Ltd. and the Co. in computing the taxes and levies on the imported goods, the Co. has acted in violation of section 51 and 52 read with Schedule E of the Ordinance. SLC concluded the inquiry on November 28, 2018 by imposing a penalty of INR 27.63 million (LKR 69.5 million) on the Co. The Co. disagreed with the said order of SLC and filed a writ application before the Court of Appeal on January 18, 2019 challenging the order. Writ application was taken up at the Court of Appeal and the Management is confident that the Co.'s position on the matter is strong and there will not be any negative impact on the operations or financial position of the Co., thus no adjustment is required in the restated consolidated financial statements.

d) There are numerous interpretative issues relating to the Supreme Court (SC) judgement on provident fund (PF) dated 28th February 2019. Based on the legal opinion obtained, the company does not foresee any liability and will provide liability, if any prospectively and on receiving further clarity on the subject.

e) The Parent Company has entered into business transfer agreement with A. N. Traders Pvt Limited (ANTPL) in August 2016. The obligation of the parties was completed and the transaction of transferring the franchisee has been closed. One of the promoter of ANTPL has filed FIR against the 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 do not foresee any financial obligation against the FIR.

f) The Hon'ble Collector of Stamps, Mumbai, passed an order dated January 3, 2019, (“Order”) against the Parent Company for payment of stamp duty amounting to INR 194.60 million with respect to scheme of merger/amalgamation between Company and SHRPL, Hansazone, Pizzeria, KFCH. Aggrieved by this, Parent

Company filed an appeal before the Chief Controlling Revenue Authority, Pune, Maharashtra, challenging the Order on the grounds inter alia, that the amount of stamp duty has been calculated incorrectly and the current valuation of the stamp duty amounts to INR 2.74 million. Parent Company had also filed application for granting interim stay on the effect and operation of the Order, during the pendency of the appeal. The matter is currently pending.

g) The Parent Company has filed a writ petition before the High Court of Gujarat at Ahmedabad challenging the anti-profiteering investigation being conducted by the Directorate General of Anti-Profiteering (“Respondent”), on the grounds that the anti-profiteering investigation is ex-facie illegal and suffers from various infirmities including malice in law on the part of the Respondents including the National Anti-Profiteering Authority. The Respondents had initiated an anti-profiteering investigation under Section 171 of the Central Goods and Services Tax Act, 2017, basis a complaint against a singular Pizza Hut restaurant located in Ahmedabad, Gujarat. This investigation was initiated basis an reconsidered reference made by the Standing Committee on Anti-Profiteering in respect to a complaint filed with respect to supply of a product named ‘veggie supreme’ by our restaurant. Thereafter, the Parent Company had responded and provided information to various summons and notices as demanded by the Respondent during the investigation. However, being aggrieved by the way the investigation was being conducted, the Parent Company challenged the proceedings by the way of writ petition on the grounds that it was being conducted without any methodology or guidelines and was therefore manifestly arbitrary. By an order dated June 30, 2020, the High Court of Gujarat had directed the Respondent to not inquire about any other product of the Parent Company other than the complained product. Subsequently the Parent Company has filed its written submission dated March 30, 2021, before the High Court of Gujarat at Ahmedabad praying before the Court to allow the Writ Petition. The matter is currently pending for final orders and judgment.

Future cash outflows, if any, in respect of above are determinable only on receipt of judgement/decisions pending at various forums/ authorities or final outcome of matter.

The Group's pending litigations comprise of proceedings pending with tax authorities. The Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed contingent liabilities where applicable, in its restated financial statements. The Group does not expect the outcome of these proceedings to have materially adverse impact on its Restated Financial Statements.

For details of the contingent liabilities as per Ind AS 37 as at March 31, 2021, see “*Restated Financial Statements – Note 31*” on page 285.

#### **Summary of Related Party Transactions (as per Ind AS 24 read with SEBI ICDR Regulations)**

Following is a summary of related party transactions as per Ind AS 24 read with SEBI ICDR Regulations:

	<b>Fiscal Year ended March 31, 2021(₹ in million)</b>	<b>Fiscal Year ended March 31, 2020 (₹ in million)</b>	<b>Fiscal Year ended March 31, 2019 (₹ in million)</b>
<b>Issuance of Compulsory Convertible Debentures</b>			
Sagista Realty Advisors Private Limited, Trustee of QSR Management Trust (Company having Significant Influence)	-	-	169.49
<b>Issuance of Equity Shares (including securities premium)</b>			
Sapphire Foods Mauritius Limited (Company having Significant Influence)	121.14	-	14.32
WWD Ruby Limited (Company having Significant Influence)	210.00	425.14	0.02

	<b>Fiscal Year ended March 31, 2021 (₹ in million)</b>	<b>Fiscal Year ended March 31, 2020 (₹ in million)</b>	<b>Fiscal Year ended March 31, 2019 (₹ in million)</b>
Edelweiss Crossover Opportunities Fund (Company having Significant Influence)	37.50	1,389.29	0.05
Edelweiss Crossover Opportunities Fund – Series II (Company having Significant Influence)	39.87	463.10	0.02
Sagista Realty Advisors Private Limited, Trustee of QSR Management Trust (Company having Significant Influence)	33.92	171.59	-
Gamma Pizzakraft (Overseas) Private Limited#	10.00	-	26.00
Sanjay Purohit	64.02	-	-
<b>Issuance of Preference Shares</b>			
WWD Ruby Limited (Company having Significant Influence)	-	-	419.98
Edelweiss Crossover Opportunities Fund (Company having Significant Influence)	-	-	1,372.45
Edelweiss Crossover Opportunities Fund – Series II (Company having Significant Influence)	-	-	457.48
<b>Sale of material</b>			
KFCH Restaurants Private Limited (Entities under Common Control)	14.41	22.84	19.72
Gamma Island Foods (Pvt) Limited#	1.49	-	-
<b>Call Centre Charges (inclusive of taxes)</b>			
KFCH Restaurants Private Limited (Entities under Common Control)	4.67	4.12	5.86
<b>Reimbursement of expenses</b>			
Amar Raj Singh (Key Managerial personnel and their relatives)	-	0.44	0.63
KFCH Restaurants Private Limited (Entities under Common Control)	0.05	0.06	5.06
Gamma Pizzakraft Private Limited#	0.10	0.25	0.34
Gamma Pizzakraft Lanka Private Limited#	0.12	2.80	13.02
<b>Reimbursement of expenses incurred on behalf</b>			
Samara India Advisors Private Limited (Enterprises under Significant Influence)	0.33	0.05	-
Gamma Island Foods (Pvt) Limited#	-	2.79	12.40
French Restaurants (Pvt) Limited#	0.12	0.01	0.01
<b>Contribution to employee fund</b>			
Gamma Life Line (Enterprises under Significant Influence)	6.98	6.66	7.03
<b>Purchase of Equity Shares of Gamma Pizzakraft (Overseas ) Private Limited</b>			
Mr. Amar Raj Singh (Key Managerial personnel and their relatives)	21.53	172.67	-

	<b>Fiscal Year ended March 31, 2021(₹ in million)</b>	<b>Fiscal Year ended March 31, 2020 (₹ in million)</b>	<b>Fiscal Year ended March 31, 2019 (₹ in million)</b>
<b>Settlement of liabilities on behalf of the entity</b>			
KFCH Restaurants Private Limited (Entities under Common Control)	1.65	1.34	6.62
<b>Interest Income on Inter-Corporate Deposits</b>			
Gamma Pizzakraft (Overseas) Private Limited#	2.28	1.64	0.03
<b>Inter-Corporate Deposits given</b>			
Gamma Pizzakraft (Overseas) Private Limited** #	-	11.00	8.00
<b>Management fee income</b>			
Gamma Pizzakraft Private Limited#	0.42	0.45	-
Gamma Island Foods (Pvt) Limited#	2.13	4.14	4.97
<b>Interest income on loans and advances</b>			
Gamma Pizzakraft Private Limited#	-	-	1.00
<b>Investment in equity</b>			
Gamma Pizzakraft Private Limited#	10.00	-	26.00
<b>Management fee expenses</b>			
Gamma Pizzakraft (Overseas) Private Limited#	0.50	0.53	-
Gamma Pizzakraft Lanka Private Limited#	2.13	4.14	4.97
<b>Interest expenses on loans and advances</b>			
Gamma Pizzakraft (Overseas) Private Limited#	-	-	1.00
<b>Purchase of material</b>			
Gamma Pizzakraft Lanka Private Limited#	1.49	-	-
<b>Remuneration to Key Managerial Personnel *</b>			
Short Term Employee Benefits (Key Managerial personnel)	131.39	68.84	59.61
Share based payments (Key Managerial personnel)	96.85	44.56	36.14

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

\*\* The Company has given inter corporate deposit at the rate of 12% p.a. for a period of 3 years.

# Transaction eliminated on consolidation

Note:

Pursuant to the scheme of arrangement under section 230 and 232 of the Companies Act 2013 between our Company and KFCH Restaurants Private Limited (KFCH) sanctioned by NCLT by virtue of order dated 25.01.2018, 13 stores of KFCH ('Demerged Undertaking') got demerged and merged with the Company on a going concern basis from the appointed date of the scheme i.e. 1

April 2016. While the demerger was being operationalized, customers of the Demerged Undertaking of KFCH continued to remit the payments to the KFCH on behalf of the Company and vice versa. During the year ended March 31, 2021 net payable amount out of collections received by Sapphire Foods India Private Limited (SFIPL) on behalf of KFCH is 13.55 million (March 31, 2020: Rs. 20.82 million; March 31, 2019: Rs. Nil) and net payable amount out of collections received by KFCH on behalf of SFIPL is Rs Nil (March 31, 2020: Rs Nil; March 31, 2019: 284.11 million). Our Company is of the view that these transaction do not fall within the purview of IND AS 24 and hence excluded from related party disclosures noted above.

During the financial years 2021, 2020 and 2019, the arithmetic aggregate absolute total of such related party transactions pre-elimination (income and expense) was ₹ 265.46 million, ₹ 164.32 million and ₹ 171.79 million, respectively, representing 2.6%, 1.2% and 1.4%, of our revenue from operations, respectively. As of March 31, 2021, 2020 and 2019, the arithmetic aggregate absolute total of related party transactions pre-elimination (assets and liabilities) was ₹ 549.63 million, ₹ 2,634.13 million and ₹ 2,500.43 million, respectively, representing 4.1%, 19.1% and 16.0% of our total assets, respectively.

For details of the related party transactions in accordance with Ind AS 24 read with SEBI ICDR Regulations, see “Related Party Transactions” on page 232.

### Financing Arrangements

There have been no financing arrangements whereby our Promoters, members of the Promoter Group, the directors of Sapphire Foods Mauritius Limited, who is our corporate Promoter, our Directors and their relatives have financed the purchase by any other person of securities of our Company during a period of six months immediately preceding the date of this Draft Red Herring Prospectus.

### Weighted average price at which the Equity Shares were acquired by our Promoters and the Selling Shareholders in the one year preceding the date of this Draft Red Herring Prospectus

The weighted average price at which the Equity Shares were acquired by our Promoters and Selling Shareholders in the one year preceding the date of this Draft Red Herring Prospectus is:

S. No.	Category of Shareholders	Number of Equity Shares acquired in the one year preceding the date of the Draft Red Herring Prospectus	Weighted average price of acquisition per Equity Share (in ₹)*
<b>A.</b>	<b>Promoter Selling Shareholders</b>		
1.	QSR Management Trust**	188,131	180.32^
2.	Sapphire Foods Mauritius Limited	11,456,012	515.56^^
<b>B.</b>	<b>Selling Shareholders</b>		
3.	WWD Ruby Limited	Nil	N.A.
4.	Amethyst Private Limited	Nil	N.A.
5.	AAJV Investment Trust	Nil	N.A.
6.	Edelweiss Crossover Opportunities Fund- Series I	Nil	N.A.
7.	Edelweiss Crossover Opportunities Fund- Series II	183,682	544.42

\* As certified by Ramanand & Associates, Chartered Accountants, by way of their certificate dated August 9, 2021.

^ Also includes acquisition of 6,721 Equity Shares by way of gift.

^^ Also includes acquisition of 311,470 Equity Shares by way of gift.

\*\* The Equity Shares held by QSR Management Trust are held through its trustee, Sagista Realty Advisor Private Limited.

### Average Cost of Acquisition

The average cost of acquisition per Equity Share by for our Promoters and the Selling Shareholders, as on the date of this Draft Red Herring Prospectus is:

S. No.	Category of Shareholders#	Average Cost of Acquisition per Equity Share (in ₹)*
<b>A.</b>	<b>Promoter Selling Shareholders</b>	

S. No.	Category of Shareholders#	Average Cost of Acquisition per Equity Share (in ₹)*
1.	QSR Management Trust**	9.36
2.	Sapphire Foods Mauritius Limited	309.09
<b>B.</b>	<b>Selling Shareholders</b>	
3.	WWD Ruby Limited	195.38
4.	Amethyst Private Limited	177.96
5.	AAJV Investment Trust	177.96
6.	Edelweiss Crossover Opportunities Fund- Series I	331.86
7.	Edelweiss Crossover Opportunities Fund- Series II	342.08

\* As certified by Ramanand & Associates, Chartered Accountants, by way of their certificate dated August 9, 2021.

# In terms of the SHA, between the Red Herring Prospectus and the Prospectus, Amethyst Private Limited and WWD Ruby Limited shall transfer, by way of gift, 187,520 Equity Shares and 356,664 Equity Shares respectively, to Sapphire Foods Mauritius Limited, and AAJV Investment Trust shall transfer, by way of gift, 3,795 Equity Shares to QSR Management Trust. Further, between the Red Herring Prospectus and the Prospectus, WWD Ruby shall transfer, by way of gift, such number of Equity Shares (i.e., between 236,482 Equity Shares, and 267,804 Equity Shares) to Sapphire Foods Mauritius Limited, depending on the Offer Price, as provided for in the SHA. Accordingly, if such Equity Shares are transferred to QSR Management Trust and Sapphire Foods Mauritius Limited, their shareholding shall increase from 3,705,590 Equity Shares to 3,709,385 Equity Shares for QSR Management Trust, and from 28,927,588 Equity Shares to between 29,708,254 and 29,739,576 Equity Shares for Sapphire Foods Mauritius Limited. For further details, please see "History and Certain Corporate Matters - Shareholders' agreements and share subscription agreements" on page 196.

\*\*The Equity Shares held by QSR Management Trust are held through its trustee, Sagista Realty Advisor Private Limited.

### Details of pre-IPO Placement

Our Company is not contemplating a pre-IPO placement.

### Issue of Equity Shares for consideration other than cash in the last one year

Our Company has not issued any Equity Shares for consideration other than cash in the one year preceding the date of this Draft Red Herring Prospectus.

### Split / Consolidation of Equity Shares in the last one year

Our Company has not undertaken a split or consolidation of the Equity Shares in the one year preceding the date of this Draft Red Herring Prospectus.

## SECTION II - RISK FACTORS

*An investment in Equity Shares involves a high degree of risk. You should carefully consider all the information disclosed in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before evaluating us and our business and making an investment in our Equity Shares. The risks described below are not the only ones that we currently face or are relevant to us or our Equity Shares, the industry, segments and countries in which we currently operate or propose to operate. Additional risks and uncertainties, not presently known to us or that we currently deem immaterial may also impair our businesses, results of operations, financial condition, cash flows or prospects. If any of the following risks, or other risks that are not currently known or are currently deemed immaterial, actually occur, any of our businesses, results of operations, financial condition, cash flows or prospects could be adversely affected, the trading price of our Equity Shares could decline and you may lose all or part of your investment. To obtain a complete understanding of our Company, prospective investors should read this section in conjunction with “Our Business,” “Industry Overview” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 159, 127 and 312, respectively, as well as the financial, statistical and other information contained in this Draft Red Herring Prospectus.*

*To the extent the COVID-19 pandemic negatively affects our business and results of operations, it may also have the effect of heightening many of the other risks described in this section, such as those relating to our levels of indebtedness and our ability to comply with the covenants contained in the agreements that govern our indebtedness. In making an investment decision, you must rely on your own examination of us and the terms of the Offer, including the merits and risks involved. You should consult your tax, financial and legal advisors about the particular consequences to you of an investment in our Equity Shares.*

*Prospective investors should pay particular attention to the fact that our Company is incorporated under the laws of India and is subject to a legal and regulatory environment, which may differ in certain respects from that of other countries. This Draft Red Herring Prospectus also contains forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Draft Red Herring Prospectus. For details, see “Forward-Looking Statements” on page 17. Unless otherwise indicated or the context otherwise requires, the financial information used in this section has been derived from the Restated Financial Statements of our Group.*

*Unless otherwise indicated, industry-related information contained in this section is derived from the Technopak Report. We commissioned and paid for the Technopak Report for the purposes of confirming our understanding of the industry in connection with the Offer. For further details and risks in relation to commissioned reports, see “– Internal Risk Factors – We have referred to the data derived from the industry report prepared by Technopak Advisors Private Limited which has been commissioned and paid for by us for the purposes of confirming our understanding of the industry in connection with the Offer.” on page 63.*

*Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any of the risks described in this section.*

### **Internal Risk Factors**

#### **Risk Factors Relating to our Business**

- 1. The Coronavirus disease (COVID-19) pandemic has substantially affected and may continue to affect our business, results of operations, financial condition, cash flows and reputation in the future.***

The outbreak of the COVID-19 pandemic, as well as government measures to reduce the spread of COVID-19, has had a substantial effect on our restaurant operations across India, Sri Lanka and Maldives since the last week of March 2020, and again since April 2021, and the timing of how long the COVID-19 pandemic and the related government measures will last is still uncertain. In addition, our restaurants in different states and regions in India, Sri Lanka and Maldives have been disproportionately affected by COVID-19, and the measures implemented in each country and in each state have varied due to regional and regulatory differences in each country and in each state. As a result of COVID-19, we have had to close temporarily a

number of restaurants commencing from March 2020 and have experienced reduced restaurant-level operations, including reduced operating hours and dining room closures. For the first, second, third and fourth quarters of the financial year 2021, 248, 344, 411 and 423, or 58.6%, 83.5%, 98.1% and 98.3%, respectively, of our restaurants remained open for dine-in, takeaway or food delivery for a majority of days in that particular quarter. During the initial stage of the COVID-19 crisis, footfalls and sales in our restaurants fell significantly due to the lockdown and other measures implemented by government authorities. In addition, the COVID-19 pandemic directly affected our revenue from sale of food and beverages. Our revenue from operations decreased by 23.9% from ₹13,404.12 million for the financial year 2020 to ₹10,196.19 million for the financial year 2021. Such decrease in revenue from operations was primarily due to the effect of the COVID-19 crisis. Our level of business activity also decreased due to the COVID-19 pandemic. Such decrease in business activity level caused us to make provision for obsolete inventories to the extent of ₹26.15 million for the financial year 2020. We made such provision because our inventory includes food items which are perishable in nature. Further, we have, on a conservative basis, estimated that the value in use for our Pizza Hut business did not exceed the carrying value, and accordingly, recognised an impairment loss on goodwill of our Pizza Hut cash generating unit of ₹917.76 million. We recognized such impairment loss on goodwill on account of declining sales and the impact on profitability of our Pizza Hut restaurants. Accordingly, we have disclosed exceptional items in the total amount of ₹ 943.91 million comprising such provision for obsolete inventories and impairment loss on goodwill of our Pizza Hut cash generating unit for the financial year 2020.

As a result of decreased revenues and cash flows during the first half of calendar year 2020, we have delayed in making certain payments to YUM representing royalties and advertising expenses. Although we have been able to make subsequent payments to YUM in a timely manner, if the COVID-19 crisis continues or worsens, our cash flows may not be sufficient to pay in full and in a timely manner all of the amounts we owe to YUM, our vendor partners or other third parties, which shall be construed as a breach under the agreements executed with YUM. See “— *We operate our restaurants pursuant to the Franchisee Arrangement that imposes certain restrictions and obligations on us with respect to our operations, and, which if terminated or limited, could adversely affect our business, results of operations, cash flows and financial condition*” on page 32.

Similarly, our offices have also experienced closures, and certain of our employees have been restricted from commuting to their places of work. Further, FSSAI has issued a guidance note on “Food Hygiene and Safety Guidelines for Food Businesses during Coronavirus Disease (COVID-19) Pandemic” (“**FSSAI Guidelines**”) with an intent to provide guidance to food businesses in India like ours, including personnel involved in handling of food and other employees to prevent the spread of COVID-19 in the work environment and any incidental contamination of food/food packages. The FSSAI Guidelines mandate strict adherence to General Hygiene Practices specified under Schedule 4 (“**Schedule 4**”) of Food Safety and Standards (Licensing and Registration of Food Businesses) Regulation, 2011, as amended. Schedule 4 enumerates multiple compulsory measures to be adopted by food business operators in the interest of human nutrition, safety and hygiene which may result in increased costs. Any failure in the future to fully comply or adhere to the measures and guidelines set out in the FSSAI Guidelines or any other similar regulations could lead to the imposition of penalties, fines or other sanctions, which could have a negative effect on our business, results of operations, financial condition, cash flows and reputation.

Although our operational excellence has allowed us to respond to the serious disruptions we faced during the COVID-19 pandemic, see “*Business – Our Strengths/Recipes for Success – Operational Excellence*” on page 163, we cannot assure you we can continue to take measures in the future to respond to such disruptions, or that such measures will be effective. Notwithstanding measures we have adopted to increase safety and hygiene levels, we cannot assure you that footfalls in our restaurant outlets, sales from food and beverages and demand for our products will recover from the effect of the COVID-19 crisis, and if they do not recover as a result of the COVID-19 crisis continuing or worsening, or otherwise, our revenue from operations, market share, business, results of operations, cash flows and financial condition would be adversely affected. Further, due to the number of infected cases of COVID-19 in India, Sri Lanka and Maldives, we are not certain if additional restrictions will be put back in place or if current or subsequent lockdowns would continue or be imposed to control the spread of the pandemic. We cannot assure you that we will not face any difficulty in our operations due to such restrictions, and such prolonged instances of lockdown may



adversely affect our business, results of operations, financial condition, cash flows, reputation and prospects. In addition, if our key management personnel or a significant percentage of our workforce are unable to work due to COVID-19 illness, quarantine, limitations on travel or other government restrictions in connection with the COVID-19 pandemic, our business and operations may be negatively affected. An outbreak or perceived outbreak of the COVID-19 pandemic connected to one or more of our restaurants could also cause negative publicity directed at any of our brand and cause customers to avoid our restaurants, which could have a negative effect on our business, results of operations, financial condition, cash flows and reputation.

One of our key strategies has been the expansion of our restaurant network in line with our obligations under the Development Agreements (as defined below). For details, see “*Our Business — Relationship with YUM — Development Agreements*” starting on page 171. In light of the COVID-19 pandemic, the expansion of our restaurant network has slowed significantly, and the COVID-19 pandemic has also adversely affected our ability to open new restaurants and expand our restaurant network temporarily. The following table sets forth the growth of our restaurant network since March 31, 2020:

Growth in Our Restaurants Since March 31, 2020					
	As of March 31,	As of June 30,	As of September 30,	As of December 31,	As of March 31, 2021
	2020				
Opening number of restaurants at the beginning of the relevant quarter	426	427	423	414	425
New restaurants opened in the relevant quarter	8	1	8	13	14
Restaurants permanently closed in the relevant quarter	7	5	17	2	2
<b>Total number of operational restaurants</b>	427	423	414	425	437

Under the Development Agreements, we are required to open a minimum number of restaurants for each year in accordance with the term of the relevant development agreement. If our Company fails to meet our annual targets under the KFC Development Agreement or the Pizza Hut Development Agreement, we may lose incentives for our KFC or Pizza Hut restaurants in India, as the case may be. With respect to the KFC Development Agreement, if we fail to achieve the cumulative restaurant opening target thereunder for any two development years, YUM may terminate the KFC Development Agreement and the rights contained therein. With respect to the Pizza Hut Development Agreement, if we fail to achieve the annual target thereunder for any year, YUM may terminate the Pizza Hut Development Agreement and the rights contained therein. However, because the COVID-19 pandemic affected the roll out of new restaurants, our Company entered into the Recovery Relief Agreements with YUM to amend and modify the development commitment schedules contemplated in the Development Agreements. If we fail to achieve a target for a specific year under the KFC Recovery Relief Agreement or the Pizza Hut Recovery Relief Agreement, we may lose incentives for our KFC or Pizza Hut restaurants in India, as the case may be, and YUM may terminate the relevant Recovery Relief Agreement and the rights contained therein. If the COVID-19 crisis continues or worsens, we cannot assure you that we will achieve these targets, and YUM may not agree to extend the timelines for achieving these targets or to further amend the development commitment schedules. Further, we are in the process of entering into revised development agreements with YUM for the KFC and Pizza Hut brands by September 30, 2021 or the filing of the Red Herring Prospectus with SEBI, whichever is earlier, to novate the existing Development Agreements for both brands. In the event we are unable to comply with this requirement within the time specified, this shall be construed as an event of default under the franchisee agreements signed with YUM, entitling YUM to exercise the available rights under the said agreements, and we will not be allowed to refer to the YUM brands in the Red Herring Prospectus. All of the foregoing could have a negative effect on our business, results of operations, cash flows and financial condition. For further details, see “*Our Business — Relationship with YUM*” on page 170 and “*— We operate our restaurants pursuant to the Franchisee Arrangement that imposes certain restrictions and obligations on us with respect to our operations, and, which if terminated or limited, could adversely affect our business, results of operations, cash flows and financial condition*” beginning on page 32.

Due to the COVID-19 crisis, we have engaged in rent relief negotiations with all of our landlords, and arrived

at negotiated agreements with respect to reductions in rent and our rental obligations during the COVID-19 crisis with a majority of our landlords. In accordance with MCA Notification dated July 24, 2020 on Ind AS 116 (the “**MCA Notification**”), we have elected to not assess lease concessions as a lease modification for all lease concessions which are granted due to the COVID-19 pandemic. As per the requirements of the MCA Notification, our rent waiver due to COVID-19 for the financial year 2021 amounted to ₹ 489.46 million, which is reported under Other Income for the financial year 2021. In addition, we are currently engaged in rent relief negotiations with our landlords to reduce our rent and rental obligations for the financial year 2022. We cannot assure you that we will be able to arrive at negotiated agreements with respect to reductions in rent and our rental obligations in the future, especially in light of the continuation or re-imposition of lockdowns due to subsequent waves of COVID-19 infections.

However, depending on how long the COVID-19 pandemic lasts, we may need to seek additional sources of liquidity, which may or may not be available. The COVID-19 pandemic has adversely affected the availability of liquidity generally in the credit markets, and we cannot assure you that additional liquidity from other sources will be available to us on acceptable terms, or at all, especially the longer the COVID-19 pandemic lasts or if it were to worsen. In response to the COVID-19 pandemic, the RBI allowed banks and lending institutions to offer moratoriums to their customers to defer payments under loan agreements until August 31, 2020. Pursuant to such measures, our Company availed a moratorium for one of our erstwhile lenders, representing 10.1% of our Company’s total borrowings as of March 31, 2021. Based on all internal and external sources of information, including economic forecasts and estimates from market sources in determining our liquidity position, we have assessed the effect of the COVID-19 pandemic on our business and on recoverability of all current and non-current assets, recognised necessary adjustments in carrying value of the assets and concluded that no material adjustments are required other than those already recognised. However, given the uncertainties associated, we will continuously monitor and consider the effect on financial conditions, results of operation and cash flows. Further, while we cannot currently estimate the duration or future negative effect of the COVID-19 pandemic on our business or on the Indian, Sri Lankan, Maldivian or global economy, we expect such negative effects to continue into the financial year 2022 and for such further period that COVID-19 persists. Similarly, we cannot predict the effects the COVID-19 pandemic will have on the restaurant industry as a whole or the share of customer traffic to our restaurants compared to other restaurants or outlets. In addition, we cannot assure you that the COVID-19 crisis will not cause the Indian, Sri Lankan, Maldivian or global macroeconomic environment to worsen. In these circumstances, if additional liquidity, apart from credit lines available, is not available in the amounts or under the terms that we require, this could have a negative effect on our business, results of operations, financial condition and cash flows.

Similarly, although we have not experienced any significant disruptions of the supply of our ingredients and packaging materials, and although we believe there are sufficient numbers of alternative suppliers for our ingredients and packaging materials, our suppliers could be similarly adversely affected by the COVID-19 pandemic. Such negative effects could result from events such as delays or restrictions on shipping or manufacturing, closures of supplier facilities or financial distress or insolvency of our suppliers, either temporarily or permanently. For example, in the first half of financial year 2021, poultry plants were shut down, as a result of migrant labor returning to and remaining in their hometowns on account of the COVID-19 crisis. We cannot assure you that other suppliers will not be affected in the future, especially if the COVID-19 crisis were to continue or worsen. In addition, food distributors and suppliers often operate with thin margins and therefore may be more vulnerable to governmental actions which result in significantly reduced activity or to general economic downturns. If any such related supply interruptions occur in the future due to the COVID-19 crisis continuing or worsening, it is possible that we could face shortages of ingredients and packaging materials at our restaurants, and our operations and sales at our restaurants could be adversely affected, which could have a negative effect on our business, results of operations, financial condition and cash flows.

Any adverse effect on, or further interruption of, our operations or suppliers as a result of these or other developments in relation to COVID-19 pandemic could have a negative effect on our business, results of operations and financial condition. In addition, while the Government of India, in coordination with the state governments, has conducted the bulk immunization process or vaccination drive since January 2021, achieving complete vaccination may take a significant amount of time. We cannot assure you that the

vaccines that are developed or rolled out will be fully effective.

2. ***We operate our restaurants pursuant to the Franchisee Arrangement that imposes certain restrictions and obligations on us with respect to our operations, and, which if terminated or limited, could adversely affect our business, results of operations, cash flows and financial condition.***

We rely significantly on the Franchisee Arrangement with YUM, pursuant to which we operate and develop our restaurants, and derive substantially all of our revenue. See “*Our Business — Relationship with YUM*” beginning on page 170. The Franchisee Arrangement allows us to operate, on a non-exclusive basis, under the KFC brand in several states in India and across the Maldives, the Pizza Hut brand in several states in India and across Sri Lanka and Maldives, and the Taco Bell brand across Sri Lanka (collectively, the “**Territories**”). Further, the Development Agreements provide us incentives if we meet certain targets for developing and opening KFC and Pizza Hut restaurants in the Territories.

The Franchisee Arrangement provides us with a right to use KFC’s, Pizza Hut’s and Taco Bell’s system and system property covering aspects of business operations and requires us to maintain system-wide operating procedures and hygiene that are consistent with the global standards of YUM, with respect to product quality, taste parameters, food preparation methods, food safety and cleanliness and customer service standards. For example, for quality purposes, we can only purchase our ingredients from YUM’s approved suppliers. See “— *A failure or deterioration in our quality control systems or protocols for our supply chain or restaurants could lead to the termination of the Franchisee Arrangement, and have an adverse effect on our business, reputation, results of operations and financial condition.*” on page 33.

Subject to specific waivers as may be given to us by YUM (at its sole discretion) from time to time, we are required to pay YUM a monthly royalty fee of between 6.0% to 6.3% of our net sales from our operation of the KFC, Pizza Hut and Taco Bell restaurants in the Territories, and to spend 5.0% or 6.0% of our net sales (including 1.0% to be spent on Local Store Marketing (LSM), to market, advertise and promote the brands and their products in the Territories. In the financial years 2021, 2020 and 2019, our royalty expenses were ₹ 655.66 million, ₹ 857.38 million and ₹ 805.36 million, or 6.4%, 6.4% and 6.7%, respectively, of our revenue from operations, while our marketing and advertisement expenses (including marketing contribution waiver on acquired KFC outlets which was at 5.5% of net revenues and effective October 1, 2017 for eight years) were ₹ 389.38 million, ₹ 519.38 million and ₹ 442.43 million, or 3.8%, 3.9% and 3.7%, respectively, of our revenue from operations. YUM is not a related party to our Company and thus, payment of any royalty fee by the Company to YUM does not constitute a related party transaction pursuant to the Companies Act and SEBI Listing Regulations. As such, there is no conflict in relation to the payment of royalty fee by our Company. As a result of decreased revenues and cash flows during the first half of calendar year 2020, we have delayed in making certain payments to YUM representing royalties and advertising expenses. Although we have been able to make subsequent payments to YUM in a timely manner, if the COVID-19 crisis continues or worsens, our cash flows may not be sufficient to pay in full and in a timely manner all of the amounts we owe to YUM, in breach of the Franchisee Arrangement. See “— *The Coronavirus disease (COVID-19) pandemic has substantially affected and may continue to affect our business, results of operations, financial condition, cash flows and reputation in the future.*” on page 28. Further, we are required to obtain YUM’s prior consent in the event that we transfer our rights or obligations under the Franchisee Arrangement or of a direct or indirect change in control of our Company. Our breach of our obligations under the Franchisee Arrangement could result in the termination thereof, which would have an adverse effect on our business, results of operations and financial condition.

In addition, pursuant to the Development Agreements, we are required to open a minimum number of restaurants for each year of the term of the relevant development agreement. Although QSR Management Trust, in a letter dated March 6, 2020, agreed to guarantee our Company’s performance of obligations and liabilities under the KFC Development Agreement, such guarantee does not include obligations with respect to number of new restaurants to be opened, business estimates or projections, see “*Our Business — Relationship with YUM — Development Agreements*” starting on page 171. If our Company fails to meet our annual targets under the KFC Development Agreement or the Pizza Hut Development Agreement, we may lose incentives for our KFC or Pizza Hut restaurants in India, as the case may be. With respect to the KFC Development Agreement, if we fail to achieve the cumulative restaurant opening target thereunder for any

two development years, YUM may terminate the KFC Development Agreement and the rights contained therein. With respect to the Pizza Hut Development Agreement, if we fail to achieve the annual target thereunder for any year, YUM may terminate the Pizza Hut Development Agreement and the rights contained therein. However, because the COVID-19 pandemic affected the roll out of new restaurants, our Company entered into the Recovery Relief Agreements with YUM to amend and modify the development commitment schedules contemplated in the Development Agreements. If we fail to achieve a target for a specific year under the KFC Recovery Relief Agreement or the Pizza Hut Recovery Relief Agreement, we may lose incentives for our KFC or Pizza Hut restaurants in India, as the case may be, and YUM may terminate the relevant Recovery Relief Agreement and the rights contained therein. Further, we are in the process of entering into revised development agreements with YUM for the KFC and Pizza Hut brands by September 30, 2021 or the filing of the Red Herring Prospectus with SEBI, whichever is earlier, to novate the existing Development Agreements for both brands. In the event we are unable to comply with this requirement within the time specified, this shall be construed as an event of default under the franchisee agreements signed with YUM, entitling YUM to exercise the available rights under the said agreements, and we will not be allowed to refer to the YUM brands in the Red Herring Prospectus. All of the foregoing could have an adverse effect on our business, results of operations, cash flows and financial condition. For further details, see “*Our Business — Relationship with YUM*” on page 170 and “*— The Coronavirus disease (COVID-19) pandemic has substantially affected and may continue to affect our business, results of operations, financial condition, cash flows and reputation in the future.*” on page 28.

Further, we cannot control or influence the actions of YUM, and YUM may at any time have economic, business or legal interests or goals that are inconsistent with ours. For example, YUM may own shares in its franchisees, or directly own and operate KFC, Pizza Hut or Taco Bell restaurants in the same areas where we or another franchisee may operate. If YUM takes any actions in exercise of its rights, including the foregoing, that may go against our interests, our business, results of operations and financial condition may be adversely affected.

In addition, the agreements between YUM and our subsidiary, Gamma Pizzakraft Lanka Private Limited (“**Gamma Lanka**”), which govern our franchisee arrangement for Pizza Hut and Taco Bell in Sri Lanka, as well as the franchise agreement between YUM and our subsidiary, Gamma Island, which governs the franchisee arrangement for KFC and Pizza Hut in the Maldives, are governed by English law. To the extent there are changes in English law, or our ability to enforce our rights the agreements governing our operations in Sri Lanka and the Maldives are otherwise negatively affected, our business, results of operations and financial condition could be adversely affected.

**3. *A failure or deterioration in our quality control systems or protocols for our supply chain or restaurants could lead to the termination of the Franchisee Arrangement, and have an adverse effect on our business, reputation, results of operations and financial condition.***

The quality and safety of the food we serve is critical to our success. Maintaining consistent food quality and preventing food contamination and other health hazards depends significantly on the effectiveness of the quality control systems, policies and guidelines that we and our suppliers have in place, which in turn depends on a number of factors, including the design of the quality control systems and compliance with those quality control systems. During the COVID-19 crisis, we have also implemented high standards of safety and hygiene protocols across our restaurants covering guest safety, crew safety, sanitisation, social distancing, temperature checks and safe deliveries. These have included hourly sanitisation of critical areas (including billing counters, entrance door handles, guest tables and baby chairs), half-hourly hand washing and sanitisation by staff and continuous monitoring of staff health. We cannot assure you that the quality control systems or protocols that we and our suppliers have in place will prove to be adequate. Although we have not caused or experienced major breaches of quality control standards, any significant failure or deterioration of these quality control systems or protocols could result in a breach of the terms of the Franchisee Arrangement and if not cured by us within a specified cure period, cause YUM to terminate the Franchisee Arrangement, or cause negative publicity that can affect our brand, any of which could have an adverse effect on our business, reputation, results of operations and financial condition. See “*— We operate our restaurants pursuant to the Franchisee Arrangement that imposes certain restrictions and obligations on us with respect to our operations, and, which if terminated or limited, could adversely affect our business,*

*results of operations, cash flows and financial condition” on page 32.*

Due to the effect of COVID-19 and the government actions to contain it, most of our supply chains have been, and continue to be, affected. We cannot assure you that there will not be further, or deeper, supply chain disruptions, or that the steps we are taking to mitigate such disruptions will be effective or achieve their desired results in a timely fashion.

We could also be subject to civil or criminal liability and other regulatory consequences in the event that a health hazard were to be found at any of our restaurants as a result of a failure of the quality control systems or protocols that we and our suppliers have in place, including the spread of any infection or disease. We may be the subject of litigations in India, Sri Lanka and Maldives relating to allegations of such hazards, as well as in cases having potential criminal and civil liability filed by regulatory authorities. For example, certain criminal proceedings have been initiated against our Company, our restaurants and employees, and the same are pending, based on the complaint of the food safety officer on the grounds of product quality not conforming to the standards as required under the Food Safety and Standards Act, 2006 and regulations made thereunder including the Food Safety and Standards (Food Products Standards and Food Additives) Regulation, 2011. For further details, see “*Outstanding Litigation and Material Development*” on page 350. If such cases are determined against us, there could be an adverse effect on our reputation, business, results of operations and financial condition.

**4. *We reported restated loss for the year after tax for the financials years 2021, 2020 and 2019 and may incur additional losses in the future.***

We reported restated loss for the year after tax of ₹ 998.97 million, ₹ 1,592.47 million and ₹ 694.04 million for the financials years 2021, 2020 and 2019. For a discussion of our results of operations, see “*Management’s Discussion and Analysis on the Financial Condition and Results of Operations — Results of Operations*” on page 319. We may incur additional losses in the future. We continue to grow our business by opening a number of new stores every year and expect to report losses until such time as these new restaurants mature and we are able to apportion corporate-level expenses across a larger number of restaurants. Further, our operating costs and other expenses may be greater than we anticipate, and our investments to make our business and our operations more efficient may not be successful. Increases in our costs, expenses and investments in restaurants may reduce our margins and adversely affect our business, financial condition and results of operations.

Our failure to generate profits may adversely affect the market price of our Equity Shares, restrict our ability to pay dividends and impair our ability to raise capital and expand our business.

**5. *Our Statutory Auditor’s reports on our audited standalone financial statements for financial years 2021, 2020 and 2019 included modifications to certain statements required under the Companies (Auditors Report) Order, 2016, and they have included an emphasis of matter in their report on the audited consolidated financial statements for the financial year 2020.***

Our Statutory Auditor’s reports on our audited standalone financial statements for financial years 2021, 2020 and 2019 include modifications to certain matters required under the Companies (Auditors Report) Order, 2016, in accordance with Section 143(11) of the Companies Act, 2013, including:

- for the financial year 2019, serious delays in a large number of cases in the payment of provident fund, employees state insurance and professional tax, delays in the payment of provident fund, professional tax, employees state insurance and labour welfare fund for more than six months from the date they become payable and taxes which are the subject of pending disputes for the financial year 2019;
- for the financial year 2020, serious delays in the payment of provident fund and professional tax, delayed payment of GST for March 2020 in the amount of ₹37.05 million, delayed payment of tax deducted at source for March 2020 in the amount of ₹17.32 million, delays in the payment of

provident fund, professional tax, employees state insurance and labour welfare fund for more than six months from the date they become payable and taxes which are the subject of pending disputes; and

- for the financial year 2021, serious delays in a large number of cases in the payment of provident fund, employees state insurance and professional tax, delays in the payment of provident fund, professional tax, employees state insurance and labour welfare fund for more than six months from the date they become payable and taxes which are the subject of pending disputes.

Further, our Statutory Auditor has included an emphasis of matter in their reports on the audited consolidated financial statements for the financial year 2020 by drawing attention to a note thereof which explains our management's assessment of the financial impact due to the lockdown and other restrictions and conditions related to the COVID-19 pandemic.

The impact of COVID-19 on the uncertainty in the overall economic environment may affect underlying assumptions and estimates used to prepare our financial statements, which may differ from that considered as of the date of approval of our financial statements. See “— *The Coronavirus disease (COVID-19) pandemic has substantially affected and may continue to affect our business, results of operations, financial condition, cash flows and reputation in the future.*” on page 28.

Although the modifications to matters required under the Companies (Auditors Report) Order, 2016 in our Statutory Auditor's reports on our standalone financial statements for financial years 2021, 2020 and 2019 and the emphasis of matter in our Statutory Auditor's reports on the audited consolidated financial statements for the financial year 2020 in our Restated Financial Statements do not require any corrective adjustment to our Restated Financial Statements, we cannot assure you that our Statutory Auditor's observations for any future fiscal period will not contain a similar emphasis of matter, will not form part of our financial statements for the future fiscal periods and that such matter will not otherwise affect our results of operations.

**6. *There are material outstanding legal proceedings involving our Company, Subsidiaries and Directors.***

There are material outstanding legal proceedings involving our Company, Subsidiaries and Directors. These proceedings are pending at different levels of adjudication before various courts, tribunals, enquiry officers and appellate tribunals. The brief details of such material outstanding litigations are as follows:

Nature of cases	Number of cases	Amount involved* (₹ million)
<b>Cases against our Company</b>		
Criminal proceedings	7	0.05
Action by regulatory/statutory authorities	25	202.29 <sup>(1)</sup>
Tax proceedings	79	195.43 <sup>(3)</sup>
Material civil litigation	1	-
<b>Total</b>	<b>112</b> <sup>(2)</sup>	<b>397.77</b>
<b>Cases by our Company</b>		
Criminal proceedings	-	-
Action by regulatory/statutory authorities	-	-
Tax proceedings	-	-
Material civil litigation	-	-
Total	-	-
<b>Cases involving our Subsidiaries</b>		
Criminal proceedings	-	-
Action by regulatory/statutory authorities	-	-
Tax proceedings	4	108.88 <sup>(4)</sup>
Material civil litigation	-	-
<b>Total</b>	<b>4</b>	<b>108.88</b>
<b>Cases involving our Directors</b>		
Criminal proceedings	2	-

Nature of cases	Number of cases	Amount involved* (₹ million)
Action by regulatory/statutory authorities	2	-
Tax proceedings	-	-
Material civil litigation	1	75
<b>Total</b>	<b>5</b>	<b>75</b>
<b>Cases involving our Promoters</b>		
Criminal proceedings	-	-
Action by regulatory/statutory authorities	-	-
Tax proceedings	-	-
Material civil litigation	-	-
Disciplinary action including penalty imposed by SEBI or stock exchanges	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Cases against our Group Companies that may have a material impact on the Company</b>		
Outstanding litigation that may have a material impact on our Company	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

\*Amount to the extent quantifiable

(1) This includes an amount of ₹ 1.72 million which has been paid by our Company under protest as provident fund dues to the recovery officer of the employee provident fund organization.

(2) This includes an anti-profiteering investigation which was initiated against one of our restaurants, pursuant to which our Company has filed a writ petition in High Court of Gujarat at Ahmedabad challenging the conduct of the investigation. For further details, see – “Material civil litigation initiated against our Company” at page no. 353. Please note that this matter has been included as a ‘tax proceedings against our Company’ as well as a ‘material civil litigation against our Company’. However, in the total number of cases against the Company, it has been considered as a single matter only.

(3) This includes an amount of ₹ 28.11 million which has been paid by our Company under protest to the relevant authorities.

(4) This includes an indirect tax matter involving Gamma Pizzakraft Lanka (Private) Limited considered at the exchange rate of 2.65062 LKR per ₹ as on July 15, 2021.

For further details, see “*Outstanding Litigation and Material Developments*” beginning on page 350.

In relation to such outstanding litigation matters involving our Company, Subsidiaries and Directors, while the amounts and interests levied thereon to the extent ascertainable and involved in these matters have been mentioned above, the amounts and interests involved in many pending litigations are not ascertainable or quantifiable and are hence not disclosed.

For further details of such outstanding litigation against our Company, Subsidiaries and Directors, see “*Outstanding Litigation and Material Developments*” on page 350.

Further, we have identified certain contingent liabilities arising out of matters pertaining to certain tax matters, see “— *Our Summary of Contingent Liabilities discloses certain contingent liabilities as per Ind AS 37 -Provisions, Contingent Liabilities and Contingent Assets, which, if they materialize, may adversely affect our business, financial condition, cash flows and results of operation.*” on page 38.

Such proceedings could divert management time and attention, and consume financial resources in their defense or prosecution. Should any new developments arise, such as any rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements that could increase expenses and current liabilities. Further, an adverse outcome in any of these proceedings may affect our reputation, standing and future business, and could have an adverse effect on our business, prospects, financial condition and results of operations. We cannot assure you that any of these proceedings will be decided in favor of our Company, Subsidiaries and Directors, or that no further liability will arise out of these proceedings. In addition, although we have identified certain contingent liabilities arising out of matters pertaining to certain taxes in our summary of contingent liabilities, we cannot assure you that no additional liability will arise out of these proceedings. Decisions in such proceedings adverse to our interests may have an adverse effect on our business, results of operations and financial condition.

Further, in the past, certain complaints have been made against our Company, and against certain Subsidiaries by our customers and service providers. We cannot assure you that no further complaints would

be received by our Company or our Subsidiaries. Any additional complaints in the future could divert management time and attention, and consume financial resources in their defense. An adverse outcome in any additional complaints may affect our reputation and have an adverse effect on our business, results of operations and financial condition.

**7. *Our inability to recognize and respond to changes in consumer preferences and food habits could have an adverse effect on our business, results of operations, and financial condition.***

Our competitive position depends on our continued ability to offer a menu that has a strong appeal to consumers. Upon prior agreement with YUM, we tailor our menu, promotions and pricing to local tastes, restrictions and preferences through our customer proposition, in particular with respect to a wide variety of value offerings at entry and premium price points, as described in the section “*Our Business — Customer Proposition*” on page 169. While our core strength is chicken for KFC, pizza for Pizza Hut and tacos for Taco Bell, we continuously strive to enhance our customer experience by providing variety across our food offerings, including burgers, rice dishes, wraps, beverages and desserts across different day parts, including breakfast, lunch and dinner, and snack times and late night. From time to time, we also create special offerings, such as special offers on Wednesdays at our KFC restaurants, which we believe drive excitement and appeal for our customers, increase ticket size and attract new customers. This wide choice and variety in our menu help us to drive the frequency with which customers visit our restaurants.

However, while we undertake various measures to account for changing preferences of the consumers, we cannot assure you that these measures would be viable in the long run. If consumer dining preferences change due to shifts in consumer demographics, national, regional or local economic conditions, consumer tastes, dietary habits, religious beliefs, trends in food sourcing or food preparation or changing levels of customer acceptance of our brands, and we are not able to adapt our menu or customer offering to account for these changes, our consumers may begin to seek alternative restaurant options or eat at home, which could adversely affect our business, results of operations and financial condition. Further, in particular, an increasing number of initiatives to create increased awareness of healthy eating could affect the public’s perception of the QSR chain sub-segment, which could adversely affect our business, results of operations or financial condition, due to resulting decreased sales. See “— *We may not be able to respond effectively to changes in governmental regulation or public perception with respect to healthy eating habits, which may have an adverse effect on our business, results of operations, cash flows and financial condition.*” on page 61. Our success in responding to consumer demands depends in part on our ability to anticipate consumer preferences and introduce new menu items to address these preferences in a timely fashion. If we or YUM are unable to anticipate consumer preferences or adapt our products to successfully meet changes in consumer tastes and trends, our business, results of operations and financial condition may be adversely affected.

**8. *Our marketing and communication campaigns may not be effective in increasing our brand awareness.***

A key part of our business strategy is to build brand awareness. Brand awareness is essential to our continued growth and financial success, and our revenues are heavily influenced by our brand marketing and communication, as well as the marketing and communication of our competitors. Our marketing and advertisement expenses were ₹ 389.38 million, ₹ 519.38 million and ₹ 442.43 million, or 3.3%, 3.7% and 3.5% of our total expenses for the financial years 2021, 2020 and 2019, respectively.

We are required to spend a specified minimum percentage of our net sales, to market, advertise and promote the brands and their products in the Territories. See “— *We operate our restaurants pursuant to the Franchisee Arrangement that imposes certain restrictions and obligations on us with respect to our operations, and, which if terminated or limited, could adversely affect our business, results of operations, cash flows and financial condition*” beginning on page 32. We may also undertake, with YUM’s approval, local or regional promotions. However, our marketing and communication campaigns may not be effective to the extent planned or at all, and we may, therefore, fail to attract new customers and retain existing customers. In addition, we may fail to penetrate new target markets if our marketing and communication programs are unsuccessful or not appropriately tailored to appeal to the target market, or our competitors may increase spending on advertising and promotion or their marketing and communication campaigns may



be more effective than ours. As a result of any of these factors, we may have to make additional investment in marketing and communication or lose market share. If our marketing and communication campaigns are not as effective as our competitors, our ability to increase our brand awareness and our competitive position could be adversely affected, which could, in turn, have an adverse effect on our business, results of operations and financial condition. In addition, if we have to increase our investment in marketing and communication to remain competitive, our profitability could be adversely affected, which could have an adverse effect on our business, results of operations and financial condition.

**9. We may be unable to effectively manage the adverse effects of social media on our reputation.**

In recent years, there has been a marked increase in the use of social media platforms in the markets in which we operate, including blogs, social media websites and applications, and other forms of internet-based communications which allow individuals access to a broad audience of consumers and other interested persons. Many social media platforms immediately publish the content for their subscribers and participants post, often without filters or checks on accuracy of the content posted. The dissemination of inaccurate information online could harm our business, reputation, prospects, financial condition and operating results. The damage may be immediate without affording us an opportunity for redress or correction. For example, in 2018, one of our former employees posted pictures on social media, complaining of the inferior quality of our fried chicken. He alleged that the fried chicken was purchased from one of our KFC restaurants. The social media posts were reported by online publications, creating negative publicity. See “— Concerns about food safety, foodborne illness or other negative food-related incidents and negative publicity revolving around it could have an adverse effect on our business, results of operations, cash flows and financial condition” beginning on page 42. Other risks associated with the use of social media include improper disclosure of proprietary information, negative comments about our brands or standard of service, exposure of personally identifiable information, fraud, hoaxes or malicious exposure of false information. The inappropriate use of social media by our customers, employees, suppliers or other third parties could increase our costs, lead to litigation or result in negative publicity that could damage our reputation and adversely affect our business, results of operations and financial condition.

**10. Our Summary of Contingent Liabilities discloses certain contingent liabilities as per Ind AS 37 -Provisions, Contingent Liabilities and Contingent Assets, which, if they materialize, may adversely affect our business, financial condition, cash flows and results of operation.**

As of March 31, 2021, our contingent liabilities as per Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets, were as follows:

S. No.	Particulars	Amount (₹ in millions)
(1)	Claims against us not acknowledged as debts in respect of:	
	- Sales Tax	75.86
	- Income Tax	152.01
	- Other Matters	14.82
	<b>Total</b>	<b>242.69</b>

(2) One of our Company's subsidiaries, Gamma Lanka, has facilitated the purchase of motor bikes on leases from financial institutions by contracted delivery riders. Leased motor bikes have been recognised as right-of-use assets with effect from April 1, 2018 under Ind AS 116, net of the amount recoverable from employees. The aggregate amount recoverable from employees on future lease rentals of such lease agreements is ₹4 million or LKR 10.9 million as of March 31, 2021 (March 31, 2020: ₹11.33 million or LKR 28.5 million; March 31, 2019: ₹12.16 million or LKR 30.8 million). However, Gamma Lanka has not experienced any loss or damage relating to such facilitation.

(3) Pursuant to section 8 of the Customs Ordinance No. 17 of 1869, as amended, Sri Lanka Customs (“SLC”) conducted an inquiry against Gamma Lanka, alleging that Gamma Lanka failed to declare the continuing fee and advertising contribution as set out in the international franchisee agreement between YUM! Asia Franchise Pte. Ltd. and Gamma Lanka in computing taxes and levies on imported goods, in violation of section 51 and 52 read with Schedule E of the Ordinance. SLC concluded the inquiry on November 28, 2018 by imposing a penalty of ₹27.63 million (LKR 69.5 million) on Gamma Lanka, which subsequently filed a writ application before the Court of Appeal on January 18, 2019 challenging the order. The writ application was taken up at the Court of Appeal and our management is confident that Gamma Lanka’s position on the matter is strong and there will be no negative impact on the operations or financial position of Gamma Lanka, and that therefore, no adjustment is required in the Restated Financial Statements.

(4) There are numerous interpretative issues relating to the Supreme Court’s judgement dated February 28, 2019 regarding provident fund (PF). Based on the legal opinion obtained, we do not foresee any liability and will provide liability, if any, prospectively and on receiving further clarity on the subject.

(5) Our Company entered into a business transfer agreement with A. N. Traders Pvt Limited (“ANTPL”) in August 2016. The obligation of the parties was completed and the transfer of the franchisee was closed. One of the promoters of ANTPL subsequently filed a First Information Report (“FIR”) against our Company and various other parties. Our Company 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. Our Company does not foresee any financial obligation against the FIR.

(6) The Hon’ble Collector of Stamps, Mumbai, passed an order dated January 3, 2019 (“Order”) against our Company for payment of stamp duty amounting to ₹194.60 million with respect to the scheme of merger/amalgamation between Company and Sapphire Hospitality and Recreation Private Limited, Hansazone Private Limited, Pizzeria Fast Foods Restaurants (Madras) Private Limited, and KFCH Restaurants Private Limited. Aggrieved by this, our Company filed an appeal before the Chief Controlling Revenue Authority, Pune, Maharashtra, challenging the Order on the ground, inter alia, that the amount of stamp duty has been calculated incorrectly and the current valuation of the stamp duty amounts to ₹2.74 million. Our Company also filed an application for granting interim stay on the effect and operation of the Order during the pendency of the appeal. The matter is currently pending.

(7) Our 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 (“Respondents”), on the ground 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, based on a complaint against a Pizza Hut restaurant located in Ahmedabad, Gujarat. This investigation was initiated based on a reconsidered reference made by the Standing Committee on Anti-Profiteering in respect of a complaint filed regarding the supply of a product named ‘veggie supreme’ by our restaurant. Thereafter, our Company responded and provided information to various summons and notices as demanded by the Respondents during the investigation. However, aggrieved by the way the investigation was being conducted, our Company challenged the proceedings by way of writ petition on the ground 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 directed the Respondents to not inquire about any other product of our Company other than the complained product. Subsequently, our Company filed its written submission dated March 30, 2021, before the High Court of Gujarat at Ahmedabad praying for Court to allow the writ petition. The matter is currently pending final orders and judgment.

See “*Summary of the Offer Document — Summary of Contingent Liabilities*” on page 22. As of March 31, 2021, 2020 and 2019, our ratio of total liabilities including contingent liabilities to net worth was 1.86, 1.68 and 2.98 respectively. If a significant portion of our contingent liabilities materialize, it could have an adverse effect on our results of operations, financial condition and cash flows.

11. ***Certain matters in the licensee shareholders' agreement entered into by our shareholders may adversely affect our business operations.***

QSR Management Trust, Goldman Sachs Investments Holdings (Asia) Limited (“**GSIHL**”), Amethyst Private Limited (“**Amethyst**”), Sapphire Foods Mauritius Limited (“**Sapphire Mauritius**”, together, with QSR Management Trust, GSIHL and Amethyst, the “**Shareholders**”) entered into the Licensee SHA dated September 4, 2015 with Yum Restaurants (India) Private Limited (“**Yum India**”), in order to induce Yum India to enter into various technology license agreements (“**License Agreements**”) with our Company. Edelweiss Alternate Investment Opportunities Trust - Edelweiss Crossover Opportunities Fund and Edelweiss Alternate Investment Opportunities Trust - Edelweiss Crossover Opportunities Fund – Series II entered into a deed of adherence dated December 17, 2018, and Arinjaya (Mauritius) Limited entered into a deed of adherence dated August 5, 2021, in order to adhere to the terms and conditions of the Licensee SHA, pursuant to which they became Shareholders for the purpose of the Licensee SHA. Pursuant to the Licensee SHA, the Shareholders undertook to be bound by certain obligations in the License Agreements, and to not sell, transfer or gift any interest or share in our Company to any parties, apart from the approved transferees, as provided for in the Licensee SHA, under the Licensee SHA, without prior consent of Yum India. Additionally, QSR Management Trust agreed to guarantee the performance of the obligations and liabilities of our Company pursuant to the License Agreements, and to indemnify Yum India, its affiliated companies, and their agents, employees, directors, successors and assigns from and against any claims, liabilities, losses, costs and damages arising from, *inter alia*, our Company’s breach of any terms or condition of the License Agreements. The Licensee SHA was subsequently amended by an amendment agreement dated August 3, 2021, entered into amongst the Shareholders (except for Arinjaya (Mauritius) Limited), and Yum India (the “**Licensee SHA Amendment Agreement**”). Pursuant to the Licensee SHA Amendment Agreement, certain terms of the Licensee SHA were amended, requiring QSR Management Trust and Sapphire Mauritius to together hold not less than 7% of the issued Equity Share capital in our Company, such that an aggregate of 7% of the issued Equity Share capital of our Company held by QSR Management Trust and Sapphire Mauritius shall be locked in at all times until the Equity Shares of our Company are listed on the Stock Exchanges. Post listing, the construct agreed under the New Licensee SHA (*as defined below*) shall come in force. Pertinently, under the Licensee SHA Amendment Agreement, the Equity Shares held by QSR Management Trust and Sapphire Mauritius (to the extent of 7% of the issued Equity Share capital of our Company) will not be allowed to be transferred, without the prior approval of Yum India. Additionally, until the date on which the Equity Shares of the Company initially get listed on the Stock Exchanges, the Shareholders will not be allowed to sell, transfer, or gift any interest or Equity Share to any party other than an approved transferee, as provided for in the Licensee SHA, without the prior written consent of Yum India.

On August 3, 2021, our Company, QSR Management Trust, Sumeet Subhash Narang, Sapphire Mauritius and Yum India entered into a new licensee shareholders’ agreement (the “**New Licensee SHA**”), which will come into effect, and replace the Licensee SHA, as amended, on the date on which the Equity Shares of our Company are listed on the Stock Exchanges. Pursuant to the New Licensee SHA, QSR Management Trust and Sapphire Mauritius guaranteed, as the joint guarantors, the due and punctual performance by our Company of all of our Company’s obligations and liabilities under the License Agreements. Failure on our part in performing our obligations under the New Licensee SHA may lead to invocation of these guarantees, and may require QSR Management Trust, Sapphire Mauritius and Sumeet Subhash Narang to incur certain costs to meet their obligations under the New Licensee SHA. QSR Management Trust and Sapphire Mauritius also guaranteed that they would comply with their obligations in relation to the non-compete and share transfer clauses as per the License Agreements. Further, QSR Management Trust has agreed to ensure that its trustee shall always be owned (up to at least 51% of its share capital and voting interest) and controlled directly by Sumeet Narang (along with his relatives). Similarly, Sapphire Mauritius has agreed that it shall always be controlled by Samara Capital Management Limited and the shareholding structure of Samara Capital Management Limited shall not be changed without Yum India’s approval. Under the terms of the New Licensee SHA, QSR Management Trust and Sapphire Mauritius, together, have, *inter alia*, an obligation to maintain a minimum shareholding and voting rights of up to 25.1% of the entire issued share capital in our Company, which shall be locked in at all times (“**Minimum Shareholding**”). QSR Management Trust and Sapphire Mauritius shall have the right to freely sell, transfer or gift only such percentage of their shareholding which they hold in excess of the Minimum Shareholding provided such transfers occur on the

stock exchange and/or through an offer for sale mechanism. However, neither QSR Management Trust nor Sapphire Mauritius shall transfer, sell or gift any of the Minimum Shareholding to a disqualifying transferee as defined under the New Licensee SHA. QSR Management Trust and Sapphire Mauritius are required to notify and obtain the prior consent of Yum India prior to transferring the Minimum Shareholding. Further, QSR Management Trust, Sumeet Subhash Narang and Sapphire Mauritius have agreed to indemnify Yum India, *inter-alia*, for any breach of terms of the License Agreements.

Any failure or inability by QSR Management Trust or Sapphire Mauritius to comply with one or more terms of these agreements which is not waived or consented to by Yum India could adversely impact our rights under the License Agreements and our business and results of operations. In the event QSR Management Trust or Sapphire Mauritius withdraws or proposes to terminate such arrangements, Yum India may require alternate guarantors or even terminate such arrangement. We may not be successful in procuring guarantees satisfactory to Yum India which could affect our business, prospects, financial condition, results of operations and cash flows.

Further, our Company, QSR Management Trust and Sapphire Mauritius are required to ensure that only transferees to whom such shares are transferred meet the prescribed criteria as set out under the New Licensee SHA. Further, any acquisition by a competitor, as defined under the New Licensee SHA, of 25% or more Equity Shares or voting rights in our Company, or a change in the composition of our Board in deviation from the New Licensee SHA without prior written consent of Yum India shall constitute an event of default under the New Licensee SHA and the License Agreements and entitle Yum India to terminate such agreements and exercise all rights available to it under such agreements. For further details, see “*History and Certain Corporate Matters — Shareholders’ agreements and share subscription agreements*” beginning on page 194.

**12. *Increased competition in the QSR chain sub-segment may adversely affect our business, results of operation and financial condition.***

The QSR chain sub-segment of the food services industry is very competitive. We compete primarily with international QSR chains operating in India, Sri Lanka and Maldives, such as McDonalds, Burger King, Domino’s Pizza and Subway, as well as local restaurants and restaurant chains in the QSR segment. We generally compete on the basis of product and service quality, price and location, variety of menu offerings and the industry is often also affected by changes in consumer tastes, economic conditions, demographic trends and consumer disposable income. These QSR chains have been introducing food products that cater to the local palate while maintaining their core offerings. Our competitive position also depends on our ability to develop and launch new products, effectively market and advertise our products and respond to and appeal to consumer preferences, including with respect to the value, variety and quality of our products. In addition, our existing or future competitors may offer products that are better priced or more appealing to consumer tastes or have more effective marketing and communication programs than we do. Our existing or future competitors may also have stronger financial profiles or better liquidity positions to launch or maintain programs to improve their competitive position, such as developing launch new products. For example, cloud kitchens may establish physical locations to build connections with customers (*Source: Technopak Report*). Further, YUM may grant to other parties rights to develop and franchise other restaurant formats or brands of YUM. If as a result of these or other reasons we are unable to maintain our competitive position, we could experience downward pressure on prices, lower demand for our products, reduced margins, the inability to take advantage of new business opportunities and the loss of market share, which could adversely affect our business, results of operations and financial condition.

**13. *Our success is tied to the continued international success and reputation of the KFC, Pizza Hut and Taco Bell brands globally, as well as YUM’s marketing campaigns and innovations.***

As franchisee of the KFC, Pizza Hut and Taco Bell brands in the Territories, our success is to a large extent directly related to the success of the KFC, Pizza Hut and Taco Bell brands globally, including the financial condition, advertising programs, new product development, overall quality of operations of YUM and its subsidiaries and the successful and consistent operation of KFC, Pizza Hut and Taco Bell restaurants outside the Territories by its other franchisees in other states or countries. We have no control over the management

or operations of YUM's businesses or its franchisees. As a result, a variety of factors affecting the KFC, Pizza Hut and Taco Bell brands that are beyond our control could have an adverse effect on our business. These factors include the inability or failure of YUM to support its franchisees, including our Company, negative publicity with respect to the KFC, Pizza Hut and Taco Bell brands and reputation due to food-related complaints, food-borne illnesses or food safety issues at KFC, Pizza Hut and Taco Bell restaurants outside of the markets in which we operate, initiation of legal proceedings, employee misconduct, operational failures and regulatory investigations, which could adversely affect the KFC, Pizza Hut and Taco Bell brands. Any damage to the reputation of KFC, Pizza Hut and Taco Bell brands may adversely affect the trust placed in the brands and our reputation and cause existing customers or intermediaries to withdraw their business and reconsider doing business with us. Further, negative publicity within or outside the Territories may result in increased regulation and legislative scrutiny of industry practices as well as increased litigation, which may further increase our costs of doing business and adversely affect our profitability. We also cannot assure you that the KFC, Pizza Hut and Taco Bell brands will be able to compete effectively with other well-established international QSR chains in other countries or globally. As a result, any impairment or damage to the KFC, Pizza Hut and Taco Bell brands, including as a result of these or other factors on which YUM has not provided any guarantees or assurance, could adversely affect our business, results of operations and financial condition.

**14. *We face foreign exchange risks that could adversely affect our results of operations.***

Generally, our sales and most of our expenses are denominated in the currency of the country where we operate. However, expenses such as initial fees to be paid to YUM and imports of capital equipment are denominated in foreign currency and invoiced by YUM or our vendors to us in Indian rupees at the prevailing exchange rate. In addition, Gamma Lanka imports raw materials which are denominated and invoiced to Gamma Lanka in foreign currency. Hence, we are exposed to fluctuations in exchange rates between currencies. Although we closely follow our exposure to foreign currencies, such activity may not always be sufficient to protect us against incurring potential losses if currencies fluctuate significantly.

**15. *Concerns about food safety, foodborne illness or other negative food-related incidents and negative publicity revolving around it could have an adverse effect on our business, results of operations, cash flows and financial condition.***

As an operator of QSR restaurants, our business is susceptible to health concerns arising from food-borne illnesses, health epidemics, food quality, allergic reactions and other negative food-related incidents. The occurrence of an outbreak of a food-borne illness, health epidemic or other adverse public health event in India, Sri Lanka, Maldives or in the vicinity of our restaurants, suppliers or distributors could cause a temporary or permanent closure of our restaurants and materially disrupt our business and operations in a manner similar to how the COVID-19 pandemic has affected our business. Food-borne illness or food tampering incidents could also be caused directly or indirectly by our suppliers, customers or employees and may be outside of our control. Our suppliers transport and handle ingredients and packaging materials that we use in our restaurants and, although we have certain controls in place with respect to their operations, we cannot ourselves monitor the production, transportation and handling of ingredients and packaging materials. Our ingredients and packaging materials could become contaminated by food-borne illnesses or other contamination during transport or handling. In particular, the ingredients warehoused and transported by our distributors and our suppliers and stored at our restaurants are perishable in nature. In the event that we or they fail to maintain our required standards of storage or if the integrity and quality of the ingredients are otherwise compromised, our products could be contaminated, which could lead to negative food-related incidents and negative publicity, causing us to lose customers and damaging our reputation. Risks to the health of our customers can arise from any such negative food-related incident, which could expose us to litigation, including by customers, sanctions or fines by food safety regulators. For example, certain proceedings have been initiated against us by the food safety officer under the Food Safety and Standards Act, 2006, and the same are currently pending, on grounds, *inter-alia*, product quality not conforming to the standards of the Food Safety and Standards (Food Products Standards and Food Additives) Regulations, 2011 and manufacturing and storing substandard food in violation of Food Safety and Standards (Food Products Standards and Food Additives) Regulations, 2011. For further details, see "*Outstanding Litigation and Material Developments*" beginning on page 350. We cannot assure you that our internal controls and

training will be fully effective in preventing these or any other negative food-related incidents in the future and ensuring the quality of our products at all times.

In addition, although we will continue to deploy our best efforts to serve healthy and hygienic food to customers, negative publicity in relation to real or perceived health concerns, such as food-borne illnesses, health epidemics, food quality, allergic reactions and other negative food-related incidents stemming from one restaurant or a number of restaurants could adversely affect us, regardless of whether they pertain to our restaurants or to restaurants owned or operated by other QSR or food brands or otherwise outside of the markets in which we operate. The occurrence of any such incident at any of our restaurants may lead to public outrage and restaurant closures, and our reputation, including in respect of any of our other restaurants that are not affected by any such incident, could also be severely tarnished for an extended period of time. This may also have an adverse effect on our ability to continue to maintain the required licences, approvals and permits for operating our restaurants. Food-borne illnesses, such as E. coli, hepatitis A, trichinosis or salmonella and other food-borne illnesses have affected the QSR chain sub-segment in the past and could occur in the future. In addition, health concerns about the consumption of food products or specific events such as outbreaks of food-borne illnesses, such as “avian” or bird flu, or allergic reactions to certain ingredients could lead to changes in consumer preferences, reduce consumption of our products and adversely affect our financial performance. These events could also reduce the available supply of food ingredients or products or significantly raise the price of such food ingredients or products.

Any adverse effect on, or interruption of, our operations or those of our suppliers as a result of health concerns arising from real or perceived food-borne illnesses, health epidemics, food quality or other negative food-related incidents, could have an adverse effect on our business, results of operations, cash flows and financial condition.

**16. *We may not successfully establish, deliver and maintain our value leadership strategy.***

A key part of our business and business strategy is to drive footfalls and sales in our restaurants and to continue to build on our value leadership by continuing to drive menu architecture to offer products that are tailored to local tastes and preferences at attractive price points. We also intend to continue to offer customers our wide entry-level menu and promotional offerings, create accessible meal options and introduce new products that are designed to attract and cater to customers looking for everyday value. We also intend to develop innovative offerings to cater to an even wider market in the future, including by leveraging different parts of our menu offering on a regional or national basis. However, our ability to implement this will depend in part on our ability to anticipate consumer preferences in India, Sri Lanka and Maldives, create profitable products and introduce promotions that appeal to our customers, as well as to successfully market the products and promotions that we develop. If we are not able to do this, or our competitors are able to introduce innovative products and promotions more quickly or effectively or market their products more successfully or offer better perceived value than us, our advertising and marketing costs could increase, and our footfalls, same store sales and our ability to penetrate new markets may be adversely affected, which could have an adverse effect on our business, results of operations and financial condition.

**17. *We require various licenses and permits to operate our business and the loss of or failure to obtain or renew any or all of these licenses and permits could adversely affect our business and results of operations.***

As part of our business and operations in India, Sri Lanka and Maldives, we are required to obtain various licenses and permits from local and government authorities to roll out new restaurants and run our business. Obtaining licenses and permits is a time consuming process and subject to frequent delays. Our government licenses and permits are also subject to numerous conditions, some of which are onerous and require us to incur expenditure. In addition, we will need to apply for or renew approvals, licenses, registrations and permits from time to time, as and when required in the ordinary course of our business. For further details, see “*Government and Other Approvals*” beginning on page 357.

Further, several of the licenses and approvals required in relation to our operations are subject to local state or municipal laws. While we have obtained a significant number of approvals, licenses, registrations and permits from the relevant authorities, we are yet to receive or apply for certain approvals, licenses,

registrations, permits or renewals. For example, for some of our operating restaurants (i) while we may not have obtained the consent to establish, we have obtained the consent to operate from the relevant state pollution control board, (ii) while we have applied for the consent to operate from the relevant state pollution control board, we are yet to receive such approval, (iii) in relation to certain form filings with relevant fire department required in terms of the state specific laws, we are yet to make such filings and (iv) with respect certain of our restaurants, we are yet to apply for trade license, and in certain cases, renewal of trade licenses, from the relevant municipal authorities. For further details, see “*Government and Other Approvals*” on page 357. Any delay in receipt or non-receipt of such approvals, licenses, registrations, permits or their renewals could result in cost and time overrun or could adversely affect our related operations. In addition, in such circumstances, the relevant authorities may direct us to close our restaurants, initiate criminal actions against us, restrain our operations, impose fines or penalties or initiate legal proceedings for our inability to renew or obtain approvals in a timely manner or at all. For example, certain criminal proceedings have been initiated against us allegedly for operating certain restaurants without certain required approvals such as health license, police license and eating house license. For further details, see “*Legal and Other Information – Outstanding Litigation and Material Developments – Litigation involving our Company – Outstanding criminal litigation proceedings involving our Company*”. Apart from the above, in relation to some of our restaurants (especially the restaurants in malls), some of our agreements with our lessors place the obligation of obtaining certain building-related approvals on the relevant lessor and any failure by the relevant lessor to obtain such approvals may adversely affect operations of our restaurants at such places.

If we fail to obtain certain licenses, approvals or permits, we may not be able to continue operations at our existing restaurant locations or develop the affected new restaurant sites. In addition, the regulations that govern the licenses and permits for our restaurants may change, requiring us to make changes to our restaurants in order to comply, which may mean that we have to incur additional expenses in order to remain compliant. Our failure to retain or renew our licenses and permits in a timely manner may mean we become subject to fines or sanctions or that we are required to shut down a restaurant, which could require us to incur additional cost and could adversely affect our business and results of operations.

Further, our government approvals and licenses are subject to certain conditions. If we fail to comply or a regulator claims that we have not complied with such conditions, our business, results of operations and financial condition may be adversely affected.

**18. *If we are unable to comply with health, safety and environmental regulations, our business, results of operations and reputation could be adversely affected.***

As a preparer of food products for human consumption, we are subject to health, safety and environmental laws and regulations, including regulations promulgated and enforced by local, national and international authorities. These directives, laws and regulations relate to water discharges, air emissions, waste management, noise pollution and workplace and product health and safety and the use of plastics, among others. Health, safety and environmental legislation in the markets in which we operate and elsewhere has tended to become broader and stricter, and enforcement has tended to increase over time. For example, as a part of a national campaign to rid India of plastic waste, in June 2019, the GoI announced its intention to eliminate single-use plastic by 2022. This required us to incur additional costs to adapt our operations and eliminate straws and lids from our products. For further details, see “*Legal and Other Information – Outstanding Litigation and Material Developments – Litigation involving our Company – Outstanding criminal litigation proceedings involving our Company*”. Any failure to comply with health, safety and environmental requirements by us, including in obtaining and retaining applicable licenses and permits, may lead to fines and other sanctions and even restaurant closures, as well as damage our reputation. Further, any failure to comply with health, safety and environmental requirements by us could result in a breach of the terms of the Franchisee Arrangement and cause YUM to seek to terminate the Franchisee Arrangement. If health, safety and environmental laws and regulations in the markets in which we operate change or are further strengthened in the future, the extent and timing of investments required to maintain compliance may differ from our internal planning and may limit the availability of funding for other investments. In addition, if the costs of compliance with health, safety and environmental laws and regulations continue to increase and it is not possible for us to reflect these additional costs in the price of our products, our profitability could be adversely affected.

19. ***There were certain instances of non-compliances in relation to delay in filing of Form DI in respect of downstream investments made by (i) our Company in our subsidiary, namely, Gamma Pizzakraft (Overseas) Private Limited (“Gamma Overseas”) and (ii) Gamma Overseas in Gamma Pizzakraft Private Limited. In addition, our Company has made an application for compounding of a non-compliance of non-obtaining a compliance certificate from a statutory auditor with respect to the downstream investments made by the Company in Gamma Overseas.***

There were certain instances of non-compliances (i.e., delay in filing of Form DI with RBI) as required under the erstwhile Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017 (“**Regulation 2017**”), in relation to certain downstream investments made by our Company in Gamma Overseas and investments made by Gamma Overseas in Gamma Pizzakraft Private Limited. While our Company and Gamma Overseas have already made the requisite filings (i.e., Form DIs) with the RBI along with late submission fees as specified by the RBI, should we make any delayed filings in the future, we may be liable to actions, including penalties, from the RBI.

Further, our Company made certain downstream investments in Gamma Pizzakraft (Overseas) Private Limited in the financial years 2016, 2017, 2018 and 2019. As per the relevant provisions of Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017 and Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, our Company was required to obtain a certificate from the statutory auditor on an annual basis ensuring compliances with the applicable laws in relation to the downstream investment and display the same in the annual report of our Company every year. However, the aforesaid compliance certificate from the statutory auditor was not obtained for the financial years 2016, 2017, 2018 and 2019, thereby contravening the aforesaid requirement. In this regard, our Company made an application dated July 21, 2021 for compounding under Foreign Exchange Management Act, 1999 with RBI. This application is currently pending. We cannot assure you that such non-compliances will be compounded by the RBI in a timely manner and that we will not be subjected to penalties, proceedings or settlement amounts from the RBI.

20. ***We are unable to trace some of our historical corporate and secretarial records. We cannot assure you that no legal proceedings or regulatory actions will be initiated against our Company in the future in relation to the missing corporate records which may impact our financial condition and reputation.***

We have been unable to locate share transfer forms for certain transfers involving our Promoters, namely: the transfers from Shivani Narang to Sagista Realty Advisors Private Limited, trustee of QSR Management Trust on February 27, 2015, and July 13, 2015. For further details of these transfers, see “*Capital Structure — Build-up of our Promoters’ shareholding in our Company*” on page 92. Despite reaching out to the Promoters involved in these transfers, we have not been able to trace the aforementioned documents. Accordingly, we have relied on other documents, including the register of members of our Company, endorsements on the relevant share certificates and resolutions of the Board. In addition, while we have relied on the requisite resolutions (i.e., board resolution regarding approval of the issuance and allotment) and form filings such as PAS 3 in relation to the allotment of Equity Shares on July 13, 2015, we have not been able to locate the letter of offer, application forms and renunciation forms in relation to such allotment.

While no legal proceeding or regulatory action has been initiated against our Company in relation to the untraceable secretarial and other corporate records and documents as of the date of this Draft Red Herring Prospectus, we cannot assure you that such legal proceedings or regulatory actions will not be initiated against our Company in the future. We cannot assure you that such untraceable secretarial and other corporate records and documents will be available to us in the future.

21. ***We are subject to risks associated with leasing real estate, and any adverse developments could harm our business, results of operations and financial condition.***

As of March 31, 2021, all of our business operations were conducted on premises through leases, and analogous arrangements such as leave and licenses, sub-licenses, sub-leases and conducting agreements. In addition, we currently intend to expand our restaurant network for our new restaurants by entering into new



leases. Our operating performance depends, in part, on our ability to secure properties for our restaurants in appropriate locations at rents, fees or other charges that are cost effective. We generally enter into long-term real estate leases that have an initial term that typically ranges from nine to 20 years, with the exception of lease and license agreements. Generally, we are required to pay a security deposit and, for certain of our leases, specified monthly rental and common area maintenance charges for the duration of the relevant lease, which may be subject to periodic escalations at agreed rates. Several of our leases are based on a revenue share model along with a fixed minimum monthly guaranteed amount, which we are required to pay regardless of the revenue we generate at the relevant restaurant. Under certain of our leases, we are also required to keep the relevant lessor indemnified against, among other things, losses arising out of non-payment of statutory dues pertaining to our business, losses or damage caused to the property and losses arising due to negligence or willful default or omission by us or our employees.

While certain of our leases grant us a right of renewal upon expiration with periodic escalations at agreed rates, certain of our existing leases provide for renewal or extension of the lease period upon mutual agreement. If we are required to negotiate the terms for lease renewal or extension at an existing location upon expiration, we may be subject to further rent, fees or any other charges increases. In recent years, rental costs, fees and other charges where certain of our restaurants are located have escalated significantly and may continue to escalate there and at locations where we intend to open new restaurants in the future. We cannot assure you that there will not be further significant increases in rental costs, fees or other charges in these locations in the future. Due to the COVID-19 crisis, we have engaged in rent relief negotiations with all of our landlords, and arrived at negotiated agreements with respect to reductions in rent and our rental obligations during the COVID-19 crisis with a majority of our landlords. See “— *The Coronavirus disease (COVID-19) pandemic has substantially affected and may continue to affect our business, results of operations, financial condition, cash flows and reputation in the future.*” on page 28.

If we are not able to renegotiate or renew our leases on commercially acceptable terms or at all, we may have to relocate and find new locations to lease for the affected restaurants or be forced to close them. In addition, we may be required to relocate or close certain restaurant locations if the locations become unviable due to changes in neighbourhood demographics, economic conditions or other reasons that result in reduced sales or profitability, some of which may be beyond our control. For example, we have had 26, 11 and 10 permanent restaurant closures during the financial years 2021, 2020 and 2019 which took place due to business viability and decreased footfalls, as well as the non-fulfillment of obligations by the landlords. Certain of our leases also include lock-in periods for a specific period of years, during which we are not permitted to terminate the lease, except upon the occurrence of a limited number of specified events. If we terminate any such lease during the relevant lock-in period due to these or other reasons, we may be liable to pay the rent, fees or any other charges including applicable taxes for the unexpired lock-in period. Certain of our leases also impose penalties or damages for failure to hand over possession of the premises to the lessor within the set out period of time, which we may be required to pay if we are delayed in relocating or closing a restaurant. In addition, we typically make significant capital improvements to the premises and we may be unable to recover certain costs associated with opening and operating a restaurant if we are required to relocate or close the restaurant, which could adversely affect our business, financial condition and results of operations.

In certain cases, lessors are required to obtain statutory and regulatory approvals or permits, including completion and occupation certificates from relevant Governmental authorities. However, for certain properties in relation to our leases, the lessors have not furnished completion and occupation certificates. In addition, for certain leases, the lessors may not have good and marketable title to some part or the entire land as a result of non-execution, non-registration or inadequate stamping of conveyance deeds and other acquisition documents, or which may be subject to, or affected by, encumbrances of which we may not be aware. We may not therefore be able to assess or identify disputes, unregistered encumbrances or adverse possession rights over title to real property which we have leased. Legal disputes in respect of land title can have uncertain outcomes and can take several years and require considerable expense to resolve if they become the subject of court proceedings. If the lessor is unable to resolve such disputes with the relevant claimants, we may lose our interest, which may consequently lead to eviction and affect our business operations.

If any of the above factors should occur with respect to any of our leases, our operations at the relevant restaurants could be adversely affected, which could have an adverse effect on our business, results of operations and financial condition.

**22. *Our financing agreements impose certain restrictions on our operations, and our failure to comply with operational and financial covenants may adversely affect our reputation, business and financial condition.***

Certain of our financing arrangements impose restrictions on the utilization of the loan for certain specified purposes only, such as for the purposes of meeting expenses for capital expenditure such as construction of buildings, fixtures, equipment and other related activities. We are required to obtain prior consent from some of our lenders for, among other matters, amending our articles of association, our capital structure, changing management control, undertaking merger or amalgamation, changing our constitution, issuance of further Equity Shares, making certain kinds of investments, declaring dividends, making certain payments (including payment of dividends, redemption of shares, prepayment of indebtedness and payment of interest on unsecured loans), undertaking any scheme of compromise or reconstruction or diversification, creation of security interest in secured properties and raising further indebtedness. We cannot assure you that we will comply with all our covenants in the future, or that we can obtain necessary waivers for all non-compliances or remedy defaults in time or at all.

Moreover, under certain of our existing financing arrangements, the lenders have the right to accelerate the repayment of the indebtedness under their facilities in the event of any change in circumstances, including but not limited to, breach of covenants and any material change in the ownership of the Company. Such financing agreements also require us to maintain certain financial ratios. Certain of our loans can also be recalled by lenders at any time in the event of defaults or breaches of covenants. If the lenders exercise their right to recall a loan, our working capital facilities may become unavailable, and such recall could have an adverse effect on our reputation, business and financial position. If our future cash flows from operations and other capital resources are insufficient to pay our debt obligations or our contractual obligations, or to fund our other liquidity needs, we may be forced to sell assets or attempt to restructure or refinance our existing indebtedness. Our ability to restructure or refinance our debt will depend on the condition of the capital markets, our financial condition or credit rating at such time and the terms of our other outstanding debt instruments. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. The terms of existing or future debt instruments may restrict us from adopting some of these alternatives. In addition, any failure to make payments of interest or principal on our outstanding indebtedness on a timely basis would likely result in a reduction of our creditworthiness or credit rating, which could harm our ability to incur additional indebtedness on acceptable terms.

For some of our financing agreements, we are required to submit periodic compliance reports and any such deviations may be viewed as inadequate compliance by our lenders. Further, any breach under our financing agreements could result in acceleration of our loan repayments or trigger a cross-default under our other financing agreements, any of which could adversely affect our financial condition and our ability to conduct and implement our business plans. In some of our financing agreements, the lender may, at its discretion, terminate or cancel the facility with immediate effect and declare outstanding dues payable if we default under any other material agreements with any other financing institution, adversely affecting our reputation, business and financial condition. For further details, see “*Financial Indebtedness*” beginning on page 347.

**23. *We have had negative cash flows for the financial years 2021, 2020 and 2019, and we may have negative cash flows in the future.***

Set forth below is a table of selected information derived from our Restated Financial Statements for the financial years 2021, 2020, and 2019.

(₹ in millions)

Particulars	For the financial year ended		
	March 31, 2021	March 31, 2020	March 31, 2019
Net cash generated from operating activities	1,540.74	2,130.46	1,500.79
Net cash used in investing activities	(779.24)	(20.49)	(3,351.26)
Net cash (used in)/ from financing activities	(515.28)	(2,081.35)	1,767.43
<b>Net Increase / (decrease) in cash and cash equivalents</b>	<b>246.22</b>	<b>28.62</b>	<b>(83.04)</b>

Negative cash flows over extended periods, or significant negative cash flows in the short term, could materially affect our ability to operate our business and implement our growth plans. As a result, our cash flows, business, prospects, results of operations and financial condition may be adversely affected.

For further details, see “*Summary Financial Information*” and “*Management’s Discussion and Analysis of Results of Operations and Financial Condition — Cash Flows*” on pages 72 and 322, respectively. We cannot assure you that our net cash flows will be positive in the future.

**24. *Our Promoters, Directors and Key Managerial Personnel have interests in us other than the reimbursement of expenses incurred and normal remuneration and benefits.***

Our Promoters, Directors and Key Managerial Personnel may be deemed to be interested to the extent of Equity Shares held by them, directly or indirectly, in our Company and its Subsidiaries, as well as to the extent of any dividends, bonuses or other distributions on such shareholding. Additionally, some of our Directors and Key Managerial Personnel may also be regarded as interested to the extent of employee stock options granted by our Company, which may be granted to them in the future pursuant to an ESOP scheme, as applicable. For details, see “*Capital Structure*” on page 89.

Although our Directors and Promoters are required to act in good faith in order to promote the objects of our Company for the benefit of the shareholders as a whole, and in the best interests of our Company and its employees, the shareholders, by virtue of having a majority shareholding, as a whole, our Promoters and Directors may take or block actions with respect to our business which may conflict with the interests of minority shareholders. For details, see “*Our Promoters and Promoter Group*,” “*Our Management — Interests of Directors*” and “*Our Management — Interests of Key Managerial Personnel*” on pages 224, 210 and 222, respectively.

**25. *Shortages of or interruptions in the delivery of quality ingredients, packaging materials and other necessary supplies may increase costs or reduce revenues.***

Our operations depend substantially on adequate and timely deliveries of quality ingredients, packaging materials and other necessary supplies that meet YUM system requirements. Our suppliers may fail to provide us with sufficient quantities of ingredients and packaging materials of adequate quality meeting YUM global standards on a timely basis as a result of shortages or import restrictions for raw materials, ingredients or equipment sourced from outside the countries where we operate. They may also experience disruptions or delays in their own supplies or operations due to, for example, disruptions in the technology they use to run their own operations, insufficient labour or transportation resources, non-compliance with licensing or permit requirements, breakdowns in machinery or equipment or factors affecting road transportation or infrastructure, such as political unrest, bad weather conditions and natural disasters. Further, our suppliers may fail to retain their certification as approved suppliers of YUM, or they may terminate our supply agreements with them for various reasons. Although we have not experienced significant shortages or interruptions in supply, and although we generally believe there are sufficient numbers of alternative suppliers for our ingredients and packaging materials, shortages or other industry-wide disruptions could occur, such as in connection with the COVID-19 crisis. See “— *The Coronavirus disease (COVID-19) pandemic has substantially affected and may continue to affect our business, results of operations, financial condition, cash flows and reputation in the future.*” on page 28. Accordingly, our ability to source ingredients

and packaging materials and deliver products to our restaurants could be disrupted. We may not be able to timely obtain replacement ingredients, packaging materials or other necessary supplies of adequate quality or sufficient quantity on commercially acceptable terms or at all in the open market, which could require us to incur additional cost and which could, in turn, have an adverse effect on our business, results of operations and financial condition.

**26. *Fluctuations in the cost of ingredients or packaging materials and other costs could adversely affect our profitability.***

Most ingredients used in our products are subject to price fluctuations as a result of inflation, seasonality, global supply and demand, weather conditions, demand in local and international markets, fluctuations in currency exchange rates, tariffs and tax incentives and other factors. We have no control over fluctuations in the price and availability of ingredients, packaging materials or variations in products caused by these factors, and they could affect the prices imposed by our suppliers, making the cost of ingredients or packaging materials more expensive for us and increase the prices of our products for our customers, which may reduce demand and therefore affect our overall financial performance. In addition, as a result of COVID-19, we have modified our packaging process to build customer confidence in the safety of our food products, which has also increased our packaging costs. Any increases in cost of ingredients or packaging materials and other costs, including cost of cheese and oil, could have an adverse effect on our profitability. Although we engage in long-term contracting and undertake other measures such as purchasing in bulk to counter act fluctuations in the price of our ingredients and packaging materials, we cannot assure you that we can completely budget for or predict any changes in these prices, which may increase the risk to our business and adversely affect our business, results of operations and financial condition.

**27. *If inflation were to rise in India, we might not be able to increase the prices of our products at a proportional rate to pass costs on to our customers, thereby reducing our margins.***

Inflation rates in India have been volatile in recent years, and such volatility may continue in the future. India has experienced high inflation in the recent past. Increased inflation can contribute to an increase in interest rates and increased costs to our business, including increased costs of transportation, wages, raw materials and other expenses relevant to our business.

High fluctuations in inflation rates may make it more difficult for us to accurately estimate or control our costs. Any increase in inflation in India can increase our expenses, which we may not be able to adequately pass on to our customers, whether entirely or in part, and may adversely affect our business and financial condition. In particular, we might not be able to reduce our costs or increase prices of our food offerings to pass the increase in costs on to our customers. In such case, our business, results of operations, cash flows and financial condition may be adversely affected.

**28. *We rely on third-parties for warehousing and logistics services and if they fail to deliver, there may be disruptions or delays in our services, which could have an adverse effect on our business, results of operations, cash flows and financial condition.***

We rely on third-parties for warehousing and logistics services. These services are critical to our supply chain and our ability to manage supply chain risk and distribution costs, as well as maintain control and traceability over our products. However, the ability of such third parties to provide us with these services effectively depends on a number of factors. To the extent that any of our third-party providers experience any disruptions or delays in operations in the future due to, for example, insufficient labour or transportation resources, non-compliance with licensing or permit requirements, breakdowns in transportation or other factors which are beyond our and their control such as those affecting road transportation or its infrastructure, political unrest, bad weather conditions and natural disasters, our supply chain could be disrupted and our ability to source ingredients and packaging materials and deliver products to our restaurants could be disrupted, which could adversely affect our business, results of operations, cash flows and financial condition.

If we are required to transport our ingredients or packaging materials using alternative resources, deliveries

to certain of our restaurants may be disrupted or delayed, which could adversely affect our operations and have an adverse effect on our business, results of operations, cash flows and financial condition.

**29. *We may be unable to accurately forecast demand for our products, which could have an adverse effect on our profit margins and results of operations.***

Our procuring, and hence, supply of ingredients and packaging materials for our food products is based primarily on forecasts and requirements prepared directly by our restaurant managers on a restaurant-by-restaurant basis. These forecasts are based on past sales as well as anticipated demand, which is based to a certain extent on the subjective assessment of the restaurant managers. We also provide some of our vendor partners with periodic forecasting schedules as part of our distribution and supply agreements with them. Although we have the ability to distribute any excess supply to nearby restaurants, an inability to accurately forecast demand for our food products could lead to excess supply or a shortage in the supply of ingredients and packaging materials from our suppliers, which could have an adverse effect on our sales, our profit margins and results of operations. In addition, if we are unable to accurately forecast demand on a daily basis at the restaurant level, this might lead to wastage as many of our products are perishable, which may result in an adverse effect on our business and results of operations. This could also occur as a result of unexpected events, such as the COVID-19 crisis. For example, the level of our business activity decreased due to the COVID-19 pandemic. Such decrease in business activity level caused us make provision for obsolete inventories of ₹26.15 million which was recorded as an exceptional item for the financial year 2020. See “—*The Coronavirus disease (COVID-19) pandemic has substantially affected and may continue to affect our business, results of operations, financial condition, cash flows and reputation in the future.*” on page 28.

**30. *Increases in labor costs or shortages in labor could slow our growth and harm our business.***

As of March 31, 2021, our Company had 7,490 employees, which decreased from 8,866 as of March 31, 2020, as a result of attrition resulting from certain employees (especially restaurant staff) returning to and remaining in their hometowns as a result of the COVID-19 crisis. As of March 31, 2019, our Company had 8,389 employees. Of our Company's 7,490 employees as of March 31, 2021, 7,096 were employed at the restaurant level, including 375 restaurant managers and 6,721 other restaurant employees, and 394 were employed in operations and other support functions. Notwithstanding this recent decrease in the number of employees, we remain a labour-intensive business, and our success depends in part on our ability to manage our labour cost and its effect on our margins. In this respect, we must continuously monitor the productivity levels of our employees. Our employee benefits expense was 16.6%, 16.1% and 16.2% of our total expenses, or ₹ 1,956.00 million, ₹ 2,288.11 million or ₹ 2,062.59 million, for the financial years 2021, 2020 and 2019, respectively. In addition, the salaries and wages of our restaurant employees are subject to wage inflation and other macroeconomic factors, as well as government regulation, that can cause salaries and wages of our employees to increase. Further, the benefits of our employees are regulated by government laws and regulations, which can change from time to time. For example, the GoI and state governments have increased the minimum wage on a number of occasions in the past and may do so again. As a result, our employee benefits expenses have increased in the past due to increases in minimum wage requirements. Any organizational changes, including changes in salaries and wages and other employee benefits that are, or are perceived to be negative, could result in an increased attrition rate, causing us to incur additional expenses to hire and train new employees. Our employee attrition rate was 80.8%, 85.0% and 81.7%, or 5,801, 7,511 and 6,443 employees for the financial years 2021, 2020 and 2019, respectively. Any further increase in minimum wage requirements or changes in labour regulations in the markets in which we operate having a similar effect could increase our labor costs, which could adversely affect our profit margins, business, results of operations, financial condition and profitability. In addition, the Indian Parliament has recently approved the Code on Social Security, 2020 (the “**Code on Social Security**”) which could affect the contributions we make towards provident fund and gratuity. Further, the Code on Wages, 2019 (“**Wages Code**”) limits the amounts that may be excluded from being accounted toward employment benefits (such as gratuity and maternity benefits) to a maximum of 50% of the wages payable to employees. The effective date from which the changes are applicable is yet to be notified, and the rules are yet to be finalized, but our Company will carry out an evaluation of the effect of the Code on Social Security and Wages Code and record the same in our financial statements in the period in which the Code of Social Security and Wages Code becomes effective and the related rules are published.

Furthermore, we must continue to attract, motivate and retain qualified managers with the competencies to succeed in our industry and the motivation to engage with our people-centric operating culture, which we view as the principle component of our ability to enhance customer experience at our restaurants. In addition, our success also depends on the skills of our employees and the effectiveness of our training programs to ensure maintenance of quality and uniformity of our service. While we have not yet experienced significant labour shortages and have continuously recruited new staff, we cannot assure you that we will be able to continue to retain or hire an adequate workforce, at the appropriate times, or that our staff may not be recruited by any of our competitors, which in turn may delay openings of our new restaurants or result in lower quality service in existing restaurants, adversely affecting customer experience which could have an adverse effect on our business and results of operations. In addition, if we are unable to continue to recruit and retain sufficiently qualified managers who can motivate our employees to sustain high service levels, our business and our growth could be adversely affected. A delay in recruiting or the inability to retain qualified managers may also delay the planned openings of new restaurants or result in high employee turnover in existing restaurants, which could harm our business operations.

**31. *Our success depends in large part upon our qualified personnel, including our senior management, directors and key personnel and our ability to attract and retain them when necessary.***

Our operations depend on our ability to attract and retain qualified personnel. While we believe that we currently have adequate qualified personnel, we may not be able to continuously attract or retain such personnel, or retain them on acceptable terms, given the demand for such personnel. The loss of the services of any one or more of our qualified personnel or their subsequent employment with one of our competitors may adversely affect our business, results of operations and financial condition. We may require a long period of time to hire and train replacement personnel when qualified personnel terminate their employment with our Company. We may also be required to increase our levels of employee compensation more rapidly than in the past to remain competitive in attracting the qualified employees that our business requires.

Further, our senior management team is integral to the success of our business. However, we cannot assure you that we will be able to retain any or all of our management team or successfully find and recruit qualified personnel to replace any members of our senior management team who may leave our Company in the future. A few of our Key Managerial Personnel have resigned over the last three years, see “*Our Management – Key Managerial Personnel – Changes in our Key Managerial Personnel in the three immediately preceding years*” on page 222. Any loss of our senior management or key personnel or our inability to recruit further senior managers or other key personnel could impede our growth by impairing our day-to-day operations and hindering our development of ongoing and planned projects and our ability to develop, maintain and expand customer relationships. Additionally, any leadership transition that results from the departure of any members of our senior management team and the integration of new personnel may be difficult to manage and may cause operational and administrative inefficiencies, decreased productivity amongst our employees and loss of personnel with deep institutional knowledge, which could result in significant disruptions to our operations, particularly as we do not have key man insurance. We will be required to successfully integrate new personnel with our existing teams in order to achieve our operating objectives and changes in our senior management team may affect our results of operations as new personnel become familiar with our business.

**32. *Our business is affected by the performance of or our relationships with, third-party delivery aggregators.***

Demand for food delivery services through online delivery aggregators and mobile applications has increased in recent years across the QSR chain sub-segment, with the online food delivery market in India increasing from US\$4.7 billion in financial year 2017 to US\$10.2 billion in financial year 2020. The effect of the COVID-19 crisis has increased this trend even more; before the pandemic, the overall food delivery market was expected to reach US\$16.4 billion in financial year 2025, but it is now projected to reach US\$18.1 billion. The introduction and growth of online ordering and mobile applications, as well as the increasing number and growth of third-party delivery aggregators, have made delivery a material part of our business, and we believe the increasing presence of delivery aggregators in India and Sri Lanka will have a significant impact on our business going forward.

We leverage the large third-party delivery aggregators that have their own mobile applications and delivery

fleets. However, the activities of delivery aggregators have increased competition with other QSR brands and new food service platforms, such as cloud kitchens, which do not offer in-restaurant services and only serve food through delivery aggregators, requiring less capital expenditure to offer food services. If food delivery through delivery aggregators continues to increase, it is possible that footfalls in our restaurants could decrease, especially in light of the COVID-19 pandemic, unless we adapt our business model to account for this change in consumer preference. In the financial years 2021, 2020 and 2019, we earned ₹ 2,904.08 million, ₹ 2,157.47 million and ₹ 1,326.14 million, respectively, though delivery aggregators, comprising 28.6%, 16.2% and 11.2%, respectively, of our restaurant sales. Our reliance on delivery aggregators may increase in the future, especially as a result of the effect of COVID-19 and the resulting growth in delivery. It is possible that the negotiating leverage of delivery aggregators with respect to our contracts with them could increase as their businesses grow, which means we may have to pay higher fees for their services or may have difficulty extending or renewing our agreements with them on commercially acceptable terms, or at all, in the future, especially if we fail to sufficiently develop our own food delivery services or find alternative means to serve the increasing number of customers who choose to order their food online or through mobile applications. In addition, in order to win market share, certain delivery aggregators offer significant discounts for their services and as their businesses mature, they may choose or be required to raise their fees, which could adversely affect the fees we pay for their services. Although we have not experienced major disputes with the delivery aggregators that we work with, any adverse development with respect to the delivery aggregators that we use to deliver our products, our relationship with them or their services, such as their failure to meet our service standards, actions or events attributed to them that affect customer perception of our brand, or any stoppage of their operations due to financial difficulties or otherwise, could adversely affect our ability to reach customers who choose to order food through online delivery aggregators, which could have an adverse effect on our business, results of operations and financial condition.

**33. *We may not be able to identify suitable locations and successfully develop and roll out new restaurants.***

A key part of our business and growth strategy is to maintain the pace of expansion of our restaurant network, which requires us to continually identify suitable and available restaurant locations and develop and build out restaurants at those locations. Pursuant to the Development Agreements, we are required to open a certain number of new restaurants each year and our inability to open such number of restaurants could affect the incentives that we may receive from YUM or lead to a termination of our development rights or our inability to continue operating our business, which could adversely affect our business, results of operations and financial condition. As of March 31, 2021, we own and operate 204 KFC restaurants in India and Maldives, 231 Pizza Hut restaurants in India, Sri Lanka and Maldives and two Taco Bell restaurants in Sri Lanka. We are also required to obtain YUM's approval if we decide to engage in the wholesale or retail preparation, marketing or sale of any food products in the Territories which are not covered by the Franchisee Arrangement. The development and roll out of new restaurants involve substantial risks, any of which could be exacerbated or caused by the ongoing COVID-19 crisis, including in relation to the following:

- the inability to identify or the unavailability of suitable sites on acceptable leasing terms;
- delay or inability to enter into a definitive lease agreement with respect to a specific site for various reasons, which may result in us having restaurants operating under letters of intent that have expired or cease the development or operation of the relevant restaurant;
- lack of our ability to compete successfully for suitable restaurant sites. For example, YUM has authorized its other franchisee to open outlets under Pizza Hut Delivery, a concept under the Pizza Hut brand in the Territories, which may lead to increased competition for suitable retail space in the Territories;
- unavailability of financing on commercially acceptable terms, or at all, due to, among others, changes in our Company's credit rating;
- lack of suitable contractors for construction;

- development costs that exceed budgeted amounts;
- delays in completion of construction;
- difficulties in relation to the implementation of the systems, procedures and control measures required at new and different restaurant locations;
- the inability to obtain all necessary governmental or local authority permits and approvals and other requisite restaurant-related licenses and permits;
- developed restaurants that, once opened, do not achieve desired revenue or cash flow levels due to, among other reasons, the current location becoming unattractive;
- incurring substantial unrecoverable costs if a development project is abandoned prior to completion;
- consumer tastes in new geographic regions and acceptance of our products;
- cost increases for developing restaurants or importing equipment which is subject to duty;
- changes in governmental rules, regulations and interpretations; and
- changes in general economic and business conditions.

In addition, our efforts to develop and roll out new restaurants may also increase the complexity of our operations and place additional strain on our management and operational, financial and human resources. We cannot assure you that we will be able to achieve our expansion goals or that new restaurants will be opened in a timely fashion, or at all. If we are not able to identify suitable locations and successfully develop and build out new restaurants in a timely, cost effective and profitable manner or otherwise manage the growth of our network of restaurants effectively, our business, results of operations and financial condition may be adversely affected.

**34. *New restaurants may not be profitable and aggressive development could cannibalise existing sales.***

Since opening our first restaurant in 2015 until March 31, 2021, we have had 90 permanent restaurant closures, which took place due to business viability and decreased footfalls, as well as the non-fulfillment of obligations by the landlords. Of those permanent closures, 26 occurred during the financial year 2021, a few of which were related to the effect of COVID-19 on our business. The profitability and performance of our new restaurants depend on a number of factors, and we cannot assure you that our new restaurants will be profitable or perform as planned.

In particular, some of our new restaurants are and may in the future be located in areas where we have little or no operating experience, which may expose us to additional risks. These areas may have different competitive conditions, consumer tastes, discretionary spending patterns and economic conditions than our existing locations, which may cause our new restaurants to be less successful than our existing restaurants or to incur losses. Sales at restaurants opened in those new areas may take longer to reach our targets, or may never break even, especially during the current COVID-19 crisis, which may adversely affect our business, results of operations and financial condition. In addition, costs of opening new restaurants in areas in which we have little or no operating experience and in which customer awareness of our brand is low may require us to incur additional costs in relation to the promotion of those restaurants which may be substantially greater than those incurred by our restaurants in other areas.

In addition, the opening of a new restaurant in or near markets in which we already have restaurants could adversely affect the restaurant sales of those existing restaurants. Existing restaurants could also make it more difficult to build our consumer base for a new restaurant in the same market. Cannibalisation of restaurant sales within our system may become significant in the future as we continue to expand our operations, in particular as our restaurant network continues to grow and become more dense, which could



adversely affect our same-restaurant sales growth. If we fail to successfully open new restaurants that are economically viable and expand our business in a manner that does not adversely affect our existing restaurants, our business, results of operations and financial condition could be materially and adversely affected.

**35. *The anticipated benefits of our inorganic growth may not be realized in a timely manner or at all.***

We evaluate potential acquisition targets from time to time, and we may, in the future, seek to acquire businesses and assets in order to expand our operations and brand portfolio or to enter new markets. We intend to actively explore opportunities to acquire high quality and scalable QSR or food brands in complementary categories in existing or new geographies. While we believe that we can reasonably estimate the business growth opportunities, cost savings and synergies expected to arise from inorganic growth, unanticipated events or liabilities may arise, which could result in a delay or reduction in the benefits that we derive from such inorganic growth, or integration or other costs could be significantly in excess of those estimated, including as a result of any unanticipated challenges or costs associated with integrating new brands and investments into our business. Such challenges or costs could arise from the redeployment of resources in different areas of operations to improve efficiency, the diversion of management's attention from ongoing business concerns to the new brands or investments, regulatory or legal challenges, and addressing possible differences between our business culture, processes, controls, procedures and systems and those of the new brands or investments. Additionally, our operation of new brands and investments might affect the relationships that they have with their existing suppliers, third-party service providers and joint venture partners and governments, such as if their existing supplier is a competitor of our existing supplier, and adversely affect our performance or potential growth opportunities after the completion of such investment opportunities. Under any of these circumstances, the business growth opportunities, cost savings and other synergies that we anticipate to result from inorganic growth may not be achieved as expected, or at all, or may be delayed.

**36. *A failure by us to protect the KFC, Pizza Hut and Taco Bell brands, as well as other intellectual property rights and proprietary information in India, Sri Lanka and Maldives could adversely affect our business, results of operations and financial condition.***

Our business depends on consumers' perception of the strength of, and our continued ability to use, the KFC, Pizza Hut and Taco Bell brands and the trademarks, service marks and other intellectual property relating to the KFC, Pizza Hut and Taco Bell brands, as well as other proprietary information relating to our products that are also owned by YUM. In addition, one of our key strategies is to increase brand awareness of the KFC, Pizza Hut and Taco Bell brands in India, Sri Lanka and Maldives. Under the terms of the Franchisee Arrangement, we are required to assist YUM in India, Sri Lanka and Maldives with protecting its intellectual property rights and other proprietary information. However, our efforts to protect these intellectual property rights and other proprietary information may prove to be inadequate and, as a result, the value of the KFC, Pizza Hut and Taco Bell brands could be harmed. For example, although we will deploy our best efforts to avoid any such situation, we may not be able to detect or prevent such brands from trademark or other infringements, and it is possible that other proprietary information, such as the recipes of our products, proposed pricing or product launch information, could be leaked by our employees, our distributors or our suppliers in the future. If any of these were to occur and the image of the KFC, Pizza Hut and Taco Bell brands were harmed as a result, our competitive position in the QSR chain sub-segment in India, Sri Lanka and Maldives and our ability to grow our business could be negatively affected, which could adversely affect our business, results of operations and financial condition. In addition, YUM could deem any unauthorized use by us of the KFC, Pizza Hut and Taco Bell brands, its intellectual property rights or other proprietary information, whether intentional or not, to be a breach of the terms of the Franchisee Arrangement and seek to terminate the Franchisee Arrangement, which could have an adverse effect on our business, results of operations and financial condition. See “— *We operate our restaurants pursuant to the Franchisee Arrangement that imposes certain restrictions and obligations on us with respect to our operations, and, which if terminated or limited, could adversely affect our business, results of operations, cash flows and financial condition*” on page 32.

**37. *If we inadvertently infringe on the intellectual property rights of others, we may be subjected to legal***

***action and our business and reputation may be adversely affected.***

The strength of brands and the continued ability to use trademarks, service marks and other intellectual property relating to brands are important in the QSR chain sub-segment in the food services industry. While we take care to ensure that we comply with the intellectual property rights of others, we cannot determine with certainty whether we are infringing any existing third-party intellectual property rights, which may force us to alter our offerings. We may also be susceptible to claims from third parties asserting infringement and other related claims. Although we have not been alleged to infringe intellectual property rights of third parties, if such claims are raised in the future, these claims could result in costly litigation, divert management's attention and resources, subject us to significant liabilities and require us to enter into potentially expensive royalty or licensing agreements or to cease certain offerings. Any of the foregoing could have an adverse effect on our business and reputation.

**38. *We are exposed to risks from general macroeconomic and demographic changes which in turn may have an adverse effect on our business, results of operations and financial condition.***

Our business results depend on a number of general macroeconomic and demographic factors in the markets in which we operate which are beyond our control. In particular, our revenue and profitability are strongly correlated to consumer discretionary spending, which is influenced by general economic conditions, unemployment levels, the availability of discretionary income and consumer confidence, particularly in the cities and communities where our restaurants are located. Recessionary economic cycles, a protracted economic slowdown, a worsening economy, increased unemployment, increased food prices, increased energy prices, rising interest rates or other industry-wide cost pressures could also affect consumer behaviour and spending for restaurant dining occasions and lead to a decline in our sales and earnings. In particular, the outbreak of the COVID-19 pandemic has led to an economic downturn and a decrease in consumer discretionary spending in India and globally. India's nominal GDP contracted by 3.0% in financial year 2021 due to the outbreak of the COVID-19 pandemic, which led to the imposition of lockdown restrictions beginning in the last quarter of financial year 2020 that have continued through the first quarter of financial year 2021, causing a contraction in the economy. It is estimated that India's GDP growth rate will resume to its pre-COVID-19 level by financial year 2025 (Source: Technopak Report). See "Industry Overview — Indian Macroeconomic Snapshot — India's GDP Growth" on page 127.

In addition, increases in petrol, diesel, natural gas, electricity and other energy costs, and increases in borrowing costs with rising interest rates, could also result in our customers having lower disposable income and reducing their discretionary spending on food. Any significant decrease in our customer footfalls or average ticket price as a result of these or other factors could negatively affect our financial performance. Demographic factors, such as population concentrations in key metropolitan areas and cities where our restaurants are located, could also affect our brand awareness and customer footfalls in our restaurants. The QSR chain sub-segment of the food services industry may also be affected by industry-specific developments, such as changes in trends relating to growing infrastructure spending and investment in retail space that result from changes in national, regional and local economic conditions. In addition, national and local governments may impose heightened measures in relation to sanitisation spaces, dining facilities, delivery services and other related areas following the COVID-19 pandemic, and market participants in the restaurant industry, including the QSR brands, are likely to incur higher operating costs to ensure compliance with any such measures in the future. Any adverse developments in relation to the QSR chain sub-segment as a result of these or other factors could also adversely affect our future growth prospects.

Unfavourable changes in the above factors or in other business and economic conditions affecting our customers could increase our costs, reduce customer footfalls in some or all of our restaurants or decrease average ticket prices or impose practical limits on the pricing of our products, any of which could lower our profit margins and have an adverse effect on our business, results of operations and financial condition.

**39. *Fraud, theft or other misconduct committed by our employees, customers or other third parties may have an adverse effect on our business, results of operations and financial condition.***

Because we operate in the QSR chain sub-segment, we usually receive and handle relatively large amounts of cash in our daily operations. Instances of fraud, theft or other misconduct with respect to cash can be difficult to detect, deter and prevent, and could subject us to financial losses and harm our reputation. Although we have controls in place and have not experienced major instances of fraud with respect to the

handling of cash, we may be unable to prevent, detect or deter all such instances of misconduct. Any such misconduct committed against our interests, which may include past acts that have gone undetected or future acts, may have an adverse effect on our business, results of operations and financial condition.

**40. *We have incurred indebtedness and may incur additional indebtedness in the future, which could affect our ability to obtain future financing or pursue our growth strategy.***

As of March 31, 2021, we had ₹ 756.56 million of aggregate outstanding term loan from banks (secured) and bank overdraft (unsecured), comprising ₹ 726.22 million of term loan from banks (secured), and ₹ 30.34 million of bank overdraft (unsecured). Our indebtedness could have important consequences and adverse effects on our business, including the following:

- our ability to satisfy our obligations under our financing agreements may be limited;
- our vulnerability to adverse general economic and industry conditions may be increased;
- we must use a substantial portion of our cash flow from operations to pay interest on our indebtedness, thereby reducing the availability of cash flow for working capital, capital expenditures and other general corporate activities;
- our ability to obtain additional financing for working capital, capital expenditure or general corporate purposes may be impaired;
- our indebtedness could limit, along with the financial and other restrictive covenants of our indebtedness, our ability to borrow additional funds and increase the cost of additional financing;
- to the extent we receive credit ratings in respect of any of our borrowings, any subsequent downgrade in those credit ratings may increase interest rates for our future borrowings, which would increase our cost of borrowings and adversely affect our ability to borrow on a competitive basis;
- our indebtedness could place us at a competitive disadvantage compared to our competitors that may have proportionately less debt; and
- our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate may be limited.

For further details in relation to our indebtedness, see “*Financial Indebtedness*” beginning on page 347. In response to the COVID-19 pandemic, the RBI allowed banks and lending institutions to offer moratoriums to their customers to defer payments under loan agreements until August 31, 2020. Pursuant to such measures, our Company availed a moratorium for one of our erstwhile lenders, representing 10.1% of our Company’s total borrowings as of March 31, 2021.

We may not be successful in obtaining additional funds in a timely manner, on favourable terms or at all. If we do not have access to funds required, we may be required to delay or abandon some or all of our planned projects, reduce planned expenditure to develop restaurants and reduce the scale of our operations which will affect our business, revenue from operations and profitability.

**41. *We have working capital requirements, and the actual amount and timing of our working capital requirements may differ from our estimates for the same.***

We require working capital to finance the purchase of ingredients and packaging materials and other related work before payment is received from our customers. The actual amount and timing of our future working capital requirements may differ from estimates as a result of, among other factors, unforeseen wastage of our perishable products, unanticipated expenses, regulatory changes, economic conditions and additional market developments. All of these factors may result, or have resulted, in increases in our working capital needs.

In the future, we may require additional financing to meet our working capital requirements, which may include the incurrence of debt or the issue of equity or debt securities or a combination of both. If we decide to raise additional funds through the incurrence of debt, our interest and debt repayment obligations will increase, and could have a significant effect on our profitability and cash flows, and we may be subject to additional covenants, which could limit our ability to access cash flows from operations. See “– *Our financing agreements impose certain restrictions on our operations, and our failure to comply with operational and financial covenants may adversely affect our reputation, business and financial condition*” on page 46. Any issuance of equity, on the other hand, could result in a dilution of your shareholding. See “– *Any future issuance of Equity Shares, or convertible securities or other equity linked securities by us may dilute your shareholding and any sale of Equity Shares by our Promoters or members of our Promoter Group may adversely affect the trading price of the Equity Shares*” on page 70. Accordingly, continued increases in our working capital requirements may have an adverse effect on our business, results of operations and financial condition.

**42. *Power supply interruptions or increase in electricity tariffs may have an adverse effect on our business, results of operations and financial condition.***

We have significant power requirements for continuous running of our operations and business. Our electricity expenses were ₹ 676.49 million, ₹ 981.71 million and ₹ 877.79 million, or 5.7%, 6.9% and 6.9% of our total expenses for the financial years 2021, 2020 and 2019, respectively. In particular, our restaurants have significant electricity and fuel requirements and any interruption in power and fuel supply to our restaurants may disrupt our operations, which could have an adverse effect on our business, results of operations and financial condition.

We depend on third parties for all of our power and fuel requirements. Since we have significant power consumption, any unexpected or significant increase in our power tariffs could increase the operating costs of our restaurants. In certain of the regions in which we operate, there are a limited number of electricity providers, and in some instances only one electricity provider for the whole region, and to the extent there is a price increase, we do not expect to be able to find a cost-effective substitute, which may adversely affect our business, financial condition and results of operations.

**43. *Our operations are highly dependent upon our information technology systems and any failures or interruptions of service or security breaches in our systems may interrupt our operations and harm our business.***

We use computer systems and network infrastructure in our interactions with our customers and across our operations, including in the operations of our restaurants, our supply chain and in the management of our business. For example, we use a POS software to record all sales transactions at our restaurants and verify sales data and SAP to efficiently manage restaurant operations and inventory. As a result, the robustness and efficiency of such systems and network infrastructure are critical to our business. However, all of our technology systems may require occasional updates, resulting in downtime and possible disruptions to operations. In addition, although we have not experienced security-related breaches or data losses, all of our technology systems are vulnerable to damage, disability or failures due to physical theft, fire, power loss, telecommunications failure or other catastrophic events, as well as from internal and external security breaches, denial of service attacks, viruses, worms and other disruptive problems caused by hackers. If our technology systems were to fail, and we were unable to recover data or information in a timely way, we could experience an interruption in our operations which could adversely affect our business, results of operations and financial condition.

In addition, as a result of the COVID-19 crisis, we are seeing increased usage of the new version of our mobile application, and any technological failures in relation to our mobile application could have an increasingly larger effect on our business. Due to government restrictions, we have also had a number of employees working remotely from home from different locations, which has increased our dependence on technology to run our business, as well as our exposure to related cybersecurity risks. System defects, failures, unauthorised entries or cybersecurity breaches that are caused through our mobile application or our

suppliers, or any of their respective employees, could cause our technology systems to fail or result in breaches of security, which could result in additional costs, diversion of technical resources and losses of customers and sales. In addition, we are exposed to the risk that the personal data we control could be wrongfully processed, accessed, damaged, distributed or used, whether by our employees (intentionally or not) or third parties, or otherwise lost or disclosed in breach of data protection regulations. Any such events could result in negative publicity, harm our business and reputation and expose us to litigation claims, losses relating to fraudulent behaviour and other liabilities, which could adversely affect our business, results of operations and financial condition.

**44. *Unauthorized access to our credit card or debit card data or any data related to any other electronic mode of payment, or any other personal information that we collect could result in substantial costs, expose us to litigation and damage our reputation.***

The use of electronic payment methods and collection of other personal information exposes us to an increased risk of privacy and security breaches as well as other risks. Although we use secure private networks to transmit confidential information and have not experienced security breaches in the past, third parties may have the technology or know-how to breach the security of the customer information transmitted in connection with credit and debit card sales, and our security measures and those of technology suppliers may not effectively prohibit others from obtaining improper access to this information. If any person circumvents our security measures or otherwise gains access to the confidential information that we collect, they may be able to destroy or steal valuable information or otherwise disrupt our operations. We may become subject to claims for purportedly fraudulent transactions arising out of the actual or alleged theft of credit or debit card information or other confidential information, and we may also be subject to lawsuits or other proceedings relating to these types of incidents. Any such claim or proceeding could cause us to incur significant unplanned expenses, which could have an adverse effect on our financial condition, results of operations and cash flows. Further, adverse publicity resulting from these allegations could significantly harm our reputation and may have an adverse effect on us and our restaurants.

Moreover, we receive and process certain personal financial and other information about our customers and employees when we accept credit cards for payment. While we do not store restaurant customers' credit and debit card payment information, the use and handling of this information is regulated by evolving and increasingly demanding laws and regulations. If our security and information systems were compromised as a result of data corruption or loss, cyberattack or a network security incident or our employees or suppliers fail to comply with these laws and regulations, and this information is obtained by unauthorized persons or used inappropriately, it could subject us to litigation and government enforcement actions, damage our reputation, cause us to incur substantial costs, liabilities and penalties or result in a loss of customer confidence, any and all of which could adversely affect our business, financial condition and results of operations.

**45. *If we are unable to keep pace with advances in technology, customers may stop using our services.***

The internet and e-commerce markets are characterized by rapid technological change, changes in user and customer requirements and preferences, frequent introduction of new services and products embodying new technologies, including applications, and the emergence of new industry standards and practices that could render our existing websites, apps and technology obsolete. In particular, wireless networks around the world have recently started to test 5G technology, the next phase of mobile telecommunications standards. These market characteristics are intensified by the emerging nature of the market and the fact that many companies are expected to introduce new internet products and services in the near future. For example, our apps could become incompatible with future operating systems for mobile devices or new mobile device technology, or we may not be able to adapt our apps to another form of data viewing, whether on new mobile devices or otherwise, in a timely and cost-effective manner or at all. If we are unable to adapt to changing technologies, our business, results of operations and financial condition may be adversely affected. In addition, some of our online platforms and technologies, such as our e-commerce platform that handles orders on our websites, are provided by YUM. We may not be able to control, or may have limited control over, disruptions or increased costs associated with technologies provided by YUM.

Developing and launching enhancements to our websites and apps may also involve significant technical risks and upfront capital investments that may not generate return on investment. For example, we are in the process of rolling out a new POS system, LS Retail, to provide enhanced front-of-house customer and back-of-house kitchen solutions. Such roll-out and subsequent checks to ensure that the new system is stable after roll-out may take more time than we have planned. If we face material delays in introducing new or enhanced platform features and services or if our recently introduced updates do not perform in accordance with our expectations, users of our websites and apps may forego the use of our services in favor of those of our competitors, which could significantly harm our business, results of operations and financial condition.

**46. *If we fail to maintain adequate internal controls, we may not be able to effectively manage our operations, resulting in errors or information lapses.***

As we continue to expand, our success depends on our ability to effectively utilize our resources and maintain internal controls. We may need to modify and improve our financial and management control processes, reporting systems and procedures and other internal controls and compliance procedures to meet our evolving business needs. If we are unable to improve our controls, systems and procedures, they may become ineffective and adversely affect our ability to manage our operations resulting in errors or information lapses that affect our business. Our efforts in improving our internal control systems may not result in eliminating all risks. If we are not successful in discovering and eliminating weaknesses in our internal controls, our ability to manage our business effectively may be adversely affected.

**47. *We enter into certain related-party transactions in the ordinary course of our business, and we cannot assure you that such transactions will not have an adverse effect on our results of operation and financial condition.***

We have entered into transactions with related parties in the past and are likely to do so in the future.

During the financial years 2021, 2020 and 2019, the arithmetic aggregate absolute total of such related party transactions pre-elimination (income and expense) was ₹ 265.46 million, ₹ 164.32 million and ₹ 171.79 million, respectively, representing 2.6%, 1.2% and 1.4%, of our revenue from operations, respectively. As of March 31, 2021, 2020 and 2019, the arithmetic aggregate absolute total of related party transactions pre-elimination (assets and liabilities) was ₹ 549.63 million, ₹ 2,634.13 million and ₹ 2,500.43 million, respectively, representing 4.1%, 19.1% and 16.0% of our total assets, respectively. Set forth below are certain details on our related party transactions as per Ind AS 24 read with SEBI ICDR regulations for the periods indicated:

	<b>Financial Year ended March 31, 2021 (₹ in million)</b>	<b>Financial Year ended March 31, 2020 (₹ in million)</b>	<b>Financial Year ended March 31, 2019 (₹ in million)</b>
<b>Issuance of Compulsory Convertible Debentures</b>			
Sagista Realty Advisors Private Limited, Trustee of QSR Management Trust (Company having Significant Influence)	-	-	169.49
<b>Issuance of Equity Shares (including securities premium)</b>			
Sapphire Foods Mauritius Limited (Company having Significant Influence)	121.14	-	14.32
WWD Ruby Limited (Company having Significant Influence)	210.00	425.14	0.02

	<b>Financial Year ended March 31, 2021 (₹ in million)</b>	<b>Financial Year ended March 31, 2020 (₹ in million)</b>	<b>Financial Year ended March 31, 2019 (₹ in million)</b>
Edelweiss Crossover Opportunities Fund (Company having Significant Influence)	37.50	1,389.29	0.05
Edelweiss Crossover Opportunities Fund – Series II (Company having Significant Influence)	39.87	463.10	0.02
Sagista Realty Advisors Private Limited, Trustee of QSR Management Trust (Company having Significant Influence)	33.92	171.59	-
Gamma Pizzakraft (Overseas) Private Limited#	10.00	-	26.00
Sanjay Purohit	64.02	-	-
<b>Issuance of Preference Shares</b>			
WWD Ruby Limited (Company having Significant Influence)	-	-	419.98
Edelweiss Crossover Opportunities Fund (Company having Significant Influence)	-	-	1,372.45
Edelweiss Crossover Opportunities Fund – Series II (Company having Significant Influence)	-	-	457.48
<b>Sale of material</b>			
KFCH Restaurants Private Limited (Entities under Common Control)	14.41	22.84	19.72
Gamma Island Foods (Pvt) Limited#	1.49	-	-
<b>Call Centre Charges (inclusive of taxes)</b>			
KFCH Restaurants Private Limited (Entities under Common Control)	4.67	4.12	5.86
<b>Reimbursement of expenses</b>			
Amar Raj Singh (Key Managerial personnel and their relatives)	-	0.44	0.63
KFCH Restaurants Private Limited (Entities under Common Control)	0.05	0.06	5.06
Gamma Pizzakraft Private Limited#	0.10	0.25	0.34
Gamma Pizzakraft Lanka Private Limited#	0.12	2.80	13.02
<b>Reimbursement of expenses incurred on behalf</b>			
Samara India Advisors Private Limited (Enterprises under Significant Influence)	0.33	0.05	-
Gamma Island Foods (Pvt) Limited#	-	2.79	12.40
French Restaurants (Pvt) Limited#	0.12	0.01	0.01
<b>Contribution to employee fund</b>			

	<b>Financial Year ended March 31, 2021 (₹ in million)</b>	<b>Financial Year ended March 31, 2020 (₹ in million)</b>	<b>Financial Year ended March 31, 2019 (₹ in million)</b>
Gamma Life Line (Enterprises under Significant Influence)	6.98	6.66	7.03
<b>Purchase of Equity Shares of Gamma Pizzakraft (Overseas ) Private Limited</b>			
Mr. Amar Raj Singh (Key Managerial personnel and their relatives)	21.53	172.67	-
<b>Settlement of liabilities on behalf of the entity</b>			
KFCH Restaurants Private Limited (Entities under Common Control)	1.65	1.34	6.62
<b>Interest Income on Inter-Corporate Deposits</b>			
Gamma Pizzakraft (Overseas) Private Limited#	2.28	1.64	0.03
<b>Inter-Corporate Deposits given</b>			
Gamma Pizzakraft (Overseas) Private Limited** #	-	11.00	8.00
<b>Management fee income</b>			
Gamma Pizzakraft Private Limited#	0.42	0.45	-
Gamma Island Foods (Pvt) Limited#	2.13	4.14	4.97
<b>Interest income on loans and advances</b>			
Gamma Pizzakraft Private Limited#	-	-	1.00
<b>Investment in equity</b>			
Gamma Pizzakraft Private Limited#	10.00	-	26.00
<b>Management fee expenses</b>			
Gamma Pizzakraft (Overseas) Private Limited#	0.50	0.53	-
Gamma Pizzakraft Lanka Private Limited#	2.13	4.14	4.97
<b>Interest expenses on loans and advances</b>			
Gamma Pizzakraft (Overseas) Private Limited#	-	-	1.00
<b>Purchase of material</b>			
Gamma Pizzakraft Lanka Private Limited#	1.49	-	-
<b>Remuneration to Key Managerial Personnel *</b>			
Short Term Employee Benefits (Key Managerial personnel)	131.39	68.84	59.61
Share based payments (Key Managerial personnel)	96.85	44.56	36.14

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

\*\* Our Company has given inter corporate deposit at the rate of 12% p.a. for a period of three years.

# Transaction eliminated on consolidation



We cannot assure you that we could not achieve more favourable terms if such transactions were not entered into with related parties. We cannot assure you that such transactions in the future, individually or in the aggregate, will not have an adverse effect on our results of operations and financial condition.

**48. *We may not be able to respond effectively to changes in governmental regulation or public perception with respect to healthy eating habits, which may have an adverse effect on our business, results of operations, cash flows and financial condition.***

There is growing concern among consumers, public health professionals and government agencies about the long-term health problems associated with certain conditions, such as obesity (in particular child obesity), diabetes, tooth decay, cardiovascular disease, high cholesterol, high sodium, high trans-fat, high sugar and hypertension, which have been linked to fast food products such as those sold in our restaurants and other QSR brands. These health concerns may prompt governments in India, Sri Lanka and Maldives to introduce new or increase existing taxes on fast food products, such as implementing a draft relating to the sodium content of food or on foods that are linked with obesity, which may increase the prices of, and consequently reduce demand for, the products we sell in our restaurants. There may also be new laws and regulations that may classify our products as “unhealthy” or that may regulate the ingredients and nutritional content of our menu offerings or that may require us to disclose more about the nutritional content of our products. Changes in the regulatory environment relating to our products as a result of these or other developments could require us to implement changes to our operations or alter our menu offerings or could negatively affect our ability to sell and market our products profitably. In addition, negative publicity resulting from public health campaigns and associated government measures may reduce consumer demand for our products or may result in regulatory developments that may adversely affect our ability to promote and advertise our business and communicate effectively with our target customers, which could have an adverse effect on our business, results of operations and financial condition. For example, relevant governmental or regulatory authorities in India, Sri Lanka and Maldives may issue reports, publications or notices advising citizens against food products prepared by the QSR chain sub-segment. Customers may turn to our competitors offering healthier convenience food options such as lower calorie ready meals. Further, any perceived or actual health problems caused by our products could also subject us to product liability claims, adverse government scrutiny, investigation or intervention, resulting in increased costs and any of these events could have an adverse effect on our business, results of operations, cash flows and financial condition.

We cannot assure you that we will be able to respond effectively to changes in governmental regulation or public perception with respect to healthy eating habits. Our failure to respond effectively to these and any other related developments could have an adverse effect on our business, results of operations and financial condition.

**49. *We may suffer uninsured losses or experience losses exceeding our limits, and we may have to make payments to cover our uninsured losses.***

We maintain insurance which we believe is typical in our industry and in amounts which we believe to be commercially appropriate for a variety of risks. However, such insurance may not be adequate to cover all losses or liabilities that may arise from our operations, particularly when the loss suffered is not easily quantifiable. As of March 31, 2021, our Company’s insurance cover for property, plant and equipment including capital work in progress, inventory and cash was ₹ 7,163.39 million, while our Company’s gross block of property, plant and equipment including capital work in progress, inventory and cash was ₹ 6,304.29 million. Consequently, our Company’s insurance cover as a percentage of gross block of property, plant and equipment including capital work in progress, inventory and cash exceeded 100.0%, as of March 31, 2021. Our insurance policies contain exclusions and limitations on coverage, as a result of which we may not be able to successfully assert our claims for any liability or loss under the said insurance policies. Additionally, there may be various other risks and losses for which we are not insured because such risks are either uninsurable or not insurable on commercially acceptable terms.

Furthermore, we cannot assure you that in the future we will be able to maintain insurance of the types or at levels which we deem necessary or adequate or at premiums which we deem to be commercially acceptable.

The occurrence of an event for which we are not insured, where the loss is in excess of insured limits occurs or where we are unable to successfully assert insurance claims from losses, could result in uninsured liabilities. Further, despite such uninsured losses we may remain obligated for any financial indebtedness or other obligations related to our business. Any such uninsured losses or liabilities could result in an adverse effect on our business, results of operations and financial condition.

**50. *We will continue to be controlled by our Promoters and certain related entities after the completion of the Offer.***

Our Promoters hold 32,633,178 Equity Shares, equivalent to 52.50 % of the issued, subscribed and paid-up equity share capital of our Company. Pursuant to the terms of the Licensee SHA, certain Equity Shares will be transferred to our Promoters by certain existing Shareholders between the Red Herring Prospectus and the Prospectus, which will further increase our Promoters' shareholding in our Company. For further details, see "*History and Certain Corporate Matters — Shareholders' agreements and share subscription agreements*" on page 196. Upon completion of the Issue, our Promoters together will continue to collectively hold substantial shareholding in our Company, which will allow them to continue to control the outcome of matters submitted to our Board or shareholders for approval. After this Issue, our Promoters will continue to exercise significant control or exert significant influence over our business and major policy decisions, including but not limited to the following:

- controlling the nomination of directors;
- controlling the selection of senior management;
- approving significant corporate transactions, including acquisitions (not exceeding ₹ 500 million) and disposals of our assets or business, or change of control transactions;
- making overall strategic and investment decisions;
- approving our annual budgets; and
- amending our Memorandum and Articles of Association.

Although we believe that the Promoters of our Company have always acted in the best interests of our Company in the past and shall strive to do so in the future, the interests of our Promoters, as our controlling shareholders, may conflict with our interests and the interests of other shareholders, and our Promoters could make decisions that may adversely affect our business operations, and hence the value of your investment in the Equity Shares.

**51. *Our Promoters or Directors may enter into ventures that may lead to real or potential conflicts of interest with our business.***

Our Promoters or Directors may become involved in ventures that may potentially compete with our business. The interests of our Promoters and Directors may conflict with the interests of our other shareholders and our Promoters or Directors may, for business considerations or otherwise, cause us to take actions, or refrain from taking actions, in order to benefit themselves instead of our interests or the interests of our other shareholders which may be harmful to our interests or the interests of our other shareholders, which may adversely affect our business, financial condition, results of operations and cash flows.

**52. *We have referred to the data derived from the industry report prepared by Technopak Advisors Private Limited which has been commissioned and paid for by us for the purposes of confirming our understanding of the industry in connection with the Offer.***

We have commissioned and paid for the services of an independent third-party research agency, Technopak Advisors Private Limited, and have relied on the report titled "Industry Report on Indian Food Services Market" dated July 23, 2021, for industry-related data specifically for the purposes of this Draft Red Herring Prospectus. This report uses certain methodologies for market sizing and forecasting. However, we cannot assure you that they are complete or reliable. Accordingly, investors should read the industry-related disclosure in this Draft Red Herring Prospectus in this context. Industry sources and publications are also

prepared based on third-party and industry-related information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. While industry sources take due care and caution while preparing their reports, they do not guarantee the accuracy, adequacy or completeness of the data. Accordingly, investors should not place undue reliance on, or base their investment decision solely on this information. While we have taken reasonable care in the reproduction of the information, the information has not been prepared by us, or the BRLMs or any of our or their respective affiliates or advisors. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. Further, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. Statements from third parties that involve estimates are subject to change, and actual amounts may differ materially from those included in this Draft Red Herring Prospectus.

**53. *Certain of our Directors are directors of companies which are engaged in the same line of business activities as those undertaken by our Company, which may result in conflict of interest.***

Certain of our Directors, such as Sanjay Purohit and Sumeet Subhash Narang, are also the directors of Paradise Food Court Private Limited, which is engaged in the same line of business as that of our Company, and which may result in a potential conflict of interest. For further details, see “*Our Management*” on page 203. We cannot assure you that such companies will not compete with us in similar markets or our existing business or any future business that we may undertake or that we will be able to suitably resolve such a conflict without an adverse effect on our business. Any such present and future conflicts may have an adverse effect on our reputation, business and results of operations.

**54. *We have included certain non-GAAP financial and operational measures related to our operations and financial performance that may vary from any standard methodology that is applicable across the QSR chain sub-segment, and which may not be comparable with financial, operational or industry related statistical information of similar nomenclature computed and presented by similar companies.***

We have included certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance such as Company EBITDA, Company adjusted EBITDA, Company EBITDA margin, Company adjusted EBITDA margin, Company EBITDA before ESOP expenses, Company adjusted EBITDA before ESOP expenses, Company EBITDA before ESOP expenses margin, Company adjusted EBITDA before ESOP expenses margin, net worth, return on net worth, Net Asset Value per Equity Share, debt equity ratio, total borrowings/equity and ratio of total liabilities including contingent liabilities to net worth, and certain other statistical information relating to our operations and financial performance (together, the “**Non-GAAP Measures**”) that are not required by, or presented in accordance with, Ind AS, Indian GAAP, or IFRS and are supplemental measures of our performance and liquidity.

Further, the Non-GAAP Measures are not a measurement of our financial performance or liquidity under Ind AS, Indian GAAP, IFRS or US GAAP and should not be considered in isolation or construed as an alternative to cash flows, profit/(loss) for the year or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, Indian GAAP, IFRS or US GAAP. We compute and disclose the Non-GAAP Measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance. The Non-GAAP Measures and other statistical and other information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry, may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other companies, are not measures of operating performance or liquidity defined by Ind AS and may not be comparable to similarly titled measures presented by similar companies.

Further, as the industry in which we operate continues to evolve, the measures by which we evaluate our business may change over time. While these numbers are based on what we believe to be reasonable estimates, our internal tools have a number of limitations, some of which may be beyond our control, and

our methodologies for tracking these measures may change over time. Such supplemental financial and operational information is therefore of limited utility as an analytical tool, and investors are cautioned against considering such information either in isolation or as a substitute for an analysis of our Restated Financial Statements disclosed elsewhere in this Draft Red Herring Prospectus.

**55. *Demand for our products may vary in the future, based in part on, among other things, seasonal patterns.***

Demand for our products, particularly KFC chicken products, may decrease during certain religious festivals which require people to eat vegetarian food. In addition, our revenue from dine-in services may increase during festive and other occasions in cities which are classified as Tier 2 or lower, as dining out in such cities is still largely a value-sensitive aspirational demand driven by occasions that require venturing out of home (*Source: Technopak Report*). As a result of such seasonal patterns, our sales and results of operations may vary by financial quarter, and the sales and results of operations of any given financial quarter may not be relied upon as indicators of the sales or results of operations of other financial quarters or of our future performance.

**56. *Our Company has issued Equity Shares during the preceding one year at a price that may be below the Offer Price.***

In the twelve months preceding the filing of this Draft Red Herring Prospectus, our Company has issued Equity Shares at a price that may be lower than the Offer Price. The price at which Equity Shares have been issued by our Company in the preceding one year is not indicative of the price at which they will be issued or traded. For more information, see “*Capital Structure—History of Equity Share capital of our Company*” on page 89.

**57. *Our ability to pay dividends in the future will depend on our earnings, financial condition, working capital requirements, capital expenditures and restrictive covenants of our financing arrangements.***

Our Company has not declared dividends in the past. Our ability to pay dividends in the future will depend on our earnings, financial condition, cash flow, working capital requirements, capital expenditure and restrictive covenants of our financing arrangements. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board and will depend on factors that our Board deems relevant, including among others, our future earnings, financial condition, cash requirements, business prospects and any other financing arrangements. We cannot assure you that we will be able to pay dividends in the future.

**58. *Changing laws, rules and regulations and legal uncertainties, including adverse application of corporate and tax laws, may adversely affect our business, results of operations and financial condition.***

The regulatory and policy environment in which we operate is evolving and subject to change. Such changes, including the instances mentioned below, may adversely affect our business, results of operations and prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy.

For instance, the Taxation Laws (Amendment) Act, 2019, a tax legislation issued by India’s Ministry of Finance effective as of September 20, 2019, prescribes certain changes to the income tax rate applicable to companies in India. According to this legislation, companies can henceforth voluntarily opt in favour of a concessional tax regime (subject to no other special benefits/exemptions being claimed), which reduces the rate of income tax payable to 22% subject to compliance with conditions prescribed, from the erstwhile 25% or 30% depending upon the total turnover or gross receipt in the relevant period. Any such future amendments may affect our other benefits such as exemption for income earned by way of dividend from investments in other domestic companies and units of mutual funds, exemption for interest received in respect of tax free bonds, and long-term capital gains on equity shares if withdrawn by the statute in the future, and the same may no longer be available to us. Any adverse order passed by the appellate authorities/ tribunals/ courts would have an effect on our profitability.

Further, the Government of India has announced the union budget for Fiscal 2022, pursuant to which the Finance Bill, 2021 (“**Finance Bill**”), has introduced various amendments. The Finance Bill has received

assent from the President of India on March 28, 2021, and has been enacted as the Finance Act, 2021 (“**Finance Act**”). We have not fully determined the impact of these recent and proposed laws and regulations on our business. We cannot predict whether any amendments made pursuant to the Finance Act would have an adverse effect on our business, financial condition and results of operations. Unfavourable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment and stamp duty laws governing our business and operations could result in us being deemed to be in contravention of such laws and may require us to apply for additional approvals. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current businesses or restrict our ability to grow our businesses in the future.

As such, we are not certain of the impact that the Finance Act may have on our business and operations. Further, we cannot predict whether any tax laws or other regulations impacting it will be enacted, or predict the nature and impact of any such laws or regulations or whether, if at all, any laws or regulations would have an adverse effect on our business, results of operations and financial condition.

## **External Risk Factors**

### ***Risks Related to India, Sri Lanka and Maldives***

**59. *Our business is substantially affected by prevailing economic, political and other prevailing conditions in India, Sri Lanka and Maldives.***

Our Company is incorporated in India and our operations are located in India, Sri Lanka and Maldives. As a result, we are highly dependent on prevailing economic conditions in India, Sri Lanka and Maldives and our results of operations are significantly affected by factors influencing the economies of India, Sri Lanka and Maldives. Factors that may adversely affect the economy in each country, and hence our results of operations, may include:

- any increase in interest rates or inflation;
- any exchange rate fluctuations;
- any scarcity of credit or other financing, resulting in an adverse effect on economic conditions and scarcity of financing for our expansions;
- prevailing income conditions among consumers and corporates;
- volatility in, and actual or perceived trends in trading activity on, principal stock exchanges;
- changes in national tax, trade, fiscal or monetary policies;
- political instability, social, religious or civil unrest, hostilities or other acts of violence, terrorism or military conflict or in countries in the region or globally, including in various neighboring countries;
- occurrence of natural disasters including cyclones, storms, floods, earthquakes, tsunamis, tornadoes, fires and explosions and man-made disasters, including acts of terrorism and military actions;
- outbreak of an infectious disease or pandemic such as the COVID-19 pandemic or other serious public health concern;
- adverse weather conditions affecting agriculture, commodity and energy prices;
- prevailing regional or global economic conditions, including in the principal export markets of

India, Sri Lanka and Maldives;

- loss of investor confidence in other emerging market economies;
- any downgrading of the debt rating of India, Sri Lanka or Maldives by a domestic or international rating agency;
- financial instability in financial markets, including those caused by financial instability in other countries; and
- other significant regulatory or economic developments in or affecting India, Sri Lanka and Maldives or their QSR sectors.

Moreover, a fall in the purchasing power of our customers, for any reason whatsoever, including rising consumer inflation, availability of financing to our customers, changing governmental policies and a slowdown in economic growth may have an adverse effect on our customers' income and could in turn negatively affect their demand for our products. For example, the COVID-19 pandemic has caused consumers to be less inclined to spend on non-essential goods, and consumers may focus on availing of low-cost meals in lieu of experiential eating, or on eating out as an experience (*Source: Technopak Report*).

In addition, any slowdown or perceived slowdown in the Indian, Sri Lankan or Maldives economy, or in specific sectors of the national economy, could adversely affect our business, results of operations and financial condition and the price of the Equity Shares.

**60. *We may be affected by competition law in India and any adverse application or interpretation of the Competition Act could in turn adversely affect our business.***

The Competition Act was enacted for the purpose of preventing practices that have or are likely to have an adverse effect on competition in India and has mandated the CCI to regulate such practices. Under the Competition Act, any arrangement, understanding or action, whether formal or informal, which causes or is likely to cause an appreciable adverse effect on competition is void and attracts substantial penalties.

Further, any agreement among competitors which, directly or indirectly, involves determination of purchase or sale prices, limits or controls production, or shares the market by way of geographical area or number of subscribers in the relevant market is presumed to have an appreciable adverse effect in the relevant market in India and shall be void. The Competition Act also prohibits abuse of a dominant position by any enterprise. On March 4, 2011, the Central Government notified and brought into force the combination regulation (merger control) provisions under the Competition Act with effect from June 1, 2011. These provisions require acquisitions of shares, voting rights, assets or control or mergers or amalgamations that cross the prescribed asset and turnover based thresholds to be mandatorily notified to, and pre-approved by, the CCI. Additionally, on May 11, 2011, the CCI issued the Competition Commission of India (Procedure for Transaction of Business Relating to Combinations) Regulations, 2011, as amended, which sets out the mechanism for implementation of the merger control regime in India. The Competition Act aims to, among other things, prohibit all agreements and transactions which may have an appreciable adverse effect in India. Consequently, all agreements entered into by us could be within the purview of the Competition Act. Further, the CCI has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside of India if such agreement, conduct or combination has an appreciable adverse effect in India. However, the effect of the provisions of the Competition Act on the agreements entered into by us cannot be predicted with certainty at this stage. We do not have any outstanding notices in relation to non-compliance with the Competition Act or the agreements entered into by us.

However, if we are affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act, or any enforcement proceedings initiated by the CCI, or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI or if any prohibition or substantial penalties are levied under the Competition Act, it would adversely affect our business.

**61. *Significant differences exist between Ind AS used to prepare our financial information and other***

*accounting principles, such as IFRS and U.S. GAAP, with which investors may be more familiar.*

Our Restated Financial Statements for financial years 2021, 2020 and 2019 have been derived from our audited financial statements as of and for the years ended March 31, 2021, March 31, 2020 and March 31, 2019, prepared in accordance with Ind AS and restated in accordance with the SEBI ICDR Regulations and the ICAI Guidance Note. Ind AS differ in certain respects from U.S. GAAP, IFRS and other accounting principles and standards. We have not attempted to quantify the effect of U.S. GAAP or IFRS on the financial information included in this Draft Red Herring Prospectus nor do we provide for a reconciliation of the financial information included in this Draft Red Herring Prospectus to those of U.S. GAAP or IFRS. Accordingly, the degree to which financial information included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on investor's familiarity with Indian accounting principles. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited.

## **Risks Related to the Issue**

- 62. *Our Equity Shares have never been publicly traded and may experience price and volume fluctuations following the completion of the Offer, an active trading market for the Equity Shares may not develop, the price of our Equity Shares may be volatile and you may be unable to resell your Equity Shares at or above the Offer Price or at all.***

Prior to the Offer, there has been no public market for our Equity Shares, and an active trading market may not develop or be sustained after the Offer. Listing and quotation does not guarantee that a market for our Equity Shares will develop or, if developed, the liquidity of such market for the Equity Shares. The Offer Price of the Equity Shares is proposed to be determined through a book building process. This price will be based on numerous factors, as described in “*Basis for Offer Price*” on page 117. This price may not necessarily be indicative of the market price of our Equity Shares after the Offer is completed. You may not be able to re-sell your Equity Shares at or above the Offer price and may as a result lose all or part of your investment.

Our Equity Shares are expected to trade on NSE and BSE after the Offer, but we cannot assure you that active trading in our Equity Shares will develop after the Offer, or if such trading develops, that it will continue. Investors may not be able to sell our Equity Shares at the quoted price if there is no active trading in our Equity Shares. There has been significant volatility in the Indian stock markets in the recent past, and the trading price of our Equity Shares after this Offer could fluctuate significantly as a result of market volatility or due to various internal or external risks, including but not limited to those described in this Draft Red Herring Prospectus. The market price of our Equity Shares may be influenced by many factors, some of which are beyond our control, including:

- developments with respect to the spread or worsening of the COVID-19 pandemic;
- the effect of COVID-19 on our business operations and our ability to be able to service customers, and the consequential effect on our operating results;
- actual or anticipated fluctuations in our operating results;
- announcements about our earnings that are not in line with analyst expectations;
- the public's reaction to our press releases, other public announcements and filings with the regulator;
- significant liability claims, complaints from our customers, shortages or interruptions in the availability of vehicles, or reports of incidents of tampering of vehicles;
- changes in senior management or key personnel;
- macroeconomic conditions in India;

- fluctuations of exchange rates, the imposition of currency controls and restrictions on the right to convert or repatriate currency or export assets;
- the operating and stock price performance of comparable companies;
- changes in our shareholder base;
- changes in our dividend policy;
- issuances, exchanges or sales, or expected issuances, exchanges or sales;
- changes in accounting standards, policies, guidance, interpretations or principles; and
- changes in the regulatory and legal environment in which we operate; or
- market conditions in the construction and development industry and the domestic and worldwide economies as a whole, including in relation to the COVID-19 crisis.

Any of these factors may result in large and sudden changes in the volume and trading price of the Equity Shares. In the past, following periods of volatility in the market price of a company's securities, shareholders have often instituted securities class action litigation against that company. If we were involved in a class action suit, it could divert the attention of management, and, if adversely determined, have a material adverse effect on our business, results of operations, cash flows and financial condition.

**63. *Investors may not be able to enforce a judgement of a foreign court against our Company.***

Our Company is incorporated under the laws of India. Substantially all of our Company's assets are located in India and substantially all of our Board of Directors and Key Managerial Personnel are residents of India. As a result, it may not be possible for investors to effect service of process upon our Company or such persons in jurisdictions outside India, or to enforce against them judgments obtained in courts outside India. Moreover, it is unlikely that a court in India would award damages on the same basis as a foreign court if an action were brought in India or that an Indian court would enforce foreign judgments if it viewed the amount of damages as excessive or inconsistent with Indian public policy.

**64. *Investors may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares. The Income Tax Act levies taxes on long-term capital gains exceeding ₹100,000 arising from sale of equity shares on or after April 1, 2018, while there is no tax charged on unrealized capital gains earned up to January 31, 2018 on equity shares.***

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. The Income Tax Act levies taxes on such long-term capital gains exceeding ₹100,000 arising from sale of equity shares on or after April 1, 2018, while continuing to exempt the unrealized capital gains earned up to January 31, 2018 on such equity shares subject to specific conditions.

A securities transaction tax ("STT") is levied both at the time of transfer and acquisition of the equity shares (unless exempted under a prescribed notification), and collected by an Indian stock exchange on which equity shares are sold. Any gain realised on the sale of equity shares held for more than 12 months, which are sold using any other platform other than on a recognised stock exchange and on which no STT has been paid, are subject to long term capital gains tax in India. Long term capital gains exceeding ₹ 100,000 arising from the sale of listed equity shares on the stock exchange are subject to tax at the rate of 10% (plus applicable surcharge and cess). Unrealized capital gains earned on listed equity shares up to January 31, 2018 continue to be tax exempt in such cases. With respect to capital gains arising in an off market sale, long term capital gains are subject to tax at the rate of 10% (plus applicable surcharge and cess) without the exemption of ₹ 100,000. Short-term capital gains, arising from the sale of such equity shares on a stock exchange would be subject to tax at the rate of 15% (plus applicable surcharge and cess), while short term capital gains arising in an off-market sale would be subject to tax at a higher rate of 40% (plus applicable surcharge and cess) in



the case of foreign companies and 30% (plus applicable surcharge and cess) in the case of other non-resident taxpayers.

The Government of India has announced the union budget for financial year 2022, pursuant to which the Finance Bill, 2021 was tabled before the Lok Sabha. The Finance Bill received assent from the President of India on March 28, 2021 and has been enacted as the Finance Act. We have not fully determined the impact of these recent laws and regulations on our business. We cannot predict whether any amendments made pursuant to the Finance Act would have an adverse effect on our business, financial condition and results of operations. Unfavourable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment and stamp duty laws governing our business and operations could result in us being deemed to be in contravention of such laws and may require us to apply for additional approvals. For instance, the Supreme Court of India has in a decision clarified the components of basic wages which need to be considered by companies while making provident fund payments, which resulted in an increase in the provident fund payments to be made by companies. Any such decisions in future or any further changes in interpretation of laws may have an impact on our results of operations. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current businesses or restrict our ability to grow our businesses in the future.

The Finance Act, 2019 has also clarified that, in the absence of a specific provision under an agreement, the liability to pay stamp duty in case of sale of securities through stock exchanges will be on the buyer, while in other cases of transfer for consideration through a depository, the onus will be on the transferor. The stamp duty for transfer of securities other than debentures, on a delivery basis is specified at 0.015% and on a non-delivery basis is specified at 0.003% of the consideration amount.

We cannot predict whether any tax laws or other regulations affecting it will be enacted, or predict the nature and impact of any such laws or regulations or whether, if at all, any laws or regulations would have a material adverse effect on our business, financial condition, results of operations and cash flows.

**65. *Rights of shareholders under Indian laws may be more limited than under the laws of other jurisdictions.***

Indian legal principles related to corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights including in relation to class actions, under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as shareholder in an Indian company than as shareholder of a corporation in another jurisdiction.

**66. *We will not receive any proceeds from the Offer for Sale. The Selling Shareholders will receive the net proceeds from the Offer for Sale.***

The Offer consists of an Offer for Sale. The Selling Shareholders shall be entitled to the net proceeds from the Offer for Sale, which comprise proceeds from the Offer for Sale net of Offer expenses shared by the Selling Shareholders, and our Company will not receive any proceeds from the Offer for Sale.

**67. *Any future issuance of Equity Shares, or convertible securities or other equity linked securities by us may dilute your shareholding and any sale of Equity Shares by our Promoters or members of our Promoter Group may adversely affect the trading price of the Equity Shares.***

Any future issuance of the Equity Shares, convertible securities or securities linked to the Equity Shares by us, including through exercise of employee stock options may dilute your shareholding in our Company, adversely affect the trading price of the Equity Shares and our ability to raise capital through an issue of our securities. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares. We cannot assure you that we will not issue additional Equity Shares or convertible securities or other equity linked securities.

The disposal of Equity Shares by our Promoters and Promoter Group, or the perception that such sales may occur may significantly affect the trading price of the Equity Shares. We cannot assure you that our Promoters and Promoter Group will not dispose of or pledge their Equity Shares in the future.

**68.  *Holders of Equity Shares may be restricted in their ability to exercise pre-emptive rights under Indian law and thereby suffer future dilution of their ownership position.***

Under the Companies Act, a company incorporated in India must offer its equity shareholders pre-emptive rights to subscribe and pay for a proportionate number of equity shares to maintain their existing ownership percentages prior to issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by shareholders of such company.

However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without our filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights, unless we make such a filing. To the extent that you are unable to exercise pre-emptive rights granted in respect of the Equity Shares, your proportional interests in our Company may be reduced.

**69.  *QIBs and Non-Institutional Investors are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid.***

Pursuant to the SEBI Regulations, QIBs and Non-Institutional Investors are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid. Retail Individual Investors can revise their Bids during the Bid/Issue Period and withdraw their Bids until Bid/Issue Closing Date. While our Company is required to complete Allotment pursuant to the Issue within six Working Days from the Bid/Issue Closing Date, events affecting the Bidders' decision to invest in the Equity Shares, including material adverse changes in international or national monetary policy, financial, political or economic conditions, our business, results of operation or financial condition may arise between the date of submission of the Bid and Allotment. Our Company may complete the Allotment of the Equity Shares even if such events occur, and such events limit the Bidders' ability to sell the Equity Shares Allotted pursuant to the Issue or cause the trading price of the Equity Shares to decline on listing.

**70.  *A downgrade in ratings of India may affect the trading price of the Equity Shares.***

Our borrowing costs and our access to the debt capital markets depend significantly on the credit ratings of India. India's sovereign rating decreased from Baa2 with a "negative" outlook to Baa3 with a "negative" outlook by Moody's and from BBB- with a "stable" outlook to BBB- with a "negative" outlook (Fitch) in June 2020; and from BBB with a "negative" outlook to BBB (low) with a "stable" outlook by DBRS in May 2021. India's sovereign ratings from S&P is BBB-with a "stable" outlook in May 2021. Any further adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely affect our ability to raise additional financing and the interest rates and other commercial terms at which such financing is available, including raising any overseas additional financing. A downgrading of India's credit ratings may occur, for example, upon a change of government tax or fiscal policy, which are outside our control. This could have an adverse effect on our ability to fund our growth on favorable terms or at all, and consequently adversely affect our business and financial performance and the price of the Equity Shares.

### **SECTION III – INTRODUCTION**

#### **SUMMARY FINANCIAL INFORMATION**

The following tables set forth summary financial information derived from our Restated Financial Statements as of and for the Fiscal Years ended March 31, 2019, March 31, 2020 and March 31, 2021.

The summary financial information presented below should be read in conjunction with “*Restated Financial Statements*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” beginning on pages 236 and 312, respectively.

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## Restated Consolidated Summary Balance Sheet

Particulars	As at March 31, 2021 (₹ in million)	As at March 31, 2020 (₹ in million)	As at March 31, 2019 (₹ in million)
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	3,931.65	4,346.12	3,885.79
Capital work-in-progress	213.04	183.77	206.34
Right of use assets	4,739.45	4,952.92	4,858.54
Goodwill	1,621.59	1,621.59	2,539.35
Other Intangible assets	550.96	687.90	766.71
Intangibles under development	91.40	30.90	3.78
Financial assets			
Loans: Deposits	629.99	614.23	514.61
Other financial assets	92.13	7.36	7.57
Other non-current assets	139.66	156.96	251.46
Income tax assets (net)	43.79	37.90	23.29
<b>Total non-current assets</b>	<b>12,053.66</b>	<b>12,639.65</b>	<b>13,057.44</b>
<b>Current assets</b>			
Inventories	473.91	443.84	380.79
Financial assets			
Investments	267.41	155.21	-
Loans: Deposits	31.38	19.16	28.88
Trade receivables	77.75	46.05	224.46
Cash and cash equivalents	450.50	221.00	222.14
Bank balances other than cash and cash equivalents	49.70	170.58	1,642.40
Other financial assets	13.97	35.07	46.55
Other current assets	71.09	76.08	72.06
<b>Total current assets</b>	<b>1,435.71</b>	<b>1,166.99</b>	<b>2,617.28</b>
<b>Total Assets</b>	<b>13,489.37</b>	<b>13,806.64</b>	<b>15,674.72</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Equity share capital	527.90	502.44	431.08
Other equity	4,271.13	4,742.28	3,584.75
<b>Total Shareholders' equity</b>	<b>4,799.03</b>	<b>5,244.72</b>	<b>4,015.83</b>
Non- controlling interests	(11.71)	2.50	10.77
<b>Total equity</b>	<b>4,787.32</b>	<b>5,247.22</b>	<b>4,026.60</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
Borrowings	489.91	540.02	651.23
Lease liabilities	4,905.02	5,025.13	4,837.17
Deferred tax liabilities (net)	106.73	117.27	155.72
Provisions	98.84	88.14	68.58
<b>Total non-current liabilities</b>	<b>5,600.50</b>	<b>5,770.56</b>	<b>5,712.70</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	30.34	51.48	201.82
Lease liabilities	787.19	718.56	618.15
Trade payables			
(a) total outstanding dues of micro enterprises and small enterprises	16.02	80.69	85.16

<b>Particulars</b>	<b>As at March 31, 2021 (₹ in million)</b>	<b>As at March 31, 2020 (₹ in million)</b>	<b>As at March 31, 2019 (₹ in million)</b>
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	1,423.68	1,225.99	1,056.37
Other financial liabilities	622.07	490.49	3,736.73
Other current liabilities	157.87	159.18	158.71
Provisions	64.38	62.47	78.48
<b>Total current liabilities</b>	<b>3,101.55</b>	<b>2,788.86</b>	<b>5,935.42</b>
<b>Total Equity and Liabilities</b>	<b>13,489.37</b>	<b>13,806.64</b>	<b>15,674.72</b>

## Restated Consolidated Summary of Profit and Loss

Particulars	For the year ended March 31, 2021 (₹ in million)	For the year ended March 31, 2020 (₹ in million)	For the year ended March 31, 2019 (₹ in million)
<b>Income</b>			
Revenue from Operations	10,196.19	13,404.12	11,938.22
Other income	616.16	113.24	124.60
<b>Total income</b>	<b>10,812.35</b>	<b>13,517.36</b>	<b>12,062.82</b>
<b>Expenses</b>			
Cost of materials consumed	3,099.26	4,316.71	3,946.43
Employee benefits expense	1,956.00	2,288.11	2,062.59
Finance costs	755.65	721.93	720.05
Depreciation, impairment and amortisation expense	2,091.45	1,913.11	1,547.31
Other expenses	3,896.93	4,943.42	4,469.48
<b>Total expenses</b>	<b>11,799.29</b>	<b>14,183.28</b>	<b>12,745.86</b>
Restated loss before exceptional items and tax	(986.94)	(665.92)	(683.04)
Exceptional Items	-	943.91	-
<b>Restated loss before tax</b>	<b>(986.94)</b>	<b>(1,609.83)</b>	<b>(683.04)</b>
Tax expense			
Current tax			
Current year	23.40	13.02	17.31
Adjustment of tax relating to earlier periods	0.44	(0.21)	4.23
Deferred tax			
Current year	(11.81)	(30.17)	(10.54)
<b>Total tax expenses</b>	<b>12.03</b>	<b>(17.36)</b>	<b>11.00</b>
<b>Restated loss for the year after tax</b>	<b>(998.97)</b>	<b>(1,592.47)</b>	<b>(694.04)</b>
<b>Restated other comprehensive income/ (loss)</b>			
Items that will not be reclassified to profit or loss in subsequent periods			
Remeasurements losses of net defined benefit plan	(5.57)	(9.69)	(2.98)
Tax effect on remeasurements losses of net defined benefit plan	(1.27)	1.87	-
Items that will be reclassified to profit or loss in subsequent periods			
Exchange difference on translation of foreign operations	(35.69)	(41.34)	5.90
<b>Restated other comprehensive income/ (loss) for the year, net of tax</b>	<b>(42.53)</b>	<b>(49.16)</b>	<b>2.92</b>
<b>Restated total comprehensive loss for the year, net of tax</b>	<b>(1,041.50)</b>	<b>(1,641.63)</b>	<b>(691.12)</b>
<b>Restated loss for the year</b>			
Attributable to:			
Equity holders of the parent	(984.63)	(1,575.41)	(680.21)
Non-controlling interests	(14.34)	(17.06)	(13.83)
<b>Restated other comprehensive income/(loss) for the year</b>			
Attributable to:			
Equity holders of the parent	(42.66)	(51.76)	1.33
Non-controlling interests	0.13	2.60	1.59

<b>Particulars</b>	<b>For the year ended March 31, 2021 (₹ in million)</b>	<b>For the year ended March 31, 2020 (₹ in million)</b>	<b>For the year ended March 31, 2019 (₹ in million)</b>
<b>Restated total comprehensive loss for the year</b>			
Attributable to:			
Equity holders of the parent	(1,027.29)	(1,627.17)	(678.88)
Non-controlling interests	(14.21)	(14.46)	(12.24)
<b>Restated earnings per equity share of INR 10 each, attributable to equity holders of the parent:</b>			
Basic and diluted earnings per share (INR)	(19.04)	(31.36)	(14.95)

## Restated Consolidated Summary of Cash Flow Statement

Particulars	For the year ended March 31, 2021 (₹ in million)	For the year ended March 31, 2020 (₹ in million)	For the year ended March 31, 2019 (₹ in million)
<b>Cash flow from operating activities</b>			
<b>Restated loss before tax</b>	<b>(986.94)</b>	<b>(1,609.83)</b>	<b>(683.04)</b>
Adjustments for:			
Depreciation, impairment and amortisation expense	2,091.45	1,913.11	1,547.31
Finance cost	755.65	721.93	720.05
Interest income	(58.81)	(102.08)	(93.39)
Expenses on employee stock option scheme	146.24	46.45	66.83
Impairment loss on goodwill of Pizza Hut CGU	-	917.76	-
Provision no longer required written back.	(3.69)	(1.42)	(0.15)
Fair valuation of financial liabilities	-	29.71	21.99
Provision for doubtful deposits	19.04	2.27	7.36
Provision for slow moving inventories	4.08	29.81	1.59
Gain on fair value/sale of mutual funds	(9.83)	(7.83)	-
Allowance for credit losses/ provision for advances	-	29.07	20.68
Loss on sale/discard of property, plant and equipment	9.29	6.58	2.92
Gain on termination of lease contract	(53.94)	(0.12)	(27.10)
Rent waiver due to COVID	(489.46)	-	-
<b>Operating profit before working capital changes</b>	<b>1,423.08</b>	<b>1,975.41</b>	<b>1,585.05</b>
<b>Changes in working capital</b>			
Increase in trade payables	133.03	165.19	10.03
Increase/(Decrease) in other financial and non-financial liabilities	40.19	(2.11)	15.52
Increase/ (Decrease) in provisions	7.06	(6.14)	10.85
Increase in inventories	(34.14)	(92.85)	(50.46)
(Increase)/ Decrease in trade receivables	(28.01)	179.47	(176.54)
(Increase)/Decrease in financial and other assets	29.25	(61.08)	144.45
<b>Cash generated from operations</b>	<b>1,570.46</b>	<b>2,157.89</b>	<b>1,538.90</b>
Income tax paid (net of refunds)	(29.72)	(27.43)	(38.11)
<b>Net cash generated from operating activities (A)</b>	<b>1,540.74</b>	<b>2,130.46</b>	<b>1,500.79</b>
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment and other intangible assets	(739.82)	(1,429.66)	(1,752.39)
Acquisition of business	-	(1.80)	(43.20)
Sale of property, plant and equipment	5.86	14.19	8.89
Purchase of Current Investments	(102.37)	(403.73)	-
Sale of Current Investments	-	256.34	-
Interest received	9.36	83.90	20.51
Fixed/restricted deposits with banks (placed)/realised	47.73	1,460.27	(1,585.07)
<b>Net cash used in investing activities (B)</b>	<b>(779.24)</b>	<b>(20.49)</b>	<b>(3,351.26)</b>
<b>Cash flow from financing activities</b>			
Proceeds from issuance of equity share capital (including securities premium) (net of share issue expenses)	443.82	-	0.09
Proceeds from issue of Compulsorily Convertible Preference Shares (CCPS)	-	-	2,249.91
Equity contribution from non-controlling interest	-	-	70.58
Acquisition of non-controlling interests	(21.53)	(561.09)	-
Proceeds from long-term borrowings	627.46	5.67	735.85
Repayment of long-term borrowings	(561.71)	(102.86)	(15.08)
Repayment of short-term borrowings	(4.42)	(120.58)	(325.00)



<b>Particulars</b>	<b>For the year ended March 31, 2021 (₹ in million)</b>	<b>For the year ended March 31, 2020 (₹ in million)</b>	<b>For the year ended March 31, 2019 (₹ in million)</b>
Proceeds from short-term borrowings	-	-	250.00
Payment of principal portion of lease liabilities	(241.11)	(603.91)	(489.64)
Interest paid on lease liabilities	(635.63)	(605.25)	(544.88)
Finance cost paid	(122.16)	(93.33)	(164.40)
<b>Net cash (used in) / from financing activities (C)</b>	<b>(515.28)</b>	<b>(2,081.35)</b>	<b>1,767.43</b>
<b>Net increase/ (decrease) in cash and cash equivalents (A+B+C)</b>	<b>246.22</b>	<b>28.62</b>	<b>(83.04)</b>
Cash and cash equivalents at the beginning of the year	173.94	145.32	228.36
Cash and cash equivalents at the end of the year	<b>420.16</b>	<b>173.94</b>	<b>145.32</b>
<b>Cash and cash equivalents comprise</b>			
Balances with banks			
In current accounts	400.99	180.80	150.18
Term deposits with maturity of less than 3 months	12.12	10.12	6.00
Cash on hand	37.39	30.08	65.96
Bank Overdraft	(30.34)	(47.06)	(76.82)
<b>Total cash and cash equivalents for the purpose of Restated Consolidated Summary of Cash Flow Statement</b>	<b>420.16</b>	<b>173.94</b>	<b>145.32</b>

## THE OFFER

The following table summarises the Offer details:

Offer of Equity Shares by way of Offer for Sale <sup>(1)(2)</sup>	Up to 17,569,941 Equity Shares aggregating up to ₹ [●] million
<i>The Offer consists of:</i>	
Employee Reservation Portion <sup>(3)</sup>	Up to [●] Equity Shares aggregating up to ₹ [●] million
Net Offer	Up to [●] Equity Shares aggregating up to ₹ [●] million
<i>The Net Offer consists of:</i>	
<b>A. QIB Portion</b> <sup>(4) (5)</sup>	Not less than [●] Equity Shares
<i>Of which:</i>	
Anchor Investor Portion	Up to [●] Equity Shares
Net QIB Portion (assuming Anchor Investor Portion is fully subscribed)	[●] Equity Shares
<i>Of which:</i>	
Mutual Fund Portion (5% of the Net QIB Portion)	Up to [●] Equity Shares
Balance of QIB Portion for all QIBs including Mutual Funds (excluding Anchor Investor Portion)	Up to [●] Equity Shares
<b>B. Non-Institutional Portion</b> <sup>(5)</sup>	Not more than [●] Equity Shares
<b>C. Retail Portion</b> <sup>(5)</sup>	Not more than [●] Equity Shares
<b>Pre and post-Offer Equity Shares</b>	
Equity Shares outstanding prior to the Offer	62,163,880 Equity Shares
Equity Shares outstanding after the Offer	62,163,880 Equity Shares
<b>Use of Net Proceeds of this Offer</b>	Our Company will not receive any proceeds from the Offer.

<sup>(1)</sup> Our Board has authorised the Offer, pursuant to its resolution dated August 6, 2021.

<sup>(2)</sup> Each of the Selling Shareholders have confirmed and authorized their participation in the Offer for Sale as set out below:

S. No.	Name of the Selling Shareholder	Number of Equity Shares offered in the Offer for Sale	Date of Board Resolution/ Authorization Letter	Date of Consent Letter
<b>Promoter Selling Shareholders</b>				
1.	Sapphire Foods Mauritius Limited	5,569,533	August 4, 2021	August 6, 2021
2.	QSR Management Trust	850,000	August 2, 2021	August 6, 2021
<b>Investor Selling Shareholders</b>				
3.	WWD Ruby Limited	4,846,706	July 29, 2021	August 2, 2021
4.	Amethyst Private Limited	3,961,737	July 26, 2021	August 5, 2021
5.	AAJV Investment Trust	80,169	July 29, 2021	August 5, 2021
6.	Edelweiss Crossover Opportunities Fund	1,615,569	August 2, 2021	August 5, 2021
7.	Edelweiss Crossover Opportunities Fund- Series II	646,227	August 2, 2021	August 5, 2021

Each of the Selling Shareholders, severally and not jointly, confirm that their respective portion of the Offered Shares have been held by it for a period of at least one year prior to the filing of this Draft Red Herring Prospectus, and are accordingly eligible for being offered for sale in the Offer as required by the SEBI ICDR Regulations. For more details, see "Capital Structure" beginning on page 89.

<sup>(3)</sup> In the event of under-subscription in the Employee Reservation Portion (if any), the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹ 200,000, subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹ 500,000. The unsubscribed portion, if any, in the Employee Reservation Portion (after allocation up to ₹ 500,000), shall be added to the Net Offer. The Employee Reservation

Portion shall not exceed 1% of our post-Offer paid-up Equity Share capital. For further details, see “Offer Structure” beginning on page 377. Our Company and the Selling Shareholders, in consultation with the Book Running Lead Managers, may offer a discount of up to 10% of the Offer Price (equivalent of ₹ [●] per Equity Share) to Eligible Employees bidding in the Employee Reservation Portion, which shall be announced two Working Days prior to the Bid /Offer Opening Date.

- (4) Our Company and Selling Shareholders (excluding WWD Ruby Limited) may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. The QIB Portion will accordingly be reduced for any Equity Shares allocated to Anchor Investors. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription in the Anchor Investor Portion, the balance Equity Shares in the Anchor Investor Portion shall be added to the Net QIB Portion. 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid bids being received at or above the Offer Price. In the event the aggregate demand from Mutual Funds is less than as specified above, the balance Equity Shares available for Allotment in the Mutual Fund Portion will be added to the Net QIB Portion and allocated proportionately to the QIB Bidders (other than Anchor Investors) in proportion to their Bids. For further details, see “Offer Procedure” on page 380.
- (5) Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in the Non-Institutional Portion or the Retail Portion, would be allowed to be met with spill over from any other category or combination of categories of Bidders at the discretion of our Company and the Selling Shareholders (excluding WWD Ruby Limited) in consultation with BRLMs and the Designated Stock Exchange. Under-subscription, if any, in the Net QIB Portion would not be allowed to be met with spill-over from other categories or a combination of categories. Under subscription, if any, in any category except the QIB Portion, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of the Company, the Managers and the Designated Stock Exchange. In case of an undersubscription in the Offer, the Equity Shares to be sold by each Selling Shareholder shall be in proportion to the Offered Shares offered by such Selling Shareholder. For further details, see, “Terms of the Offer” on page 372.

Allocation to Bidders in all categories, except the Retail Portion and Anchor Investor Portion, if any, shall be made on a proportionate basis, subject to valid Bids received at or above the Offer Price. The Allocation to each Retail Individual Bidder shall not be less than the minimum Bid lot, subject to availability of Equity Shares in Retail Portion, and the remaining available Equity Shares, if any, shall be Allocated on a proportionate basis. Allocation to Anchor Investors shall be on a discretionary basis. For further details, see “Offer Procedure” beginning on page 380. For details of the terms of the Offer, see “Terms of the Offer” on page 372. For details, including in relation to grounds for rejection of Bids, refer to “Offer Structure” and “Offer Procedure” on pages 377 and 380, respectively.

## GENERAL INFORMATION

Our Company is presently known as ‘Sapphire Foods India Limited’. The company registration number of our Company is 197005 and our CIN is U55204MH2009PLC197005. Our Company is registered with the Registrar of Companies, Maharashtra, located at Mumbai.

### Registered and Corporate Office of our Company

Our Registered and Corporate Office is located at 702, Prism Tower, A Wing, Mindspace, Link Road, Goregaon (West), Mumbai 400 062.

For details of changes in the name and registered office address of our Company, see ‘History and Certain Corporate Matters’ on page 190.

### Address of the Registrar of Companies

Our Company is registered with the Registrar of Companies, Maharashtra, situated at the following address:

#### Registrar of Companies

100, Everest,  
Marine Drive  
Mumbai- 400002.

### Board of Directors

The table below sets forth the details of the constitution of our Board:

Name	Designation	DIN	Address
Sanjay Purohit	Whole time Director and Group CEO	00117676	1101, Signia Pearl, 11 <sup>th</sup> Floor, Bandra Kurla Complex, Opp Trident Hotel, Mumbai – 400051, Maharashtra, India
Sunil Rewachand Chandiramani	Chairman and Independent Director	00524035	A-163, Sky Scraper Building, 74 Bhulabhai Desai Road, Cumballa hill Mumbai – 400026, Maharashtra, India
Sumeet Subhash Narang	Non- Executive Director*	01874599	Samudra Mahal CHSL, Flat No. 413 and 414, Dr. Annie Besant Road, Worli, Mumbai 400 018, Maharashtra, India
Manish Mehta	Non-Executive Director*	06442038	Flat No. D-3205, Ashok Tower, Tower D, Dr. Babasaheb Ambedkar Road, Near ITC Grand Central, Mumbai 400 012, Maharashtra, India
Vikram Ranjan Agarwal	Non-Executive Director**	03038370	E-1301, Ashok Garden, T. J. Road, Sewri, Mumbai – 400 015, Maharashtra, India
Girish Manjanath Bhat	Non-Executive Director*	01691290	A 19/76, Shrirang Sabde Marg, Shirke Chowk, Siddharth Nagar, Goregaon (West), Mumbai – 400104, Maharashtra, India
Kabir Thakur	Non – Executive Director*	08422362	2 <sup>nd</sup> Floor, Anmol, 13 <sup>th</sup> Road, Khar (West), Mumbai – 400052, Maharashtra, India
Deepa Gopalan Wadhwa	Independent Director	07862942	N-35, Panchsheel Park, Malviya Nagar, New Delhi, 110017, India
Anu Ram Aggarwal	Independent Director	07301689	11, Toscano Condominium, M. Gonsalves RD, TPS IV, Plot no. 29, CTS F/986 to 988, next to bank, Bandra (West), Mumbai 400050, Maharashtra, India

\*Nominee of Sapphire Foods Mauritius Limited

\*\* Nominee of QSR Management Trust

For brief profiles of our Directors, please see “Our Management” on page 207.

## **Company Secretary and Compliance Officer for the Offer**

Sachin Tukaram Dudam is the Company Secretary and Compliance Officer of our Company. His contact details are as follows:

702, Prism Tower,  
A Wing, Mindspace,  
Link Road, Goregaon (West),  
Mumbai 400 062  
**E-mail:** investor@sapphirefoods.in  
**Tel:** +91 22 6752 2343

## **Statutory Auditors of our Company**

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

12<sup>th</sup> Floor, The Ruby,  
29 Senapati Bapat Marg,  
Dadar (West),  
Mumbai 400 028  
**Tel.:** +91 22 6819 8000  
**E-mail:** srbc.co@srb.in  
**ICAI Firm Registration Number:** 324982E/E300003  
**Peer Review Number:** 012054

## **Changes in Statutory Auditors**

There has been no change in the Statutory Auditors during the three years immediately preceding the date of this Draft Red Herring Prospectus.

## **Book Running Lead Managers**

### **JM Financial Limited**

7th Floor, Energy,  
Appasaheb Marathe Marg,  
Prabhadevi, Mumbai 400 025  
**Tel.:** +91 22 6630 3030  
**E-mail:** sfil.ipo@jmfl.com  
**Investor grievance e-mail:** grievance.ibd@jmfl.com  
**Website:** www.jmfl.com  
**Contact Person:** Prachee Dhuri  
**SEBI Registration:** INM000010361

### **BofA Securities India Limited**

Ground Floor, "A" Wing, One BKC, "G" Block,  
Bandra Kurla Complex, Bandra (East),  
Mumbai 400 051  
**Tel:** +91 22 6632 8000  
**E-mail:** dg.sapphire\_ipo@bofa.com  
**Investor Grievance E-mail:**  
dg.india\_merchantbanking@bofa.com  
**Contact Person:** Vivek Arora  
**Website:** www.ml-india.com  
**SEBI Registration Number:** INM000011625

### **ICICI Securities Limited**

ICICI Centre, H. T. Parekh Marg,  
Churchgate, Mumbai 400 020  
**Tel:** +91 22 2288 2460  
**E-mail:** sapphire.ipo@icicisecurities.com  
**Investor Grievance ID:**  
customercare@icicisecurities.com  
**Website:** www.icicisecurities.com  
**Contact Person:** Shekher Asnani/Sumit Singh  
**SEBI Registration:** INM000011179

### **IIFL Securities Limited**

10th Floor, IIFL Centre  
Kamala City, Senapati Bapat Marg  
Lower Parel (West), Mumbai 400 013  
**Tel:** +91 22 4646 4600  
**E-mail:** sapphirefoods.ipo@iiflcap.com  
**Investor Grievance ID:** ig.ib@iiflcap.com  
**Website:** www.iiflcap.com  
**Contact Person:** Ujjaval Kumar / Keyur Ladhawala  
**SEBI Registration Number:** INM000010940

## **Statement of inter-se allocation of responsibilities among the BRLMs**

The responsibilities and coordination by the BRLMs for various activities in this Offer are as follows:

Sr. No.	Activity	Responsibility	Co-ordinator
1.	Capital structuring, positioning strategy and due diligence of the Company including its operations/management/business plans/legal etc. Drafting and design of the Draft Red Herring Prospectus and of statutory advertisements including a memorandum containing salient features of the Prospectus. The Managers shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalisation of Prospectus and RoC filing.	JM, BofA, I-Sec and IIFL	JM
2.	Drafting and approval of all statutory advertisement	JM, BofA, I-Sec and IIFL	JM
3.	Drafting and approval of all publicity material other than statutory advertisement as mentioned above including corporate advertising, brochure, etc. and filing of media compliance report.	JM, BofA, I-Sec and IIFL	I-Sec
4.	Appointment of Registrar to the Offer, Advertising Agency and Printer to the Offer including co-ordination for their agreements.	JM, BofA, I-Sec and IIFL	JM
5.	Appointment of all other intermediaries and including co-ordination for all other agreements	JM, BofA, I-Sec and IIFL	IIFL
6.	Preparation of road show presentation and frequently asked questions	JM, BofA, I-Sec and IIFL	BofA
7.	International institutional marketing of the Offer, which will cover, <i>inter alia</i> : <ul style="list-style-type: none"> <li>Finalizing the list and division of international investors for one-to-one meetings</li> </ul> Finalizing international road show and investor meeting schedules	JM, BofA, I-Sec and IIFL	BofA
8.	Domestic institutional marketing of the Offer, which will cover, <i>inter alia</i> : <ul style="list-style-type: none"> <li>Institutional marketing strategy</li> <li>Finalizing the list and division of domestic investors for one-to-one meetings</li> </ul> Finalizing domestic road show and investor meeting schedules	JM, BofA, I-Sec and IIFL	JM
9.	Retail marketing of the Offer, which will cover, <i>inter alia</i> : <ul style="list-style-type: none"> <li>Formulating marketing strategies, preparation of publicity budget</li> <li>Finalising media, marketing and public relations strategy;</li> <li>Finalising centres for holding conferences for brokers etc.</li> <li>Finalising collection centers;</li> <li>Arranging for selection of underwriters and underwriting agreement; and</li> </ul> Follow-up on distribution of publicity and Offer material including form, RHP/Prospectus and deciding on the quantum of the Offer material	JM, BofA, I-Sec and IIFL	I-SEC
10.	Non-Institutional marketing of the Offer, which will cover, <i>inter alia</i> : <ul style="list-style-type: none"> <li>Finalising media, marketing and public relations strategy; and</li> <li>Finalising centres for holding conferences for brokers, etc</li> </ul>	JM, BofA, I-Sec and IIFL	IIFL
11.	Managing anchor book related activities and submission of letters to regulators post completion of anchor allocation, book building software, bidding terminals and mock trading, payment of 1% security deposit to the designated stock exchange.	JM, BofA, I-Sec and IIFL	IIFL
12.	Managing the book and finalization of pricing in consultation with the Company.	JM, BofA, I-Sec and IIFL	BofA
13.	Post bidding activities including management of escrow accounts, coordinate non-institutional allocation, coordination with Registrar, SCSBs and Banks, intimation of allocation and dispatch of refund to Bidders, etc. Post-Offer activities, which shall involve essential follow-up steps including allocation to Anchor Investors, follow-up with Bankers to the Offer and SCSBs to get quick estimates of collection and advising the Issuer about the closure of the Offer, based on correct figures, finalisation of the basis of allotment or weeding out of multiple applications, listing of instruments, dispatch of certificates or demat credit and refunds and	JM, BofA, I-Sec and IIFL	I-Sec

Sr. No.	Activity	Responsibility	Co-ordinator
	coordination with various agencies connected with the post-Offer activity such as registrar to the Offer, Bankers to the Offer, SCSBs including responsibility for underwriting arrangements, as applicable. Payment of the applicable securities transactions tax on sale of unlisted equity shares by the Selling Shareholders. Co-ordination with SEBI and Stock Exchanges for refund of 1% security deposit and submission of final post Offer report to SEBI		

### **Registrar to the Offer**

#### **Link Intime India Private Limited**

C 101, 247 Park, L. B. S. Marg

Vikhroli (West)

Mumbai 400 083

Tel: +91 22 4918 6200

E-mail: sapphire.ipo@linkintime.co.in

Investor grievance e-mail: sapphire.ipo@linkintime.co.in

Website: www.linkintime.co.in

Contact person: Shanti Gopalkrishnan

SEBI Registration No.: INR000004058

### **Legal Counsel to our Company and the Promoter Selling Shareholders as to Indian law**

#### **IndusLaw**

#1502B, 15th Floor, Tower –1C

"One World Centre", Senapati Bapat Marg

Lower Parel, Mumbai 400 013

Maharashtra, India

Tel: +91 22 4920 7200

#### **IndusLaw**

2<sup>nd</sup> Floor

Block D, The MIRA

Mathura Road

New Delhi 110 065

Tel.: +91 11 4782 1000

### **Legal Counsel to the Book Running Lead Managers as to Indian law**

#### **Cyril Amarchand Mangaldas**

3rd Floor, Prestige Falcon Towers

19, Brunton Road Bengaluru 560 025

Karnataka, India

Tel: +91 80 6792 2000

### **U.S. Federal Securities Laws Counsel to the Managers**

#### **Sidley Austin LLP**

Level 31, Six Battery Road

Singapore 049909

Tel: +65 6230 3900

### **Legal Counsel to WWD Ruby Limited**

#### **AZB & Partners**

AZB House, Peninsula Corporate Park

Ganpatrao Kadam Marg, Lower Parel

Mumbai 400 013

Maharashtra, Mumbai

Tel: +91 22 6639 6880

**Legal Counsel to Edelweiss Crossover Opportunities Fund and Edelweiss Crossover Opportunities Fund-Series II as to Indian Law**

**Shardul Amarchand Mangaldas & Co**

Amarchand Towers, 216 Okhla Industrial Estate  
Phase III, New Delhi 110 020  
Tel: +91 11 4159 0700

**Legal Counsel to Amethyst Private Limited and AAJV Investment Trust**

**Quillon Partners**

902, Tower B, Peninsula Business Park,  
Ganpatrao Kadam Marg, Lower Parel,  
Mumbai 400 013  
Tel: +91 22 6111 1900

**Banker to our Company**

**HDFC Bank Limited**

FIG – OPS Department- Lodha,  
I Think Techno Campus,  
O-3 Level, Next to Kanjurmarg Railway Station,  
Kanjurmarg (East), Mumbai 400 042,  
Maharashtra, India  
**Tel.:** +91 22 3075 2927, +91 22 3075 2928, +91 22 3075 2914

**E-mail:** Tushar.Gavankar@hdfcbank.com,  
Siddharth.Jadhav@hdfcbank.com,  
Prasanna.Uchil@hdfcbank.com and  
Neerva.Desai@hdfcbank.com

**Website:** www.hdfcbank.com

**Contact Person:** Tushar Gavankar, Siddharth Jadhav,  
Prasanna Uchil and Neerav Desai

**Syndicate Members**

[•]

**Escrow Collection Bank(s)/ Refund Bank(s)/Public Issue Account Bank**

[•]

**Sponsor Bank**

[•]

**Designated Intermediaries**

*Self Certified Syndicate Banks*



The list of SCSBs notified by SEBI for the ASBA process is available at <http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>, or at such other website as may be prescribed by SEBI from time to time. A list of the Designated SCSB Branches with which an ASBA Bidder (other than a RII using the UPI Mechanism), not bidding through Syndicate/Sub Syndicate or through a Registered Broker, RTA or CDP may submit the Bid cum Application Forms, is available at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34>, or at such other websites as may be prescribed by SEBI from time to time.

#### *SCSBs eligible as Issuer Banks for UPI Mechanism*

In accordance with SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019 and SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, Retail Individual Investors using the UPI Mechanism may only apply through the SCSBs and mobile applications using the UPI handles specified on the website of the SEBI (<https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40>) and updated from time to time.

#### *Syndicate SCSB Branches*

In relation to Bids (other than Bids by Anchor Investors and RIIs) submitted to a member of the Syndicate, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of Bid cum Application Forms from the members of the Syndicate is available on the website of the SEBI at <http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes&intmId=35>, which may be and updated from time to time or any such other website as may be prescribed by SEBI from time to time. For more information on such branches collecting Bid cum Application Forms from the Syndicate at Specified Locations, see the website of the SEBI at [http://www.sebi.gov.in/sebiweb/other/OtherAction.do? Do Recognised=yes & in tm Id=35](http://www.sebi.gov.in/sebiweb/other/OtherAction.do?DoRecognised=yes&intmId=35) or any such other website as may be prescribed by SEBI from time to time.

#### *Registered Brokers*

The list of the Registered Brokers, eligible to accept ASBA forms, including details such as postal address, telephone number, and e - mail address, is provided on the websites of BSE and NSE at [http://www.bseindia.com/Markets/PublicIssues/brokercentres\\_new.aspx?expandable=3](http://www.bseindia.com/Markets/PublicIssues/brokercentres_new.aspx?expandable=3) and [http://www.nseindia.com/products/content/equities/ipo/ipo\\_mem\\_terminal.htm](http://www.nseindia.com/products/content/equities/ipo/ipo_mem_terminal.htm), respectively, or such other websites as updated from time to time.

#### *Registrar and Share Transfer Agents*

The list of the RTAs eligible to accept ASBA Forms at the Designated RTA Locations, including details such as address, telephone number, and e-mail address, are provided on the websites of BSE and NSE at <http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?expandable=6> and [http://www.nseindia.com/products/content/equities/ipo/asba\\_procedures.htm](http://www.nseindia.com/products/content/equities/ipo/asba_procedures.htm), respectively, or such other websites as updated from time to time.

#### *Collecting Depository Participants*

The list of the CDPs eligible to accept ASBA Forms at the Designated CDP Locations, including details such as name and contact details, are provided on the websites of BSE and NSE at <http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?expandable=6> and [http://www.nseindia.com/products/content/equities/ipo/asba\\_procedures.htm](http://www.nseindia.com/products/content/equities/ipo/asba_procedures.htm), respectively, or such other websites as updated from time to time.

### **Credit Rating**

As this is an offer of Equity Shares, there is no credit rating for the Offer.

## **Grading of the Offer**

No credit agency registered with SEBI has been appointed in respect of obtaining grading for the Offer.

## **Debenture Trustees**

As this is an offer of Equity Shares, there are no debenture trustees appointed for the Offer.

## **Monitoring Agency**

As the Offer is an offer for sale of Equity Shares by the Selling Shareholders, our Company is not required to appoint a monitoring agency for this Offer.

## **Appraising Entity**

None of the objects for which the Net Proceeds will be utilised have been appraised by any agency. Accordingly, no appraising entity is appointed for the Offer.

## **Filing**

A copy of this Draft Red Herring Prospectus has been filed through the SEBI Intermediary Portal at <https://sipotal.sebi.gov.in>, in accordance with SEBI circular bearing reference SEBI/HO/CFD/DIL1/CIR/P/2018/011 dated January 19, 2018 and at [cfddil@sebi.gov.in](mailto:cfddil@sebi.gov.in), in accordance with the instructions issued by the SEBI on March 27, 2020, in relation to “*Easing of Operational Procedure – Division of Issues and Listing – CFD*”.

A copy of the Red Herring Prospectus, along with the material contracts and documents required to be filed, will be filed with the RoC in accordance with Section 32 of the Companies Act, 2013, and a copy of the Prospectus required to be filed under Section 26 of the Companies Act, 2013 will be filed with the RoC at its office.

## **Book Building Process**

“Book building” refers to the process of collection of Bids from investors on the basis of this Draft Red Herring Prospectus, the Bid cum Application Forms and the Revision Forms within the Price Band. The Price Band and minimum Bid Lot will be decided by our Company and the Selling Shareholders in consultation with the BRLMs, and advertised in all editions of the English national daily newspaper the [●], all editions of the Hindi national daily newspaper [●], and [●] edition of the Marathi daily newspaper [●] (Marathi being the regional language of Maharashtra wherein our Registered and Corporate Office is located), each with wide circulation, respectively, at least two Working Days prior to the Bid/ Offer Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading on their website. The Offer Price shall be determined by our Company and the Selling Shareholders in consultation with the BRLMs, after the Bid/ Offer Closing Date.

**All Bidders, other than Anchor Investors and Retail Individual Investors, shall participate in the Offer mandatorily through the ASBA process by providing the details of their respective bank accounts in which the corresponding Bid Amount will be blocked by the SCSBs and Sponsor Bank, as the case may be. Anchor Investors are not permitted to participate in the Offer through the ASBA process. Retail Individual Investors may participate through the ASBA process by either (a) providing the details of their respective ASBA Account in which the corresponding Bid Amount will be blocked by the SCSBs or, (b) through the UPI Mechanism.**

**In accordance with the SEBI ICDR Regulations, QIBs Bidding in the Net QIB Portion and Non-Institutional Bidders bidding in the Non-Institutional Portion are not allowed to withdraw or lower the size of their Bid(s) (in terms of the quantity of the Equity Shares or the Bid Amount) at any stage. Retail Individual Investors and Eligible Employees can revise their Bids during the Bid/ Offer Period and withdraw their Bids until the Bid/ Offer Closing Date. Anchor Investors cannot withdraw their Bids after the Anchor Investor Bidding Date. Further, allocation to QIBs in the Net QIB Portion will be on a proportionate basis and allocation to Anchor Investors in the Anchor Investor Portion will be on a discretionary basis.**

For further details, see “*Offer Structure*” and “*Offer Procedure*” on pages 377 and 380 respectively.

**The Book Building Process is in accordance with guidelines, rules, regulations prescribed by SEBI. Bidders are advised to make their own judgment about an investment through this process prior to submitting a Bid.**

Bidders should note the Offer is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment; and (ii) the final approval of the RoC after the Prospectus is registered with the RoC.

### **Illustration of Book Building Process and the Price Discovery Process**

For an illustration of the Book Building Process and the price discovery process, see “Offer Procedure” on page 380.

### **Underwriting Agreement**

After the determination of the Offer Price, but prior to the filing of the Prospectus with the RoC, each of the Selling Shareholders and our Company intend to enter into the Underwriting Agreement with the Underwriters for the Equity Shares. It is proposed that pursuant to the terms of the Underwriting Agreement, each of the BRLMs shall be severally responsible for bringing in the amount devolved in the event the respective Syndicate Member do not fulfill their underwriting obligations. Pursuant to the terms of the Underwriting Agreement, the obligations of each of the Underwriters are several and are subject to certain conditions specified therein.

The Underwriting Agreement is dated [●]. The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

*(This portion has been intentionally left blank and will be completed before the filing of the Prospectus with the RoC.)*

<b>Name, address, Tel. number and email address of the Underwriters</b>	<b>Indicative Number of Equity Shares to be underwritten</b>	<b>Amount underwritten (₹ million)</b>
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]
<b>Total</b>	[●]	[●]

*The above-mentioned amount is indicative and will be finalised after determination of the Offer Price and finalisation of the Basis of Allotment and subject to the provisions of the SEBI ICDR Regulations.*

In the opinion of our Board (based on representations given by the Underwriters), the resources of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or are registered as brokers with the Stock Exchange(s). The Board of Directors/ IPO Committee, at its meeting, held on [●], has accepted and entered into the Underwriting Agreement mentioned above on behalf of our Company.

Allocation among the Underwriters may not necessarily be in the proportion of their underwriting commitments set forth in the table above. Notwithstanding the above table, each of the Underwriters shall be severally responsible for ensuring payment with respect to the Equity Shares allocated to Bidders procured by them, in accordance with the Underwriting Agreement.

In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure subscribers for or subscribe to the Equity Shares to the extent of the defaulted amount in accordance with the Underwriting Agreement.

The Underwriting Agreement has not been entered into as on the date of this Draft Red Herring Prospectus. The Underwriting Agreement shall be entered into on or after the Pricing Date but prior to filing of the Prospectus with the RoC.

## CAPITAL STRUCTURE

The share capital of our Company as at the date of this Draft Red Herring Prospectus is set forth below:

		<i>(In ₹, except share data)</i>	
PARTICULARS	Aggregate nominal value	Aggregate value at Offer Price*	
<b>A) AUTHORISED SHARE CAPITAL<sup>^</sup></b>			
431,682,000 Equity Shares of face value ₹ 10 each	4,316,820,000		-
<b>B) ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE OFFER</b>			
62,163,880 Equity Shares of face value ₹ 10 each	621,638,800		-
<b>C) PRESENT OFFER IN TERMS OF THIS DRAFT RED HERRING PROSPECTUS</b>			
Offer for Sale of up to 17,569,941 Equity Shares by the Selling Shareholders aggregating up to ₹ [●] million <sup>(a)</sup>	175,699,410		[●]
<i>Of which:</i>			
Employee Reservation Portion of up to [●] Equity Shares aggregating up to ₹ [●] million <sup>(b)</sup>		[●]	[●]
Net Offer of up to [●] Equity Shares		[●]	[●]
<b>D) ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE OFFER</b>			
62,163,880 Equity Shares of face value ₹ 10 each (assuming full subscription in the Offer)	621,638,800		[●]
<b>E) SECURITIES PREMIUM ACCOUNT</b>			
Before the Offer (in ₹)		13,770,324,331	
After the Offer (in ₹)			[●]

<sup>^</sup> For details of changes in the authorised share capital of our Company, see “History and Certain Corporate Matters – Amendments to our Memorandum of Association”, on page 191.

\* To be included upon determination of the Offer Price.

<sup>(a)</sup> The Offer has been authorised by our Board pursuant to a resolution passed at its meeting held on August 6, 2021. Each of the Selling Shareholders, severally and not jointly, have specifically confirmed and authorised their respective participation in the Offer for Sale. For details see “The Offer” on page 79. Each of the Selling Shareholders confirm that their respective portion of the Offered Shares are eligible to be offered for sale in accordance with the SEBI ICDR Regulation, and have been held for a period of at least one year prior to the date of this Draft Red Herring Prospectus (or have resulted from a bonus issue on Equity Shares held for a period of at least one year prior to the date of this Draft Red Herring Prospectus through capitalisation of free reserves and share premium of our Company existing at the end of the previous Fiscal Year preceding the date of this Draft Red Herring Prospectus).

<sup>(b)</sup> Eligible Employees bidding in the Employee Reservation Portion must ensure that the maximum Bid Amount does not exceed ₹500,000 (net of Employee Discount). However, the initial Allotment to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹200,000 (net of Employee Discount). Only in the event of an under-subscription in the Employee Reservation Portion post the initial Allotment, such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, for a value in excess of ₹200,000 (net of Employee Discount), subject to the total Allotment to an Eligible Employee not exceeding ₹500,000 (net of Employee Discount).

The Board has taken on record the Offer for Sale by the Selling Shareholders pursuant to its resolution dated August 6, 2021.

### Notes to the Capital Structure

#### 1. Share Capital History

##### 1. History of Equity Share capital of our Company

The following table sets forth the history of the Equity Share capital of our Company:

Date of allotment	Number of Equity Shares	Face value (₹)	Issue price per Equity Share (₹)	Nature of consideration	Nature of allotment	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital (₹)
November 10, 2009	10,000	10	10	Cash	Subscription to the MoA <sup>(1)</sup>	10,000	100,000

Date of allotment	Number of Equity Shares	Face value (₹)	Issue price per Equity Share (₹)	Nature of consideration	Nature of allotment	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital (₹)
July 13, 2015	32,500	10	10	Cash	Rights issue <sup>(2)</sup>	42,500	425,000
September 9, 2015	123,541	10	12,635.23	Cash	Private placement <sup>(3)</sup>	166,041	1,660,410
September 9, 2015	138,371	10	12,289.30	Cash	Private placement <sup>(4)</sup>	304,412	3,044,120
September 11, 2015	78,411	10	12,289.30	Cash	Private placement <sup>(5)</sup>	382,823	3,828,230
September 11, 2015	2,496	10	12,635.23	Cash	Private placement <sup>(6)</sup>	385,319	3,853,190
September 14, 2015	201,658	10	12,635.23	Cash	Private placement <sup>(7)</sup>	586,977	5,869,770
March 8, 2017	41,088,390	10	NA	NA	Bonus issue of 70 Equity Shares as bonus shares for every one Equity Share <sup>(8)</sup>	41,675,367	416,753,670
May 24, 2018	1,432,257	10	NA	Other than cash	Allotment of shares pursuant to the Scheme of Arrangement <sup>(9)</sup>	43,107,624	431,076,240
December 17, 2018	250	10	361.90	Cash	Preferential allotment <sup>(10)</sup>	43,107,874	431,078,740
January 21, 2020	6,636,135	10	339.04	Other than cash*	Conversion of 6,216,937 Compulsorily Convertible Preference Shares <sup>(11)</sup>	49,744,009	497,440,090
January 21, 2020	499,959	10	339	Other than cash <sup>#</sup>	Conversion of 32,500 Compulsorily Convertible Debentures <sup>(12)</sup>	50,243,968	502,439,680
August 3, 2020	2,184,520	10	187	Cash	Rights issue <sup>(13)</sup>	52,428,488	524,284,880
February 11, 2021	180,511	10	10	Cash	Allotment pursuant to exercise of options granted under ESOP 2017 <sup>(14)</sup>	52,608,999	526,089,990
March 31, 2021	181,410	10	187	Cash	Rights issue <sup>(15)</sup>	52,790,409	527,904,090
August 5, 2021	9,189,789	10	505.13	Cash	Preferential allotment <sup>(16)</sup>	61,980,198	619,801,980
August 5, 2021	183,682	10	544.42	Cash	Preferential allotment <sup>(17)</sup>	62,163,880	621,638,800

\* Consideration for such Equity Shares was paid at the time of issuance of the Compulsorily Convertible Preference Shares.

# Consideration for such Equity Shares was paid at the time of issuance of the Compulsorily Convertible Debentures.

<sup>(1)</sup> Allotment of 9,900 Equity Shares to Shivani Narang, and 100 Equity Shares to Sushma Narang, pursuant to initial subscription to the MoA.

<sup>(2)</sup> Allotment of 32,500 Equity Shares to Sagista Realty Advisors Private Limited (trustee of QSR Management Trust).

<sup>(3)</sup> Allotment of 123,541 Equity Shares to Amethyst Private Limited.

<sup>(4)</sup> Allotment of 138,371 Equity Shares to Sapphire Foods Mauritius Limited.

<sup>(5)</sup> Allotment of 78,411 Equity Shares to Sapphire Foods Mauritius Limited.

- (6) Allotment of 2,496 Equity Shares to AAJV Investment Trust.
- (7) Allotment of 201,658 Equity Shares to Goldman Sachs Investments Holdings (Asia) Limited.
- (8) Allotment of 2,975,000 Equity Shares to Sagista Realty Advisors Private Limited (trustee of QSR Management Trust), 8,647,870 Equity Shares to Amethyst Private Limited, 15,174,740 Equity Shares to Sapphire Foods Mauritius Limited, 174,720 Equity Shares to AAJV Investment Trust and 14,116,060 Equity Shares to Goldman Sachs Investments Holdings (Asia) Limited. All the Equity Shares of ₹10 each allotted were fully paid up at the time of allotment.
- (9) Allotment of 1,432,257 Equity Shares to Sapphire Foods Mauritius Limited, pursuant to the Scheme of Arrangement. For further, details, please see "History and Certain Corporate Matters - Scheme of arrangement between our Company, Sapphire Hospitality and Recreation Private Limited, Hansazone Private Limited, Pizzeria Fast Foods Restaurants (Madras) Private Limited, and KFCH Restaurants Private Limited" on page 192.
- (10) Allotment of 50 Equity Shares to WWD Ruby Limited, 150 Equity Shares to Edelweiss Crossover Opportunities Fund, and 50 Equity Shares to Edelweiss Crossover Opportunities Fund – Series II.
- (11) Allotment of 1,238,742 Equity Shares to WWD Ruby Limited, 4,048,045 Equity Shares to Edelweiss Crossover Opportunities Fund, and 1,349,348 Equity Shares to Edelweiss Crossover Opportunities Fund – Series II.
- (12) Allotment of 499,959 Equity Shares to Sagista Realty Advisors Private Limited (trustee of QSR Management Trust).
- (13) Allotment of 1,122,995 Equity Shares to WWD Ruby Limited, 647,797 Equity Shares to Sapphire Foods Mauritius Limited, 200,535 Equity Shares to Edelweiss Crossover Opportunities Fund, and 213,193 Equity Shares to Edelweiss Crossover Opportunities Fund – Series II.
- (14) Allotment of 180,511 Equity Shares to Sanjay Purohit, held jointly with Apurva Purohit.
- (15) Allotment of 181,410 Equity Shares to Sagista Realty Advisors Private Limited (trustee of QSR Management Trust).
- (16) Allotment of 5,090,503 Equity Shares to Arinjaya (Mauritius) Limited and 4,099,286 Equity Shares to Sapphire Foods Mauritius Limited.
- (17) Allotment of 183,682 Equity Shares to Edelweiss Crossover Opportunities Fund – Series II.

## 2. History of preference share capital of our Company

The following table sets forth the history of the preference share capital of our Company:

Date of allotment	Number of preference shares	Face value (₹)	Issue price per preference share (₹)	Nature of consideration	Nature of allotment	Cumulative number of preference shares	Cumulative paid-up preference share capital (₹)
December 17, 2018	6,216,937	361.90	361.90	Cash	Private placement <sup>(1)</sup>	6,216,937	2,249,909,500.30
January 21, 2020	(6,216,937)	361.90	NA	NA*	Conversion of 6,216,937 Compulsorily Convertible Preference Shares <sup>(2)</sup>	Nil	Nil

\* Consideration for such Equity Shares was paid at the time of issuance of the Compulsorily Convertible Preference Shares.

<sup>(1)</sup> Allotment of 1,160,492 Compulsorily Convertible Preference Shares to WWD Ruby Limited, 3,792,334 Compulsorily Convertible Preference Shares to Edelweiss Crossover Opportunities Fund, and 1,264,111 Compulsorily Convertible Preference Shares to Edelweiss Crossover Opportunities Fund – Series II.

<sup>(2)</sup> Allotment of 1,238,742 Equity Shares to WWD Ruby Limited, 4,048,045 Equity Shares to Edelweiss Crossover Opportunities Fund, and 1,349,348 Equity Shares to Edelweiss Crossover Opportunities Fund – Series II.

## 3. Issue of Equity Shares or preference shares at a price lower than the Offer Price in the last year

Except for the below, our Company has not issued any Equity Shares or preference shares which may be at a price lower than the Offer Price during a period of one year preceding the date of this Draft Red Herring Prospectus.

Date of allotment	Number of Equity Shares	Face value (₹)	Issue price per Equity Share (₹)	Nature of consideration	Reason for allotment
February 11, 2021	180,511	10	10	Cash	Allotment pursuant to exercise of options granted under ESOP 2017 <sup>(1)</sup>
March 31, 2021	181,410	10	187	Cash	Allotment pursuant to rights issue <sup>(2)</sup>
August 5, 2021	9,189,789	10	505.13	Cash	Allotment pursuant to

Date of allotment	Number of Equity Shares	Face value (₹)	Issue price per Equity Share (₹)	Nature of consideration	Reason for allotment
August 5, 2021	183,682	10	544.42	Cash	preferential allotment <sup>(3)</sup> Allotment pursuant to preferential allotment <sup>(4)</sup>

(1) Allotment of 180,511 Equity Shares to Sanjay Purohit, held jointly with Apurva Purohit.

(2) Allotment of 181,410 Equity Shares to Sagista Realty Advisors Private Limited (trustee of QSR Management Trust).

(3) Allotment of 5,090,503 Equity Shares to Arinjaya (Mauritius) Limited and 4,099,286 Equity Shares to Sapphire Foods Mauritius Limited.

(4) Allotment of 183,682 Equity Shares to Edelweiss Crossover Opportunities Fund – Series II.

#### 4. Equity Shares issued for consideration other than cash or out of revaluation reserves

Our Company has not issued any Equity Shares or preference shares out of revaluation reserves since incorporation. Details of Equity Shares issued for consideration other than cash are as follows:

Date of allotment	Number of Equity Shares	Face value (₹)	Issue price (₹)	Reasons for allotment	Allottees	Benefits accrued to our Company
May 24, 2018	1,432,257	10	NA	Allotment of shares pursuant to the Scheme of Arrangement.	Sapphire Foods Mauritius Limited	Pursuant to the demerger under the Scheme of Arrangement, certain undertakings of KFCH Restaurants Private Limited were transferred to our Company.
January 21, 2020	6,636,135	10	339.04	Conversion of 6,216,937 Compulsorily Convertible Preference Shares	Allotment of 1,238,742 Equity Shares to WWD Ruby Limited, 4,048,045 Equity Shares to Edelweiss Crossover Opportunities Fund, and 1,349,348 Equity Shares to Edelweiss Crossover Opportunities Fund – Series II.	-
January 21, 2020	499,959	10	339	Conversion of 32,500 Compulsorily Convertible Debentures	Sagista Realty Advisors Private Limited (trustee of QSR Management Trust)	-

#### 5. History of Equity Share capital held by our Promoters, Promoters' Contribution and Lock-in of Promoters' Shareholding

##### a) Build-up of our Promoters' shareholding in our Company

As on the date of this Draft Red Herring Prospectus, our Promoters hold 32,633,178\* Equity Shares representing 52.50% of the issued, subscribed and paid-up Equity Share capital of our Company.

\* In terms of the SHA, between the Red Herring Prospectus and the Prospectus, Amethyst Private Limited and WWD Ruby Limited shall transfer, by way of gift, 187,520 Equity Shares and 356,664 Equity Shares respectively, to Sapphire Foods Mauritius Limited, and AAJV Investment Trust shall transfer, by way of gift, 3,795 Equity Shares to QSR Management Trust. Further, between the Red Herring Prospectus and the Prospectus, WWD Ruby shall transfer, by way of gift, such number of Equity Shares (i.e., between 236,482 Equity Shares, and 267,804 Equity Shares) to Sapphire Foods Mauritius Limited, depending on the Offer Price, as provided for in the SHA. Accordingly, if such Equity Shares are transferred to QSR Management Trust and Sapphire Foods Mauritius Limited, their shareholding shall increase from 3,705,590 Equity Shares to 3,709,385 Equity Shares for QSR Management Trust, and from 28,927,588 Equity Shares to between 29,708,254 and 29,739,576 Equity Shares for Sapphire

Foods Mauritius Limited. For further details, please see "History and Certain Corporate Matters - Shareholders' agreements and share subscription agreements" on page 196.

Set forth below is the build-up of the equity shareholding of our Promoters since incorporation of our Company:

Date of allotment/ transfer <sup>^#</sup>	Nature of transaction	Number of Equity Shares	Nature of consideration	Face value (₹)	Issue/ acquisition/ transfer price per Equity Share (₹)	% of the pre- Offer Equity Share capital	% of post- Offer Equity Share capital
<b>Sapphire Foods Mauritius Limited</b>							
September 9, 2015	Private Placement	138,371	Cash	10	12,289.30	0.22	[●]
September 11, 2015	Private Placement	78,411	Cash	10	12,289.30	0.13	[●]
March 8, 2017	Bonus Issue	15,174,740	NA	10	NA	24.41	[●]
May 24, 2018	Allotment of shares pursuant to the Scheme of Arrangement <sup>****</sup>	1,432,257	Other than cash	10	NA	2.30	[●]
August 3, 2020	Rights issue	647,797	Cash	10	187	1.04	[●]
August 5, 2021	Preferential allotment	40,99,286	Cash	10	505.13	6.59	[●]
August 6, 2021	Transfer from WWD Ruby Limited	4,585,561	Cash	10	544.42	7.38	[●]
August 6, 2021	Transfer from Amethyst Private Limited	2,410,908	Cash	10	544.42	3.88	[●]
August 6, 2021	Transfer from AAJV Investment Trust	48,787	Cash	10	544.42	0.08	[●]
August 6, 2021	Transfer from Amethyst Private Limited by way of gift	3,11,470	NA <sup>***</sup>	10	Nil	0.50	[●]
<b>Sub-total (A)</b>		<b>28,927,588</b>				<b>46.53</b>	<b>[●]</b>
<b>QSR Management Trust*</b>							
February 27, 2015	Transfer from Shivani Narang <sup>^</sup>	9,999	Cash	10	10	0.02	[●]
July 13, 2015	Transfer from Shivani Narang <sup>^</sup>	1	Cash	10	10	0.00	[●]
July 13, 2015	Rights Issue	32,500	Cash	10	10	0.05	[●]
March 8, 2017	Bonus Issue	2,975,000	NA	10	NA	4.79	[●]
January 21, 2020	Conversion of 32,500 Compulsorily Convertible Debentures	499,959	Other than cash <sup>**</sup>	10	339	0.80	[●]
March 31, 2021	Rights Issue	181,410	Cash	10	187	0.29	[●]
August 6, 2021	Transfer from AAJV Investment Trust by way of gift	6,721	NA <sup>***</sup>	10	Nil	0.01	[●]
<b>Sub-total (B)</b>		<b>3,705,590</b>				<b>5.96</b>	<b>[●]</b>
<b>Total (A) + (B)</b>		<b>32,633,178</b>				<b>52.50</b>	<b>[●]</b>

\* The Equity Shares are held through its trustee, Sagista Realty Advisor Private Limited.

\*\* Consideration for such Equity Shares was paid at the time of issuance of the Compulsorily Convertible Debentures.

\*\*\* Equity Shares were transferred by way of gift.

\*\*\*\* Allotment of 1,432,257 Equity Shares to Sapphire Foods Mauritius Limited, pursuant to the Scheme of Arrangement. For further, details, please see "History and Certain Corporate Matters - Scheme of arrangement between our Company, Sapphire Hospitality and Recreation Private Limited, Hansazone Private Limited, Pizzeria Fast Foods Restaurants (Madras) Private Limited, and KFCH Restaurants Private Limited" on page 192.

# In terms of the SHA, between the Red Herring Prospectus and the Prospectus, Amethyst Private Limited and WWD Ruby Limited shall transfer, by way of gift, 187,520 Equity Shares and 356,664 Equity Shares respectively, to Sapphire Foods Mauritius Limited, and AAJV Investment Trust shall transfer, by way of gift, 3,795 Equity Shares to QSR Management Trust. Further, between the Red Herring Prospectus and the Prospectus,



WWD Ruby shall transfer, by way of gift, such number of Equity Shares (i.e., between 236,482 Equity Shares, and 267,804 Equity Shares) to Sapphire Foods Mauritius Limited, depending on the Offer Price, as provided for in the SHA. Accordingly, if such Equity Shares are transferred to QSR Management Trust and Sapphire Foods Mauritius Limited, their shareholding shall increase from 3,705,590 Equity Shares to 3,709,385 Equity Shares for QSR Management Trust, and from 28,927,588 Equity Shares to between 29,708,254 and 29,739,576 Equity Shares for Sapphire Foods Mauritius Limited. For further details, please see “History and Certain Corporate Matters - Shareholders’ agreements and share subscription agreements” on page 196.

^ With respect to the build-up of the shareholding of the Promoters in the Company, reliance has been placed on the register of members of the Company, endorsements on share certificates, and resolutions of the Board, where available. For more details, see “Risk Factors - We are unable to trace some of our historical corporate and secretarial records. We cannot assure you that no legal proceedings or regulatory actions will be initiated against our Company in future in relation to the missing corporate records which may impact our financial condition and reputation.” on page 45.

**b) Details of Equity Shares pledged by our Promoters**

None of the Equity Shares held by our Promoters are subject to any pledge.

**c) Shareholding of our Promoters and other members of our Promoter Group**

Set forth are the details of Equity Shares held by our Promoters and other members of the Promoter Group as on the date of this Draft Red Herring Prospectus:

Sr. No.	Name of shareholder	Pre-Offer		Post-Offer	
		Number of Equity Shares	Percentage of pre-Offer Equity Share capital (%)	Number of Equity Shares	Percentage of post-Offer Equity Share capital (%)
<b>Promoters</b>					
1.	Sapphire Foods Mauritius Limited	28,927,588	46.53	[●]	[●]
2.	QSR Management Trust*	3,705,590	5.96	[●]	[●]
<i>Sub-total (A)</i>		32,633,178	52.50	[●]	[●]
<b>Promoter Group</b>					
1.	Samara Capital Management Limited	NIL	NIL	[●]	[●]
2.	Samara Capital Partners Fund II Limited	449,999	0.72	[●]	[●]
3.	Sagista Realty Advisor Private Limited#	NIL	NIL	[●]	[●]
4.	KFCH Restaurants Private Limited	NIL	NIL	[●]	[●]
5.	Karikala (Mauritius) Limited	NIL	NIL	[●]	[●]
6.	Arinjaya (Mauritius) Limited	5,090,503	8.19	[●]	[●]
<i>Sub-total (B)</i>		5,540,502	8.91	[●]	[●]
<b>Total Promoters &amp; Promoter Group (A+B)</b>		<b>38,173,680</b>	<b>61.41</b>	[●]	[●]

\* The Equity Shares held by QSR Management Trust are held through its trustee, Sagista Realty Advisor Private Limited.

# The Equity Shares are held in its capacity as the trustee of QSR Management Trust.

**d) Details of Promoters’ contribution locked in for three years or such other period as may be prescribed under the SEBI ICDR Regulations**

Pursuant to Regulations 14 and 16 of the SEBI ICDR Regulations, an aggregate of 20% of the fully diluted post-Offer Equity Share capital of our Company held by our Promoters (assuming full conversion of vested options, if any, under the ESOP 2017) shall be considered as the minimum promoters’ contribution and locked-in for a period of three years from the date of Allotment (the “**Promoters’ Contribution**”) or such other period as may be prescribed under the SEBI ICDR Regulations. The lock-in of the Promoters’ Contribution would be created as per applicable laws and procedures and details of the same shall also be provided to the Stock Exchanges before the listing of the Equity Shares.

Our Promoters have given consent to include such number of Equity Shares held by them as may constitute 20% of the fully diluted post-Offer Equity Share capital of our Company (assuming complete exercise of all vested employee stock options) as Promoters’ Contribution and have agreed not to dispose, sell, transfer, or pledge in any manner the Promoters’ Contribution from the date of this Draft Red Herring Prospectus, until the expiry of the lock-in period specified above, or for such other time as required under SEBI ICDR Regulations. Details of Promoters’ Contribution are as provided below:

Name of the Promoters	No. of Equity Shares locked-in <sup>^</sup>	Date of allotment/transfer <sup>#</sup>	Face value (₹)	Allotment/ Acquisition Price (₹)	Nature of transaction	% of the pre-Offer paid up capital	% of the fully diluted post-Offer paid up Capital
Sapphire Foods Mauritius Limited	[●]	[●]	10	[●]	[●]	[●]	[●]
QSR Management Trust <sup>*</sup>	[●]	[●]	10	[●]	[●]	[●]	[●]
<b>Total</b>	[●]	[●]					[●]

Note: To be updated at the Prospectus Stage.

<sup>#</sup>Equity Shares were fully paid-up on the date of allotment/acquisition.

<sup>^</sup>For a period of three years from the date of Allotment.

<sup>\*</sup>The Equity Shares are held through its trustee, Sagista Realty Advisor Private Limited

The Equity Shares that are being locked-in for computation of Promoters' Contribution are not, and will not be, ineligible under Regulation 15 of the SEBI ICDR Regulations. In particular, these Equity Shares do not, and shall not, consist of:

- (i) Equity Shares acquired during the three years preceding the date of this Draft Red Herring Prospectus (a) for consideration other than cash and revaluation of assets or capitalisation of intangible assets, or (b) Equity Shares resulting from a bonus issue by utilisation of revaluations reserves or unrealised profits or against Equity Shares which are otherwise ineligible for computation of Promoters' Contribution;
- (ii) Equity Shares acquired during the one year preceding the date of this Draft Red Herring Prospectus, at a price lower than the price at which the Equity Shares are being offered to the public in the Offer;
- (iii) Equity Shares issued to the Promoters in the last one year preceding the date of this Draft Red Herring Prospectus upon conversion of a partnership firm. Further, our Company has not been formed by the conversion of one or more partnership firms or a limited liability partnership firm; and
- (iv) Equity Shares held by the Promoters that are subject to any pledge.

**6. Sales or purchases of Equity Shares or other specified securities of our Company, by members of our Promoter Group, the directors of Sapphire Foods Mauritius Limited, or our Directors or their immediate relatives during the six months immediately preceding the date of this Draft Red Herring Prospectus.**

The members of our Promoter Group, the directors of Sapphire Foods Mauritius Limited, who is our corporate promoter, our Directors or their immediate relatives have not sold or purchased any Equity Shares or other specified securities of our Company during the six months immediately preceding the date of this Draft Red Herring Prospectus, except as follows:

Name of the member of Promoter Group, the director of Sapphire Foods Mauritius Limited, or Directors or their immediate relatives	Number of Equity Shares purchased	Number of Equity Shares sold/ transferred	Date of transaction	Transaction price per Equity Share (in ₹)
Sanjay Purohit <sup>#</sup>	180,511	NA	February 11, 2021	10
Samara Capital Partners Fund II Limited	13,897	NA	April 27, 2021	-*

Name of the member of Promoter Group, the director of Sapphire Foods Mauritius Limited, or Directors or their immediate relatives	Number of Equity Shares purchased	Number of Equity Shares sold/ transferred	Date of transaction	Transaction price per Equity Share (in ₹)
Samara Capital Partners Fund II Limited	22,663	NA	June 4, 2021	-*
Arinjaya (Mauritius) Limited	5,090,503	NA	August 5, 2021	505.13
Samara Capital Partners Fund II Limited	392,765	NA	August 6, 2021	-*
Samara Capital Partners Fund II Limited	20,674	NA	August 6, 2021	-*

\* - Equity Shares were transferred via gift.

# - held jointly with Apurva Purohit.

#### 7. Details of share capital locked-in for one year, or such other period as may be prescribed under the SEBI ICDR Regulations

Except for (a) the Promoters' Contribution which shall be locked in as above; (b) the Equity Shares held by the employees of our Company (whether currently an employee or not) which have been or will be allotted to them under the ESOP 2017 prior to the Offer; (c) Equity Shares which are sold or transferred as part of the Offer for Sale by the Selling Shareholders, and (d) any Equity Shares held by a VCF or Category I AIF or Category II AIF or FVCI, as applicable, provided that such Equity Shares shall be locked in for a period of at least one year from the date of purchase by such shareholders, the entire pre-Offer Equity Share capital of our Company (including those Equity Shares held by our Promoters in excess of Promoters' Contribution) shall be locked in for a period of one year from the date of Allotment, or such other period as may be prescribed under the SEBI ICDR Regulations. Any unsubscribed portion of the Equity Shares being offered by the Selling Shareholders in the Offer for Sale would also be locked-in as required under the SEBI ICDR Regulations.

In terms of Regulation 22 of the SEBI ICDR Regulations, Equity Shares held by the Promoters and locked in as per Regulation 16 of the SEBI ICDR Regulations may be transferred to and among the Promoters and/or members of the Promoter Group or a new promoter or persons in control of our Company, subject to continuation of lock-in in the hands of the transferee for the remaining period and compliance with provisions of the Takeover Regulations, as applicable, and such transferee shall not be eligible to transfer them till the lock-in period stipulated in SEBI ICDR Regulations has expired. The Equity Shares held by persons other than the Promoters prior to the Offer which are locked in, may be transferred to any other person holding Equity Shares which are locked in along with the Equity Shares proposed to be transferred, subject to the continuation of the lock in the hands of the transferee, compliance with the provisions of the Takeover Regulations.

The Equity Shares held by our Promoters which are locked-in for a period of one year from the date of Allotment, or such other period as may be prescribed under the SEBI ICDR Regulations, may be pledged only with scheduled commercial banks or public financial institutions or a systemically important non-banking finance company or a housing company as collateral security for loans granted by such entity, provided that: (i) in case of Equity Shares locked-in for three years, such Equity Shares may be pledged only if the loan has been granted to our Company or its Subsidiaries, for the purpose of financing one or more of the objects of the Offer, and pledge of the Equity Shares is a term of sanction of such loans; and (ii) in case of Equity Shares locked-in for a period of one year (or such other period as may be prescribed under the SEBI ICDR Regulations), the pledge of the Equity Shares is one of the terms of the sanctioned loan. Provided that the lock-in of Equity Shares shall continue for the remaining period with the

transferee and such transferee shall not be eligible to transfer them till the lock-in period stipulated in these regulations has expired.

***Lock-in of Equity Shares Allotted to Anchor Investors***

Any Equity Shares Allotted to Anchor Investors in the Anchor Investor Portion shall be locked in for a period of 30 days from the date of Allotment.

## 8. Our shareholding pattern

The table below represents the equity shareholding pattern of our Company as on the date of this Draft Red Herring Prospectus:

Category (I)	Category of Shareholder (II)	Number of Shareholders (III)	No. of fully paid up equity shares held (IV)	No. of Partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+(VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)				No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI) = (VII)+(X) As a % of (A+B+C2)	Number of locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)*		Number of equity shares held in dematerialised form (XIV)
								No of Voting Rights						No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
								Class	Class	Total	Total as a % of (A+B+C)							
								Equity	NA									
(A)	Promoter and Promoter Group	4	38,173,680	-	-	38,173,680	61.41	Equity	NA	38,173,680	61.41	-	-	-	-	-	-	38,173,680
(B)	Public	8	23,990,200	-	-	23,990,200	38.59	Equity	NA	23,990,200	38.59	-	-	-	-	-	-	23,990,200
(C)	Non Promoter-Non Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C)	Shares underlying DRs (1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C)	Shares held by Employee Trusts (2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Total (A) + (B) + (C)</b>	12	62,163,880	-	-	62,163,880	100	-	-	62,163,880	100	-	-	-	-	-	-	62,163,880

\* In relation to the Yum Lock-In, please see "History and Certain Corporate Matters – Shareholders' Agreements and Share Subscription Agreements" on page 197.

## 9. Equity Shareholding of our Directors and Key Managerial Personnel in our Company

Except as stated below, none of our Directors and Key Managerial Personnel hold Equity Shares in our Company as on the date of this Draft Red Herring Prospectus.

Sr. No.	Name of the shareholder	Number of Equity Shares	Percentage of pre-Offer Equity Share held (%)
<b>Directors</b>			
1.	Sanjay Purohit*	180,511	0.29%

\*Held jointly with Apurva Purohit

## 10. Major Shareholders

- (a) As on the date of this Draft Red Herring Prospectus, our Company has 12 Shareholders.
- (b) Set forth below are details of Shareholders holding 1% or more of the paid-up Equity Share capital of our Company as on the date of this Draft Red Herring Prospectus, ten days prior to the filing of this Draft Red Herring Prospectus, as on one year prior to the date of this Draft Red Herring Prospectus and as on two years prior to the date of this Draft Red Herring Prospectus (including the maximum number of Equity Shares that any such Shareholder will be entitled to upon conversion of any convertible instrument or exercise of any option held by such Shareholder).
- i. *Shareholders holding 1% or more of the paid-up Equity Share capital of our Company as on the date of this Draft Red Herring Prospectus*

Sr. No.	Shareholder	Number of Equity Shares held	Percentage of pre-Offer Equity Share capital on a fully diluted basis (%)
1.	Sapphire Foods Mauritius Limited	28,927,588*	46.50
2.	WWD Ruby Limited	11,678,516	18.77
3.	Arinjaya (Mauritius) Limited	5,090,503	8.18
4.	Edelweiss Crossover Opportunities Fund	4,248,730	6.83
5.	Amethyst Private Limited	4,149,257	6.67
6.	Sagista Realty Advisors Private Limited (Trustee of QSR Management Trust)	3,705,590*	5.96
7.	Fennel Private Limited	1,762,267	2.83
8.	Edelweiss Crossover Opportunities Fund – Series II	1,746,273	2.81
	<b>Total</b>	<b>61,308,724</b>	<b>98.55</b>

\* In terms of the SHA, between the Red Herring Prospectus and the Prospectus, Amethyst Private Limited and WWD Ruby Limited shall transfer, by way of gift, 187,520 Equity Shares and 356,664 Equity Shares respectively, to Sapphire Foods Mauritius Limited, and AAJV Investment Trust shall transfer, by way of gift, 3,795 Equity Shares to QSR Management Trust. Further, between the Red Herring Prospectus and the Prospectus, WWD Ruby shall transfer, by way of gift, such number of Equity Shares (i.e., between 236,482 Equity Shares, and 267,804 Equity Shares) to Sapphire Foods Mauritius Limited, depending on the Offer Price, as provided for in the SHA. Accordingly, if such Equity Shares are transferred to QSR Management Trust and Sapphire Foods Mauritius Limited, their shareholding shall increase from 3,705,590 Equity Shares to 3,709,385 Equity Shares for QSR Management Trust, and from 28,927,588 Equity Shares to between 29,708,254 and 29,739,576 Equity Shares for Sapphire Foods Mauritius Limited. For further details, please see "History and Certain Corporate Matters - Shareholders' agreements and share subscription agreements" on page 196.

- ii. *Shareholders holding 1% or more of the paid-up Equity Share capital of our Company ten days prior to the date of this Draft Red Herring Prospectus:*

Sr. No.	Shareholder	Number of Equity Shares held	Percentage of pre-Offer Equity Share capital on a fully diluted basis (%)
1.	Sapphire Foods Mauritius Limited	17,471,576	33.07
2.	WWD Ruby Limited	16,656,842	31.53
3.	Amethyst Private Limited	8,757,514	16.58
4.	Edelweiss Crossover Opportunities Fund	4,248,730	8.04
5.	Sagista Realty Advisors Private Limited (Trustee of QSR Management Trust)	3,698,869	7.00
6.	Edelweiss Crossover Opportunities Fund – Series II	1,562,591	2.96
	<b>Total</b>	<b>52,396,122</b>	<b>99.17</b>

iii. *Shareholders holding 1% or more of the paid-up Equity Share capital of our Company as on one year prior to the date of this Draft Red Herring Prospectus:*

Sr. No.	Shareholder	Number of Equity Shares held	Percentage of pre-Offer Equity Share capital on a fully diluted basis (%)
1.	Sapphire Foods Mauritius Limited	17,471,576	33.21
2.	WWD Ruby Limited	16,679,505	31.70
3.	Amethyst Private Limited	8,771,411	16.67
4.	Edelweiss Crossover Opportunities Fund	4,248,730	8.08
5.	Sagista Realty Advisors Private Limited (Trustee of QSR Management Trust)	3,517,459	6.69
6.	Edelweiss Crossover Opportunities Fund – Series II	1,562,591	2.97
	<b>Total</b>	<b>52,251,272</b>	<b>99.32</b>

iv. *Shareholders holding 1% or more of the paid-up Equity Share capital of our Company as on two years prior to the date of this Draft Red Herring Prospectus:*

Sr. No.	Shareholder	Number of Equity Shares held	Percentage of pre-Offer Equity Share capital on a fully diluted basis (%)
1.	Sapphire Foods Mauritius Limited	16,823,779	33.48
2.	WWD Ruby Limited	14,317,768*	30.96
3.	Amethyst Private Limited	8,771,411	17.46
4.	Edelweiss Crossover Opportunities Fund	150*	8.06
5.	Sagista Realty Advisors Private Limited (Trustee of QSR Management Trust)	3,017,500#	7.00
6.	Edelweiss Crossover Opportunities Fund – Series II	50*	2.69
	<b>Total</b>	<b>42,930,458</b>	<b>99.65</b>

\* WWD Ruby Limited held 1,160,492 Compulsorily Convertible Preference Shares, Edelweiss Crossover Opportunities Fund held 3,792,334 Compulsorily Convertible Preference Shares, and Edelweiss Crossover Opportunities Fund – Series II held 1,264,111 Compulsorily Convertible Preference Shares, which were converted into 1,238,742 Equity Shares, 4,048,045 Equity Shares, and 1,349,348 Equity Shares respectively, on January 21, 2020.

# Sagista Realty Advisors Private Limited (Trustee of QSR Management Trust), held 32,500 Compulsorily Convertible Debentures, which were converted into 499,959 Equity Shares on January 21, 2020.

## 11. Employee Stock Option Scheme

### Sapphire Foods Employee Stock Option Plan 2017 (“ESOP 2017”)

Our Company has, pursuant to the resolutions passed by the Board on May 24, 2018, and Shareholders on May 30, 2018, adopted the ESOP 2017. The ESOP 2017 was amended pursuant to the resolutions passed by the Board on July 22, 2021, and Shareholders on July 23, 2021. The Company may grant an aggregate number of up to 2,839,033 employee stock options, in one or more tranches. Upon exercise and payment of the exercise price, the option holder will be entitled to be allotted one Equity Share per employee stock option. Accordingly, the number of Equity Shares that may be issued under the ESOP 2017 shall not exceed 2,839,033 Equity Shares. The objectives of the ESOP 2017 are, among others, to align employee interest with shareholder’s interest, retention of critical employees, to reward loyalty for past services of the Company, wealth accumulation, substitution for monetary incentives, and employee ownership. The purpose of the ESOP 2017 is to attain performance targets of the Company and to retain the existing key employees, which will ultimately contribute to the success of the Company.

*Sapphire Foods Employee Stock Option Loyalty Scheme 2017 – Scheme-I, and Sapphire Foods Employee Stock Option Performance Scheme 2017 – Scheme-II*

Our Company has adopted the Sapphire Foods Employee Stock Option Loyalty Scheme 2017 – Scheme-I (“**Scheme-I**”), and the Sapphire Foods Employee Stock Option Performance Scheme 2017 – Scheme-II (“**Scheme-II**”) which form a part of the ESOP 2017. The terms and conditions set out in the ESOP 2017 apply mutatis- mutandis to the Scheme-I and the Scheme-II, and any grants made under the Scheme-I and the Scheme-II shall be made in accordance with the ESOP 2017. The grants made under the Scheme-I and the Scheme-II are made from the ESOP 2017 pool of options.

*Sapphire Foods Employee Stock Option Scheme 2019 – Scheme III – Management other than CEO, and Sapphire Foods Employee Stock Option Scheme 2019 – Scheme IV – CEO*

Our Company has adopted the Sapphire Foods Employee Stock Option Scheme 2019 – Scheme III – Management other than CEO (“**Scheme-III**”), and Sapphire Foods Employee Stock Option Scheme 2019 – “Scheme IV” – CEO (“**Scheme-IV**”) pursuant to the resolutions passed by the Board on February 6, 2020 and Shareholders on August 21, 2020, which forms a part of the ESOP 2017. The Scheme III and the Scheme-IV were subsequently amended pursuant to the resolutions passed by the Board on October 28, 2020 and Shareholders on December 30, 2020. Scheme III was further amended pursuant to the resolutions passed by the Board on April 30, 2021 and Shareholders on May 18, 2021, and Scheme IV was further amended pursuant to the resolutions passed by the Board on July 8, 2021 and Shareholders on July 9, 2021. The Scheme-III and the Scheme IV are modifications to the Scheme-I and the Scheme-II. The terms and conditions set out in the ESOP 2017 apply mutatis- mutandis to the Scheme-III and the Scheme-IV, and any grants made under the Scheme-III and the Scheme-IV shall be made in accordance with the ESOP 2017. The grants made under the Scheme-III and the Scheme-IV are made from the ESOP 2017 pool of options.

The following tables set forth the particulars of the ESOP 2017:

#### Details of cumulative options granted:

Financial Year	Options granted under Scheme I	Options granted under Scheme II	Options granted under Scheme III	Options granted under Scheme IV	Grand Total
2019	549,190	307,571	NA	NA	<b>856,761</b>
2020	Nil	Nil	NA	NA	-
2021	Nil	Nil	530,062	684,318	<b>1,214,380</b>
April 1, 2021 till the date of this Draft Red Herring Prospectus	Nil	Nil	Nil	Nil	-



<b>Grand Total</b>	<b>549,190</b>	<b>307,571</b>	<b>530,062</b>	<b>684,318</b>	<b>2,071,141</b>
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Note: The above table does not include options lapsed in respective year. The number of options outstanding as on date are 1,611,594 after considering options lapsed and options exercised over a period.

### Sapphire Foods Employee Stock Option Loyalty Scheme 2017 – “Scheme I”

Particulars	Details			
	Fiscal 2019	Fiscal 2020	Fiscal 2021	April 1, 2021 till the date of this Draft Red Herring Prospectus
Total options outstanding as at the beginning of the period	Nil	504,052	398,728	Nil
Options granted during the year/ period	549,190	Nil	Nil	Nil
Options vested	Nil	Nil	180,511	Nil
Options exercised	Nil	Nil	Nil	Nil
Options forfeited/lapsed/cancelled	45,138	105,324	Nil	Nil
Options transferred to scheme III and scheme IV	Nil	Nil	398,728	Nil
Total options outstanding as at the end of the period	504,052	398,728	Nil	Nil
Total options granted	549,190	Nil	Nil	Nil
Vesting period	5 years from September 1,2015 or actual date of employment with the Company, whichever is later			
Exercise price of options in ₹ (as on the date of grant options)	10	10	10	NA
Variation of terms of options	NA	NA	Variation on August 21, 2020 by overhauling the manner in which the Schemes were divided and revising the Schemes basis employee designation i.e. Scheme III & Scheme -IV	Nil
Money realized by exercise of options (₹)	NA	NA	NA	Nil
Total number of options outstanding in force	504,052	398,728	Nil	Nil
The total number of Equity Shares arising as a result of exercise of granted options (including options that have been exercised)	504,052	398,728	Nil	Nil
Employee wise details of options granted to:				
(i) Key managerial personnel	i. <b><u>For options granted in the Fiscal 2019:</u></b> 1) Sanjay Purohit- 225,694 options 2) Deepak Taluja- 45,139 options 3) Vijay Lalchand Jain- 45,139 options			

Particulars	Details			
	Fiscal 2019	Fiscal 2020	Fiscal 2021	April 1, 2021 till the date of this Draft Red Herring Prospectus
	4) Sandhydeep Purri- 22,569 options 5) Nandita Bapat- 15,046 options 6) Amar Raj Singh- 22,569 options			
(ii) Any other employee who receives a grant in any one year of options amounting to 5% or more of the options granted during the year	<b><u>For options granted in the Fiscal 2019</u></b> 1. Deba Aadhya- 105,324 options (lapsed in the fiscal 2020)			
(iii) Identified employees who were granted options during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	NA	NA	NA	NA
Diluted earnings per share pursuant to the issue of equity shares on exercise of options in accordance with IND AS 33 'Earnings Per Share'	*(14.95)	*(31.36)	NA	NA
	*For the years ended 31 March 2021, 31 March 2020 and 31 March 2019, the outstanding potential equity shares had an anti-dilutive effect on EPS, hence there was no dilution of EPS.			
Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference, if any, between employee compensation cost so computed and the employee compensation calculated on the basis of fair value of the stock options and the impact of this difference, on the profits of the Company and on the earnings per share of the Company	Not applicable because the Company has accounted employee compensation in books using the fair value of options.			
Description of the pricing formula and the method and significant assumptions used to estimate the fair value of options granted during the year including, weighted average information, namely,	Black Scholes model			

Particulars	Details			
	Fiscal 2019	Fiscal 2020	Fiscal 2021	April 1, 2021 till the date of this Draft Red Herring Prospectus
risk-free interest rate, expected life, expected volatility, expected dividends, and the price of the underlying share in the market at the time of grant of option				
-Expected life of options (years)	5.4-7.4	5.4-7.4	5.4-7.4	NA
- Volatility (% p.a.)	40-45	40-45	40-45	NA
- Risk Free Rate of Return (%)	7.90-8.10	7.90-8.10	7.90-8.10	NA
- Dividend Yield (% p.a.)	Nil	Nil	Nil	NA
- Exercise price per share (₹)	10	10	10	NA
The weighted average share price on the date of grant (₹)	351	351	351	NA
Impact on the profits and on the Earnings Per Share of the last three years if the accounting policies specified in the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 had been followed, in respect of options granted in the last three years	Not applicable because the company has accounted employee compensation in books using the fair value of options.			
Intention of key managerial personnel and whole-time directors who are holders of Equity Shares allotted on exercise of options to sell their shares within three months after the listing of Equity Shares pursuant to the Offer	Sanjay Purohit- 180,511 shares			
Intention to sell Equity Shares arising out of the ESOP scheme or allotted under an ESOP scheme within three months after the listing of Equity Shares by directors, senior managerial personnel and employees having Equity Shares arising out of the ESOP scheme, amounting to more than 1% of the	N.A.			

Particulars	Details			
	Fiscal 2019	Fiscal 2020	Fiscal 2021	April 1, 2021 till the date of this Draft Red Herring Prospectus
issued capital (excluding outstanding warrants and conversions)				

**Sapphire Foods Employee Stock Option Performance Scheme 2017 – “Scheme II”**

Particulars	Details			
	Fiscal 2019	Fiscal 2020	Fiscal 2021	April 1, 2021 till the date of this Draft Red Herring Prospectus
Total options outstanding as at the beginning of the period	Nil	277,479	218,493	Nil
Options granted during the year/ period	307,571	Nil	Nil	Nil
Options vested	Nil	Nil	Nil	Nil
Options exercised	Nil	Nil	Nil	Nil
Options forfeited/lapsed/cancelled	30,092	58,986	Nil	Nil
Options transferred to scheme III and scheme IV	Nil	Nil	218,493	Nil
Total options outstanding as at the end of the period	277,479	218,493	Nil	Nil
Total options granted	307,571	Nil	Nil	Nil
Vesting period	3rd anniversary from performance target date			
Exercise price of options in ₹ (as on the date of grant options)	175.61	175.61	175.61	NA
Variation of terms of options	NA	NA	Variation on August 21, 2020 by overhauling the manner in which the Schemes were divided and revising the Schemes basis employee designation i.e. Scheme III & Scheme -IV	NA
Money realized by exercise of options (₹)	NA	NA	NA	NA

Particulars	Details			
	Fiscal 2019	Fiscal 2020	Fiscal 2021	April 1, 2021 till the date of this Draft Red Herring Prospectus
Total number of options outstanding in force	277,479	218,493	Nil	Nil
The total number of Equity Shares arising as a result of exercise of granted options (including options that have been exercised)	277,479	218,493	Nil	Nil
Employee wise details of options granted to:				
(i) Key managerial personnel	<b><u>For options granted in Fiscal 2019:</u></b> 1) Sanjay Purohit- 131,655 options 2) Deepak Taluja- 26,331 options 3) Vijay Lalchand Jain- 13,541 options 4) Sandhydeep Purri- 13,165 options 5) Nandita Bapat- 8,777 options 6) Amar Raj Singh- 13,165 options			
(ii) Any other employee who receives a grant in any one year of options amounting to 5% or more of the options granted during the year	<b><u>For options granted in Fiscal 2019</u></b> 1) Deba Aadhya- 58,986 options ( <i>lapsed in Fiscal 2020</i> )			
(iii) Identified employees who were granted options during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	NA	NA	NA	NA
Diluted earnings per share pursuant to the issue of equity shares on exercise of options in accordance with IND AS 33 'Earnings Per Share'	*(14.95)	*(31.36)	NA	NA
	*For the years ended 31 March 2021, 31 March 2020 and 31 March 2019, the outstanding potential equity shares had an anti-dilutive effect on EPS, hence there was no dilution of EPS.			
Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference, if any, between employee compensation cost so computed and the employee compensation calculated on the basis of fair value of the stock options and the impact of this difference, on the profits of the Company and on the earnings per share of the Company	Not applicable because the Company has accounted employee compensation in books using the fair value of options.			

Particulars	Details			
	Fiscal 2019	Fiscal 2020	Fiscal 2021	April 1, 2021 till the date of this Draft Red Herring Prospectus
Description of the pricing formula and the method and significant assumptions used to estimate the fair value of options granted during the year including, weighted average information, namely, risk-free interest rate, expected life, expected volatility, expected dividends, and the price of the underlying share in the market at the time of grant of option	Black Scholes model			
-Expected life of options (years)	5.4-7.4	5.4-7.4	5.4-7.4	NA
- Volatility (% p.a.)	40-45	40-45	40-45	NA
- Risk Free Rate of Return (%)	7.90-8.10	7.90-8.10	7.90-8.10	NA
- Dividend Yield (% p.a.)	Nil	Nil	Nil	NA
- Exercise price per share (₹)	175.61	175.61	175.61	NA
The weighted average share price on the date of grant (₹)	351	351	351	NA
Impact on the profits and on the Earnings Per Share of the last three years if the accounting policies specified in the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 had been followed, in respect of options granted in the last three years	Not applicable because the company has accounted employee compensation in books using the fair value of options.			
Intention of key managerial personnel and whole-time directors who are holders of Equity Shares allotted on exercise of options to sell their shares within three months after the listing of Equity Shares pursuant to the Offer	NA			
Intention to sell Equity Shares arising out of the ESOP scheme or allotted under an ESOP scheme within three months after the listing of Equity Shares by directors, senior managerial personnel and employees having Equity Shares arising out of the ESOP scheme, amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions)	NA			

**Sapphire Foods Employee Stock Option Scheme 2019 – “Scheme III”- Management other than CEO**

Particulars	Details			
	Fiscal 2019	Fiscal 2020	Fiscal 2021	April 1, 2021 till the date of this Draft Red Herring Prospectus
Total options outstanding as at the beginning of the period	NA	NA	NA	750,438
Options granted during the year/ period	NA	NA	530,062	Nil
Options vested	NA	NA	Nil	45,138
Options exercised	NA	NA	Nil	Nil
Options forfeited/lapsed/cancelled	NA	NA	39,496	Nil
Options transferred from scheme I and scheme II	NA	NA	259,872	Nil
Total options outstanding as at the end of the period	NA	NA	750,438	750,438
Total options granted	NA	NA	530,062	Nil
Vesting period	NA	NA	2.2-3.5	2.2-3.5
Exercise price of options in ₹ (as on the date of grant options)	NA	NA	1. Loyalty options – 10 2. Gold, Platinum, Ruby – 177.96	
Variation of terms of options	NA	NA	Variation on December 30, 2020 by introduction of Ruby options and change in the performance targets.	Variation on May 18, 2021 for acceleration of vesting at the Board discretion
Money realized by exercise of options (₹)	NA	NA	NA	NA
Total number of options outstanding in force	Nil	Nil	750,438	750,438
The total number of Equity Shares arising as a result of exercise of granted options (including options that have been exercised)	Nil	Nil	750,438	750,438
Employee wise details of options granted to:				
(i) Key managerial personnel	<b>For options granted in Fiscal 2021:</b> 1) Deepak Taluja- 97,802 options 2) Vijay Lalchand Jain- 110,591 options 3) Sandhydeep Purri- 48,899 options 4) Nandita Bapat- 32,602 options 5) Amar Raj Singh- 48,899 options 6) Vikrant Vohra- 56,425 options 7) Amar Yatin Patel- 28,212 options			

Particulars	Details			
	Fiscal 2019	Fiscal 2020	Fiscal 2021	April 1, 2021 till the date of this Draft Red Herring Prospectus
	8) Puneet Bhatia- 28,212 options 9) Niraj Patil- 28,211 options			
(ii) Any other employee who receives a grant in any one year of options amounting to 5% or more of the options granted during the year	NIL			
(iii) Identified employees who were granted options during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	NA	NA	NA	NA
Diluted earnings per share pursuant to the issue of equity shares on exercise of options in accordance with IND AS 33 'Earnings Per Share'	NA	NA	*(19.06)	NA
	*The outstanding potential equity shares had an anti-dilutive effect on EPS, hence there was no dilution of EPS.			
Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference, if any, between employee compensation cost so computed and the employee compensation calculated on the basis of fair value of the stock options and the impact of this difference, on the profits of the Company and on the earnings per share of the Company	Not applicable because the Company has accounted employee compensation in books using the fair value of options.			
Description of the pricing formula and the method and significant assumptions used to estimate the fair value of options granted during the year including, weighted average information, namely, risk-free interest rate, expected life, expected volatility, expected dividends, and the price of the underlying share in the market at the time of grant of option	Black Scholes model			
-Expected life of options (years)	NA	NA	2.2-3.5	2.2-3.5
- Volatility (% p.a.)	NA	NA	50-55	50-55



Particulars	Details			April 1, 2021 till the date of this Draft Red Herring Prospectus
	Fiscal 2019	Fiscal 2020	Fiscal 2021	
- Risk Free Rate of Return (%)	NA	NA	4.00-4.69	4.00-4.69
- Dividend Yield (% p.a.)	NA	NA	Nil	Nil
- Exercise price per share (₹)	NA	NA	Loyalty options- 10, Gold, Platinum, Ruby- 177.96	Loyalty options- 10, Gold, Platinum, Ruby- 177.96
The weighted average share price on the date of grant (₹)	NA	NA	291 & 386	291 & 386
Impact on the profits and on the Earnings Per Share of the last three years if the accounting policies specified in the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 had been followed, in respect of options granted in the last three years	Not applicable because the company has accounted employee compensation in books using the fair value of options.			
Intention of key managerial personnel and whole-time directors who are holders of Equity Shares allotted on exercise of options to sell their shares within three months after the listing of Equity Shares pursuant to the Offer	NA			
Intention to sell Equity Shares arising out of the ESOP scheme or allotted under an ESOP scheme within three months after the listing of Equity Shares by directors, senior managerial personnel and employees having Equity Shares arising out of the ESOP scheme, amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions)	NA			

#### Sapphire Foods Employee Stock Option Scheme 2019 – “Scheme IV”- CEO

Particulars	Details			April 1, 2021 till the date of this Draft Red Herring Prospectus
	Fiscal 2019	Fiscal 2020	Fiscal 2021	
Total options outstanding as at the beginning of the period	Nil	Nil	Nil	861,156
Options granted during the year/ period	Nil	Nil	684,318	Nil

Particulars	Details			
	Fiscal 2019	Fiscal 2020	Fiscal 2021	April 1, 2021 till the date of this Draft Red Herring Prospectus
Options vested	Nil	Nil	Nil	45,128
Options exercised	Nil	Nil	180,511	Nil
Options forfeited/lapsed/cancelled	Nil	Nil	Nil	Nil
Options transferred from scheme I and scheme II	Nil	Nil	357,349	Nil
Total options outstanding as at the end of the period	Nil	Nil	861,156	861,156
Total options granted	Nil	Nil	684,318	Nil
Vesting period	NA	NA	2.2-3.5	2.2-3.5
Exercise price of options in ₹ (as on the date of grant options)	NA	NA	10	
Variation of terms of options	NA	NA	Variation on December 30, 2020 by introduction of Ruby options and change in the performance targets	Variation on July 9, 2021 for acceleration of vesting at Board discretion.
Money realized by exercise of options (₹)	NA	NA	1,805,110	NA
Total number of options outstanding in force	NA	NA	861,156	861,156
The total number of Equity Shares arising as a result of exercise of granted options (including options that have been exercised)	NA	NA	861,156	861,156
Employee wise details of options granted to:				
(i) Key managerial personnel	Sanjay Purohit - 684,318 options			
(ii) Any other employee who receives a grant in any one year of options amounting to 5% or more of the options granted during the year	NIL			
(iii) Identified employees who were granted options during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	Sanjay Purohit - 684,318 options			

Particulars	Details			
	Fiscal 2019	Fiscal 2020	Fiscal 2021	April 1, 2021 till the date of this Draft Red Herring Prospectus
Diluted earnings per share pursuant to the issue of equity shares on exercise of options in accordance with IND AS 33 'Earnings Per Share'	NA	NA	*(19.06)	NA
	*The outstanding potential equity shares had an anti-dilutive effect on EPS, hence there was no dilution of EPS.			
Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference, if any, between employee compensation cost so computed and the employee compensation calculated on the basis of fair value of the stock options and the impact of this difference, on the profits of the Company and on the earnings per share of the Company	Not applicable because the Company has accounted employee compensation in books using the fair value of options.			
Description of the pricing formula and the method and significant assumptions used to estimate the fair value of options granted during the year including, weighted average information, namely, risk-free interest rate, expected life, expected volatility, expected dividends, and the price of the underlying share in the market at the time of grant of option	Black Scholes model			
-Expected life of options (years)	NA	NA	2.2-3.5	2.2-3.5
- Volatility (% p.a.)	NA	NA	50-55	50-55
- Risk Free Rate of Return (%)	NA	NA	4.00-4.69	4.00-4.69
- Dividend Yield (% p.a.)	NA	NA	Nil	Nil
- Exercise price per share (₹)	NA	NA	10	10
The weighted average share price on the date of grant (₹)	NA	NA	291 & 386	291 & 386
Impact on the profits and on the Earnings Per Share of the last three years if the accounting policies specified in the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 had been followed, in respect of options granted in the last three years	Not applicable because the company has accounted employee compensation in books using the fair value of options.			

Particulars	Details			
	Fiscal 2019	Fiscal 2020	Fiscal 2021	April 1, 2021 till the date of this Draft Red Herring Prospectus
Intention of key managerial personnel and whole-time directors who are holders of Equity Shares allotted on exercise of options to sell their shares within three months after the listing of Equity Shares pursuant to the Offer	Sanjay Purohit - 180,511 options			
Intention to sell Equity Shares arising out of the ESOP scheme or allotted under an ESOP scheme within three months after the listing of Equity Shares by directors, senior managerial personnel and employees having Equity Shares arising out of the ESOP scheme, amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions)	NA			

12. Our Company, our Directors and the BRLMs have not entered into any buy-back arrangement for the purchase of Equity Shares of our Company.
13. Neither the BRLMs nor their associates hold any Equity Shares as on the date of filing of this Draft Red Herring Prospectus.
14. Except as disclosed in this Draft Red Herring Prospectus, our Promoters have not undertaken any purchase or sale of Equity Shares of our Company since incorporation. All the Equity Shares held by our Promoters are fully paid-up. Further, all the Equity Shares held by our Promoters were fully paid-up on the respective dates of allotment/ transfer of such Equity Shares.
15. No person connected with the Offer, including, but not limited to, the BRLMs, the Syndicate Members, our Company, the Selling Shareholders, our Subsidiaries, the Directors, the Promoters or the members of our Promoter Group and Group Companies, shall offer in any manner whatsoever any incentive, whether direct or indirect, in cash, in kind or in services or otherwise to any Bidder for making a Bid, except for fees or commission for services rendered in relation to the Offer.
16. Our Company has not issued any Equity Shares out of its revaluation reserves.
17. The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of filing this Draft Red Herring Prospectus. The Equity Shares to be transferred pursuant to the Offer shall be fully paid-up at the time of Allotment, failing which no Allotment shall be made.
18. Except for options that may be granted pursuant to the ESOP 2017, there are no outstanding convertible securities or any other right which would entitle any person any option to receive Equity Shares as on the date of this Draft Red Herring Prospectus.
19. Except for the allotment of shares pursuant to the Scheme of Arrangement, our Company has not allotted any Equity Shares in terms of any scheme approved under Sections 391 to 394 of the Companies Act, 1956 or Sections 230 to 234 of the Companies Act, 2013. For more details, please see “*Notes to the Capital Structure –History of Equity Share capital of our Company*”, and “*History and Certain Corporate Matters*” - on pages

89 and 192 respectively.

20. Except for the allotment of Equity Shares upon any exercise of options vested pursuant to the ESOP 2017, our Company presently does not intend or propose to alter the capital structure for a period of six months from the Bid/ Offer Opening Date, by way of split or consolidation of the denomination of Equity Shares, or further issue of Equity Shares, whether on a preferential basis or by way of issue of bonus or rights or further public issue of Equity Shares or qualified institutions placement or otherwise.
21. Except for allotment of Equity Shares upon any exercise of options vested pursuant to the ESOP 2017, there will be no further issue of Equity Shares whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from filing of the Draft Red Herring Prospectus with SEBI until the Equity Shares have been listed on the Stock Exchanges or all application monies have been refunded, as the case may be.
22. The Equity Shares of our Company held by the Promoters and the Promoter Group are held in dematerialised form, as on the date of this Draft Red Herring Prospectus.
23. As on the date of this Draft Red Herring Prospectus, none of the Equity Shares held by our Promoters are pledged.
24. There have been no financing arrangements whereby our Promoters, the directors of Sapphire Foods Mauritius Limited, who is our corporate promoter, members of the Promoter Group, our Directors and their relatives have financed the purchase by any other person of securities of our Company during a period of six months immediately preceding the date of this Draft Red Herring Prospectus.
25. Except to the extent of Equity Shares offered by the Promoters in the Offer for Sale, our Promoters and members of our Promoter Group will not submit Bids, or otherwise participate in this Offer.
26. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law.
27. Our Company shall ensure that transactions in the Equity Shares by the Promoters and the Promoter Group, if any, during the period between the date of filing the Red Herring Prospectus with the RoC and the date of closure of the Offer shall be reported to the Stock Exchanges within 24 hours of the transactions.

## OBJECTS OF THE OFFER

The objects of the Offer are to (i) carry out the Offer for Sale of up to 17,569,941 Equity Shares by the Selling Shareholders, (ii) achieve the benefits of listing the Equity Shares on the Stock Exchanges, and (iii) enhancement of our Company's brand name amongst our existing and potential customers and creation of a public market for our Equity Shares in India.

### Utilisation of the Offer Proceeds by Selling Shareholders

Our Company will not directly receive any proceeds from the Offer (the "Offer Proceeds") and all the Offer Proceeds will be received by the Selling Shareholders, in proportion to the Offered Shares sold by the respective Selling Shareholders as part of the Offer. For details regarding the Offer related expenses, see "- Offer related expenses" on page 115. For details of Offered Shares by each Selling Shareholder, see "The Offer" beginning on page 79.

### Offer related expenses

The total expenses of the Offer are estimated to be approximately ₹ [●] million.

The Offer related expenses primarily include fees payable to the BRLMs and legal counsels, fees payable to the Auditors, brokerage and selling commission, underwriting commission, commission payable to Registered Brokers, RTAs, CDPs, SCSBs' fees, Sponsor Bank's fees, Registrar's fees, printing and stationery expenses, advertising and marketing expenses and all other incidental and miscellaneous expenses for listing the Equity Shares on the Stock Exchanges.

Other than the (i) listing fees, (ii) audit fees of the Statutory Auditors (other than the fees and expenses of the Statutory Auditors which are attributable to the Offer) and (iii) expenses for any corporate advertisements i.e. any corporate advertisements consistent with past practices of the Company (other than the expenses relating to marketing and advertisements undertaken in connection with the Offer) which will be solely borne by our Company, all other costs and expenses directly attributable to the Offer shall be borne by the Selling Shareholders in proportion to the number of Equity Shares sold by each of them in the Offer and will be in line with the requirements of Section 28(3) of the Companies Act, 2013. The cost and expenses to be borne by the Selling Shareholders and the Company and the mechanism for the same shall be as agreed in the Offer Agreement.

The estimated Offer related expenses are as follows:

<i>(₹ in million)</i>				
S. No	Activity	Estimated amount <sup>(1)</sup> (₹ in million)	As a % of total estimated Offer Expenses <sup>(1)</sup>	As a % of Offer Size <sup>(1)</sup>
1.	BRLMs fees and commissions (including underwriting commission)	[●]	[●]	[●]
2.	Brokerage, selling commission, bidding charges, processing fees and bidding charges for the Members of the Syndicate, Registered Brokers, SCSBs, RTAs and CDPs <sup>(2)(3)(4)(5)(6)</sup>	[●]	[●]	[●]
3.	Advertising and marketing expenses for the Offer	[●]	[●]	[●]
4.	Other expenses	[●]	[●]	[●]
	(i) Listing fees, SEBI filing fees, BSE & NSE processing fees, book building software fees,			
	(ii) Other regulatory expenses,			
	(iii) Printing and stationery expenses			
	(iv) Fees payable to the legal counsel	[●]	[●]	[●]
	(v) Fees payable to other advisors to the Offer	[●]	[●]	[●]
	(vi) Miscellaneous			
	<b>Total Estimated Offer Expenses</b>	[●]	[●]	[●]

<sup>(1)</sup> Amounts will be finalised and incorporated in the Prospectus on determination of Offer Price

<sup>(2)</sup> Selling commission payable to the SCSBs on the portion for Retail Individual Bidders and Non-Institutional Bidders, which are directly procured by the SCSBs, would be as follows:

Portion for Retail Individual Bidders*	[●]% of the Amount Allotted* (plus applicable taxes)
Portion for Non-Institutional Bidders*	[●]% of the Amount Allotted* (plus applicable taxes)

\*Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price

No processing fees shall be payable by our Company and the Selling Shareholders to the SCSBs on the applications directly procured by them.

(3) Processing fees payable to the SCSBs on the portion for Retail Individual Bidders and Non-Institutional Bidders which are procured by the members of the Syndicate/sub-Syndicate/Registered Broker/RTAs/ CDPs and submitted to SCSB for blocking, would be as follows:

Portion for Retail Individual Bidders	₹[●] per valid application (plus applicable taxes)
Portion for Non-Institutional Bidders	₹[●] per valid application (plus applicable taxes)

(4) The Processing fees for applications made by Retail Individual Bidders using the UPI Mechanism would be as follows:

Members of the Syndicate / RTAs / CDPs	₹[●] per valid application (plus applicable taxes)
Sponsor Bank	[●] per valid Bid cum Application Form* (plus applicable taxes) The Sponsor Bank shall be responsible for making payments to the third parties such as remitter bank, NCPI and such other parties as required in connection with the performance of its duties under the SEBI circulars, the Syndicate Agreement and other applicable laws.

\*For each valid application

(5) Selling commission on the portion for Retail Individual Bidders and Non-Institutional Bidders which are procured by members of the Syndicate (including their sub-Syndicate Members), Registered Brokers, RTAs and CDPs would be as follows:

Portion for Retail Individual Bidders	[●]% of the Amount Allotted* (plus applicable taxes)
Portion for Non-Institutional Bidders	[●]% of the Amount Allotted* (plus applicable taxes)

\*Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price

(6) Bidding charges of ₹ [●] (plus applicable taxes) shall be paid per valid Bid cum Application Form collected by the Syndicate, RTAs and CDPs (excluding applications made by Retail Individual Investors using the UPI mechanism). The terminal from which the Bid has been uploaded will be taken into account in order to determine the total bidding charges. No additional bidding charges shall be payable to SCSBs on the Bid cum Application Forms directly procured and bid by them.

(7) Selling commission payable to the Registered Brokers on the portion for Retail Individual Investors and, Non-Institutional Investors which are directly procured by the Registered Brokers and submitted to SCSB for processing, shall be ₹ [●] per valid Bid cum Application Form (plus applicable taxes).

The Selling Commission payable to the Syndicate / Sub-Syndicate Members will be determined on the basis of the application form number / series, provided that the application is also bid by the respective Syndicate / Sub-Syndicate Member. For clarification, if a Syndicate ASBA application on the application form number / series of a Syndicate / Sub-Syndicate Member, is bid by an SCSB, the Selling Commission will be payable to the SCSB and not the Syndicate / Sub-Syndicate Member. The selling commission and bidding charges payable to Registered Brokers the RTAs and CDPs will be determined on the basis of the bidding terminal ID as captured in the bid book of BSE or NSE.

In addition to the selling commission referred above, any additional amount(s) to be paid by our Company and Selling Shareholders shall be as mutually agreed amongst the Book Running Lead Manager, their respective Syndicate Members, our Company and Selling Shareholders before the opening of the Issue.

### Monitoring of Utilisation of Funds

As the Offer is an offer for sale of Equity Shares, our Company will not receive any proceeds from the Offer. Accordingly, no monitoring agency will be appointed for the Offer.

### Other Confirmations

Our Directors, KMPs and Promoter Group will not receive any portion of the Offer Proceeds. Except to the extent of any proceeds received pursuant to the sale of Equity Shares proposed to be sold in the Offer, none of our Promoters, or Group Companies will receive any portion of the Offer Proceeds.

## BASIS FOR OFFER PRICE

The Price Band and the Offer Price will be determined by our Company and the Selling Shareholders, in consultation with the BRLMs, on the basis of assessment of market demand for the Equity Shares offered in the Offer through the Book Building Process and on the basis of the qualitative and quantitative factors as described below. The face value of the Equity Shares is ₹ 10 each and the Offer Price is [●] times the Floor Price and [●] times the Cap Price. Investors should also refer to the sections “*Our Business*”, “*Risk Factors*”, “*Restated Financial Statements*” and “*Management Discussion and Analysis*” on pages 159, 28, 236 and 312 respectively, to have an informed view before making an investment decision.

### Qualitative Factors

Some of the qualitative factors and our strengths which form the basis for computing the Offer Price are as follows:

- Leading QSR brands with a substantial market presence and scale;
- Strong relationship with YUM;
- Continuous focus on delivering great customer experience;
- Operational excellence;
- Scalable new restaurant economic model for expansion; and
- Great place to work led by experienced management team and backed by institutional capital.

For further details, please see “*Our Business – Strength*” on page 161.

### Quantitative factors

Certain information presented below relating to our Group is derived from the Restated Financial Statements beginning on page 236.

Some of the quantitative factors, which may form the basis for computing the Offer Price, are as follows:

#### 1. *Basic and Diluted Earnings Per Equity Share (“EPS”)*<sup>(1) (2)</sup>

Financial Period	Basic EPS (in ₹)	Diluted EPS, (in ₹)*	Weightage
Financial Year ended March 31, 2021	(19.04)	(19.04)	3
Financial Year ended March 31, 2020	(31.36)	(31.36)	2
Financial Year ended March 31, 2019	(14.95)	(14.95)	1
<b>Weighted Average</b>	<b>(22.46)</b>	<b>(22.46)</b>	

\*Potential equity shares are anti-dilutive and hence the effect of anti-dilutive potential equity shares is ignored in calculating diluted earnings per share.

#### Notes:

(1) Earnings per share (EPS) calculation is in accordance with the notified Ind AS 33 ‘Earnings per share’ prescribed by the Companies (Indian Accounting Standards) Rules, 2015.

The ratios have been computed as below:

Basic EPS (₹) = Basic earnings per share are calculated by dividing the net restated profit or loss for the year attributable to equity shareholders by the weighted average number of Equity Shares outstanding during the year.

(2) Diluted EPS (₹) = Diluted earnings per share are calculated by dividing the net restated profit or loss for the period attributable to equity shareholders by the weighted average number of Equity Shares outstanding during the year/period as adjusted for the effects of all dilutive potential Equity Shares outstanding during the year/period.

(3) Weighted Average Number of Equity Shares is the number of equity shares outstanding at the beginning of the year adjusted by the number of equity shares issued during the year multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the year.

(4) 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



(5) The Weighted Average basic and diluted EPS is a product of basic and diluted EPS and respective assigned weight, dividing the resultant by total aggregate weight.

## 2. Price Earning (“P/E”) Ratio in relation to the Price Band of ₹ [●] to ₹ [●] per Equity Share

Particulars	P/E at the Floor Price (number of times)	P/E at the Cap Price (number of times)
Based on Basic EPS for the financial year ended March 31, 2021	[●]	[●]
Based on Diluted EPS for the financial year ended March 31, 2021	[●]	[●]

## Industry Peer Group P/E ratio

Particulars	P/E Ratio
Highest	211.73
Lowest	N.A.
Industry Composite	211.73

Notes:

The industry high and low has been considered from the industry peer set provided later in this section. The industry composite has been calculated as the arithmetic average of P/E for industry peer set disclosed in this section. For further details, see “– Comparison of Accounting Ratios with listed industry peers” on page 118.

## 3. Return on Net Worth for equity shareholders (RoNW) as derived from the Restated Financial Statements

Financial Period	RoNW (%)	Weightage
Financial Year ended March 31, 2021	(22.16)	3
Financial Year ended March 31, 2020	(32.23)	2
Financial Year ended March 31, 2019	(18.59)	1
<b>Weighted Average</b>	<b>(24.92)</b>	

- (1) Return on Net Worth (%) = Restated loss for the year after tax attributable to equity share holders of the parent divided by Restated net worth for equity shareholders.
- (2) Restated Net worth for equity shareholders means the aggregate value of the Equity Share Capital of our Company and Securities Premium, Retained Earnings, Share options outstanding account and foreign currency translation reserve.
- (3) The weighted average return on net worth is a product of return on net worth and respective assigned weight, dividing the resultant by total aggregate weight.

## 4. Net Asset Value per Equity Share (NAV)

Fiscal/ Period Ended	NAV (₹)
As on March 31, 2021	84.16
After the completion of the Offer	At the Floor Price: [●] At the Cap Price: [●]
Offer Price	[●]

Notes:

- (1) Offer Price per Equity Share will be determined on conclusion of the Book Building Process.
- (2) NAV per Equity Share has been computed as restated net worth for equity shareholders at the end of the year divided by total number of Equity Shares outstanding at the end of the year
- (3) Restated Net worth for equity shareholders means the aggregate value of the Equity Share Capital of our Company and Securities Premium, Retained Earnings, Share options outstanding account and foreign currency translation reserve.

## 5. Comparison of Accounting Ratios with Listed Industry Peers for the Financial Year 2021

The following peer group has been determined on the basis of companies listed on Indian stock exchanges, whose business profile is comparable to our businesses:

Name of the company	Total Income (₹ in million)	Face Value (₹)	P/E	EPS (Basic) (₹)	EPS (Diluted)(₹)	RoNW (%)	NAV per equity share (₹)
Sapphire Foods India Limited*	10,812.35	10	[●]	(19.04)	(19.04)	(22.16)	84.16
<b>Listed Peers</b>							
Jubilant FoodWorks Limited	33,849.49	10	211.73	17.55	17.55	16.16	108.12
Westlife Development Limited	10,303.32	2	NA^	(6.38)	(6.38)	(20.66)	30.89
Burger King India Limited	5,229.32	10	NA^	(5.47)	(5.47)	(25.82)	17.59

Source: Financial information for aforementioned listed peers are sourced from the consolidated financial statements for the fiscal year ended March 31, 2021 submitted to stock exchanges by such companies.

\* Financial information for Sapphire Foods India Limited is derived from the Restated Consolidated Financial Statements for fiscal year 2021.

^ Not applicable since EPS is negative

Notes for Listed Peers

1. Basic EPS and Diluted EPS refer to the Basic EPS and Diluted EPS sourced from the financial statements of the respective company.
2. P/E Ratio has been computed based on the closing market price of equity shares on NSE on August 6, 2021 divided by the Diluted EPS provided under Note 1
3. P/E Ratio has been computed based on the closing market price of equity shares on NSE on August 6, 2021 divided by the Diluted EPS provided under Note 1.
4. Net asset value per share (in ₹) = closing net worth divided by the equity shares outstanding as on March 31 of the respective year.

### The Offer Price is [●] times of the face value of the Equity Shares.

The Offer Price of ₹ [●] has been determined by our Company and the Selling Shareholders in consultation with the BRLMs, on the basis of assessment of demand from investors for Equity Shares through the Book Building Process and, is justified in view of the above qualitative and quantitative parameters.

Investors should read the above-mentioned information along with “Risk Factors”, “Our Business”, and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 28, 159 and 312, respectively, to have a more informed view. The trading price of the Equity Shares could decline due to the factors mentioned in the “Risk Factors” beginning on page 28 and you may lose all or part of your investments.

## STATEMENT OF SPECIAL TAX BENEFITS

### STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE APPLICABLE LAWS IN INDIA

The Board of Directors  
Sapphire Foods India Limited  
(Formerly known as Sapphire Foods India Private Limited)  
702, A wing, Prism Tower  
Link Road, Mindspace, Goregaon West  
Mumbai, Maharashtra (400062)

Dear Sirs,

#### **Statement of Special Tax Benefits available to Sapphire Foods India Limited ('Company') and its shareholders under the Indian tax laws**

1. We hereby confirm that the enclosed Annexure, prepared by the Company, provides the special tax benefits available to the Company and to the shareholders of the Company under the Income-tax Act, 1961 ('the Act') as amended by the Finance Act 2021, i.e. applicable for the Financial Year 2021-22 relevant to the assessment year 2022-23, the Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 ("GST Act"), the Customs Act, 1962 ("Customs Act") and the Customs Tariff Act, 1975 ("Tariff Act") as amended by the Finance Act 2021, i.e., applicable for the Financial Year 2021-2022 relevant to the assessment year 2022-2023, presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Company and / or its shareholders to derive the tax benefits is dependent upon their fulfilling such conditions which, based on business imperatives the Company faces in the future, the Company or its shareholders may or may not choose to fulfil.
2. The benefits discussed in the enclosed statement are not exhaustive and the preparation of the contents stated is the responsibility of the Company's management. We are informed that these statements are only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the proposed Initial Public Offer of equity shares of face value of Rs. 10 each of the Company (the "Offer").
3. We do not express any opinion or provide any assurance as to whether:
  - i) the Company or its shareholders will continue to obtain these benefits in future;
  - ii) the conditions prescribed for availing the benefits have been / would be met with; and
  - iii) the revenue authorities/courts will concur with the views expressed herein.
4. The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of their understanding of the business activities and operations of the Company.
5. This Statement is issued solely in connection with the Issue of the Company and is not to be used, referred to or distributed for any other purpose.

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

Sd/-

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per Vikram Mehta  
Partner  
Membership Number: 105938  
Place of Signature: Mumbai  
Date: August 6, 2021

## ANNEXURE 1

### STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO SAPPHIRE FOODS INDIA LIMITED (THE "COMPANY") AND ITS SHAREHOLDERS

#### I. UNDER THE INCOME-TAX ACT, 1961 (hereinafter referred to as 'the Act')

##### 1. Special tax benefits available to the Company under the Act

There are no special tax benefits available to the Company.

##### 2. Special tax benefits available to the shareholders under the Act

There are no special tax benefits available to the shareholders of the Company.

Notes:

The above Statement sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.

1. The above statement covers only certain relevant special direct tax law benefits and does not cover any indirect tax law benefits or benefit under any other law.
2. The above statement of special tax benefits are as per the current direct tax laws relevant for the assessment year 2022-23. Several of these benefits are dependent on the Company or its shareholder fulfilling the conditions prescribed under the relevant tax laws.
3. This statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her investment in the shares of the Company.
4. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

For Sapphire Foods India Limited

Sd/-  
Vijay Jain  
Chief Financial Officer

Place: Mumbai  
Date: August 6, 2021

## ANNEXURE 2

### STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO SAPPHIRE FOODS INDIA LIMITED (THE "COMPANY") AND ITS SHAREHOLDERS

II. The Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 ("GST Act"), the Customs Act, 1962 ("Customs Act") and the Customs Tariff Act, 1975 ("Tariff Act") (collectively referred to as "indirect tax")

1. Special indirect tax benefits available to the Company

There are no special tax benefits available to the Company.

2. Special indirect tax benefits available to Shareholders

There are no indirect tax benefits applicable in the hands of the shareholders for investing in the shares of the Company.

Notes:

1. The above statement is based upon the provisions of the specified Indirect tax laws, and judicial interpretation thereof prevailing in the country, as on the date of this Annexure.

2. We have been given to understand that the Company has:

- not availed any input tax credit in respect of goods and services procured by them;
- not claimed any exemption / benefit under the GST Act;
- not exported any goods or services outside India;
- not imported any goods or services from outside India;
- not made any fresh investment in any State of the country and has not claimed any incentive under any State Incentive Policy.

3. The above statement covers only above-mentioned tax laws benefits and does not cover any income tax law benefits or benefit under any other law.

4. This Annexure is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her investment in the shares of the Company.

5. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

For Sapphire Foods India Limited

Sd/-  
Vijay Jain  
Chief Financial Officer

Place: Mumbai  
Date: August 6, 2021

**STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO THE MATERIAL SUBSIDIARY UNDER THE INLAND REVENUE ACT AND VAT ACT IN SRI LANKA**

The Board of Directors  
Gamma Pizzakraft Lanka (Pvt) Ltd,  
No. 55/25, Vauxhall Lane,  
Colombo 02.

Dear Sirs,

**Statement of Special Tax Benefits available to Gamma Pizzakraft Lanka (Pvt) Ltd ('Company') and its shareholders under the Inland Revenue Act and Vat Act in Sri Lanka.**

1. We hereby confirm that the enclosed Annexure, prepared by the Company, provides the special tax benefits available to the Company under the Inland Revenue Act, No. 24 OF 2017 as amended ('the IR Act') relevant to the year of assessment year 2021 / 2022, the Value Added Tax Act No 14 of 2002 as amended (the VAT Act) relevant to the year of assessment year 2021 / 2022, presently in force in Sri Lanka. Several of these benefits are dependent on the Company fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Company to derive the tax benefits is dependent upon their fulfilling such conditions which, based on business imperatives the Company faces in the future, the Company may or may not choose to fulfil.
2. The benefits discussed in the enclosed statement are not exhaustive and the preparation of the contents stated is the responsibility of the Company's management. We are informed that these statements are only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the proposed Sapphire Foods India Limited Initial Public Offer of equity shares (the "Offer")
3. We do not express any opinion or provide any assurance as to whether:
  - i) the Company will continue to obtain these benefits in future;
  - ii) the conditions prescribed for availing the benefits have been / would be met with; and
  - iii) the revenue authorities / courts will concur with the views expressed herein.
4. The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of their understanding of the business activities and operations of the Company.
5. This Statement is issued solely in connection with the offer of the Company and is not to be used, referred to or distributed for any other purpose.

Yours faithfully,

**Sd/-**  
**CECIL ARSECULERATNE & CO,**  
**Chartered Accountants,**  
**Colombo – Sri Lanka**  
**Date: August 7, 2021**

## ANNEXURE 1

### STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY UNDER THE INLAND REVENUE ACT AND VAT ACT IN SRI LANKA

#### I. UNDER THE INLAND REVENUE ACT, NO. 24 OF 2017 AS AMENDED (hereinafter referred to as “the IR Act)

##### 1. Special tax benefits available to the Company under the IR Act

There are no special tax benefits available to the Company under the IR Act.

Notes:

1. The above statement sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.
2. The above statement covers only certain relevant special direct tax law benefits and does not cover any indirect tax law benefits or benefit under any other law.
3. The above statement of special tax benefits are as per the current direct tax laws relevant for the assessment year 2021-22. Several of these benefits are dependent on the Company fulfilling the conditions prescribed under the relevant tax laws.
4. This statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her investment in the shares of the Company.
5. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

For Gamma Pizzakraft Lanka (Pvt) Ltd

Sd/-  
Chief Financial Officer  
Place: Sri Lanka  
Date: August 7, 2021



## ANNEXURE 2

### STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY UNDER THE INLAND REVENUE ACT AND VAT ACT IN SRI LANKA

#### II. VALUE ADDED TAX ACT NO 14 OF 2002 AS AMENDED (hereinafter referred to as 'the VAT Act')

##### 1. Special tax benefits available to the Company under the VAT Act

There are no special tax benefits available to the Company under the VAT Act.

##### Notes:

1. The above Statement sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.
2. The above statement covers only certain relevant special indirect tax law benefits and does not cover any direct tax law benefits or benefit under any other law.
3. The above statement of special tax benefits are as per the current indirect tax laws relevant for the assessment year 2021-22. Several of these benefits are dependent on the Company fulfilling the conditions prescribed under the relevant tax laws.
4. This statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequence of his/her investment in the shares of the Company.
5. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

For Gamma Pizzakraft Lanka (Pvt) Ltd

Sd/-  
Chief Financial Officer.  
Place: Sri Lanka  
Date: August 7, 2021

## SECTION IV – ABOUT OUR COMPANY

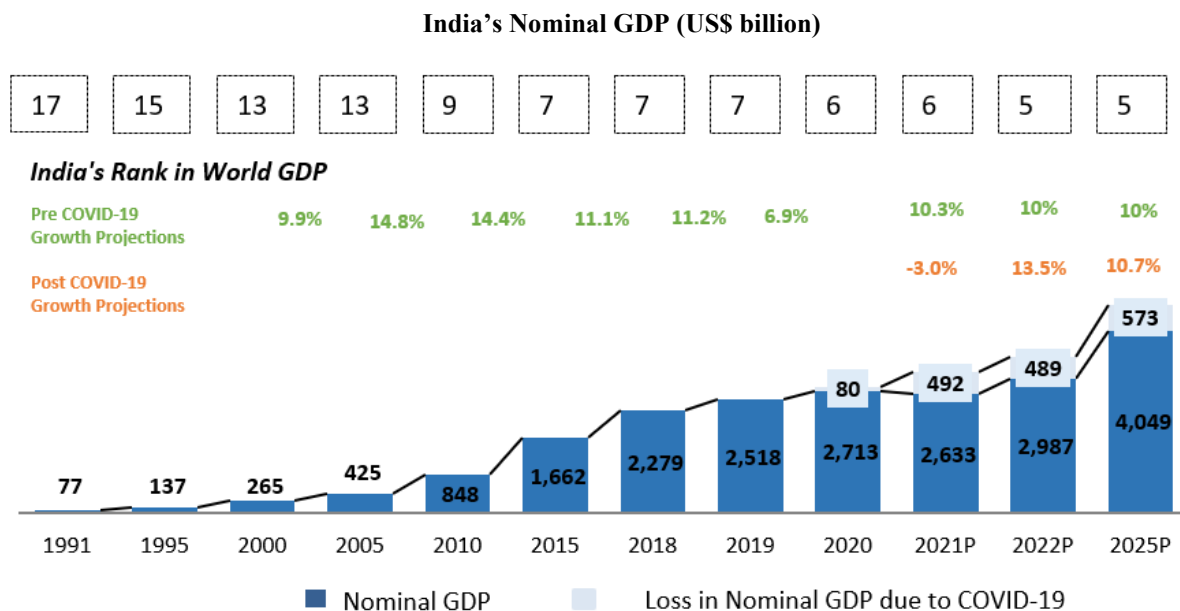
### INDUSTRY OVERVIEW

The information contained in this section is derived from the Technopak Advisors Private Limited report titled “Industry Report on Indian Food Services Market” dated July 23, 2021 (the “Technopak Report”) which were commissioned and paid for by our Company for the purpose of understanding the industry in connection with the Offer, and other publicly available sources. Unless specified otherwise, all information in this section has been derived and excerpted from the Technopak Report. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. For further details and risks in relation to commissioned reports, see “Risk Factors – Internal Risk Factors – We have referred to the data derived from the industry report prepared by Technopak Advisors Private Limited which has been commissioned and paid for by us for the purposes of confirming our understanding of the industry in connection with the Offer.” on page 63.

### INDIAN MACROECONOMIC SNAPSHOT

#### India’s GDP Growth

Since financial year 2005, the Indian economy’s growth rate has been twice as that of the world economy, and India is expected to sustain this growth momentum in the long term. India's real GDP grew at an average of 6% to 7% since financial year 1991 and India has been the fastest-growing G20 economy since financial year 2015, with its annual growth rate in the 7% region. In the wake of the COVID-19 pandemic, India's nominal GDP contracted by approximately 3.0% in financial year 2021, as shown in the figure below, but is expected to bounce back and reach US\$ 4.0 trillion by financial year 2025. It is also estimated that the growth trajectory of the Indian economy will enable India to be among the top three global economies by financial year 2050.



Source: RBI Data, Economic Survey, World Bank, EIU, IMF  
 US\$ 1 = ₹ 75

#### Per capita GDP

India's per capita consumption at current price was US\$ 2,104 in financial year 2019 and is expected to grow at a CAGR of 6.4% between financial year 2020 and financial year 2025 to reach approximately US\$ 3,060 by financial year 2025, largely expected to be aided by an increase in the quality of education, rising income levels of the younger demographic groups, an increase in the working age population and a shift of social and cultural factors. The figure below shows GDP per capita consumption in selected countries:

#### Country-wise GDP per Capita Consumption (at Current US\$)

Country	CY 2010	CY 2011	CY 2012	CY 2013	CY 2014	CY 2015	CY 2016	CY 2017	CY 2018	CY 2019	CY 2025 Projected
USA	48,467	49,883	51,603	53,107	55,033	56,803	57,904	59,928	62,641	65,118	71,924
China	4,550	5,618	6,317	7,051	7,651	8,033	8,079	8,759	9,771	10,261	13,599
UK	39,080	41,653	42,019	42,938	46,968	44,472	40,540	39,932	42,491	42,300	37,056
India*	1,357	1,458	1,444	1,450	1,574	1,605	1,729	1,981	2,015	2,104	3,060
Brazil	11,286	13,246	12,370	12,300	12,113	8,814	8,713	9,881	8,921	8,717	8,610
Indonesia	3,122	3,643	3,694	3,624	3,492	3,332	3,563	3,837	3,894	4,135	5,252
Russia	10,675	14,351	15,435	16,007	14,101	9,314	8,745	10,751	11,289	11,585	12,673
Turkey	10,672	11,336	11,707	12,519	12,096	10,949	10,821	10,500	9,311	9,042	8,639
Saudi Arabia	19,263	23,746	25,243	24,845	24,464	20,628	19,879	20,804	23,219	23,139	NA
South Africa	7,329	8,007	7,501	6,829	6,428	5,733	5,262	6,121	6,340	6,001	6,160

Source: Up to 2019 numbers from World Bank Data, Forecasted numbers from CEIC

\*Year indicates financial year

\*Calendar year 2019 indicates financial year 2020 for India

#### Comparison with other countries

Despite its fast growth, India's GDP is small in absolute terms when compared to the GDP of larger economies. In 2019, India's GDP was approximately one eighth of that of the United States and approximately one fifth of that of China. The figure below shows the GDP of key countries:

#### Country-wise GDP (US\$ Tn)

Country	CY 2010	CY 2011	CY 2012	CY 2013	CY 2014	CY 2015	CY 2016	CY 2017	CY 2018	CY 2019	CY 2025 Projected	CAGR FY 19-25
USA	15	15.5	16.2	16.8	17.5	18.2	18.7	19.5	20.5	21.37	22.1	0.6%
China	6.1	7.6	8.5	9.6	10.4	11	11.1	12.1	13.6	14.3	17.6	3.5%
Japan	5.7	6.2	6.2	5.2	4.9	4.4	4.9	4.9	5.0	5.1	4.9	-0.7%
Germany	3.4	3.7	3.5	3.7	3.9	3.4	3.5	3.7	3.9	3.8	3.8	0.0%
UK	2.5	2.6	2.7	2.8	3	2.9	2.7	2.6	2.8	2.8	2.8	0.0%
India*	0.9	1	1.2	1.4	1.66	1.7	1.9	2.27	2.4	2.7	4.07	7.0%

Brazil	2.2	2.6	2.5	2.5	2.5	1.8	1.8	2.1	1.9	1.8	2.0	1.8%
Russia	1.5	2.1	2.2	2.3	2.1	1.4	1.3	1.6	1.7	1.7	1.5	-2.1%
Indonesia	0.8	0.9	0.9	0.9	0.9	0.9	0.9	1	1	1.1	1.3	2.8%
Turkey	0.8	0.8	0.9	1	0.9	0.9	0.9	0.9	0.8	0.8	1.1	5.5%
Saudi Arabia	0.5	0.7	0.7	0.7	0.8	0.7	0.6	0.7	0.8	0.8	NA	NA
South Africa	0.4	0.4	0.4	0.4	0.4	0.3	0.3	0.3	0.4	0.4	0.4	0.0%

Source: India data from RBI, Up to 2019 data from World Bank, future growth rate from OECD data, Technopak analysis

US\$ 1 = ₹ 75 (for India numbers)

\*Calendar year 2019 indicates financial year 2020 for India

## Demographic Profile of India

### Young population

India has one of the youngest populations globally compared to other leading economies. The median age in India is estimated to be 28.1 years in 2021, compared to 38.1 years and 37.4 years in the United States and China, respectively, as shown in the figure below, and is expected to remain under 30 years until 2030.

#### Median Age: Key Emerging & Developed Economies (Calendar Year 2021 Estimated)

Country	India	China	USA	Singapore	Russia	Korea	Canada	UK
Median Age (Yrs)	28.1	37.4	38.1	34.6	39.6	41.8	42.2	40.5

Source: World Population Review, Technopak analysis

The size of India's young population has contributed to a decline in the dependence ratio (the ratio of dependent population size compared to the working-age population size of between 15 to 64 years of age), which has decreased from 64% in financial year 2000 to 50% in financial year 2018. Such decreasing trend in the dependence ratio is expected to lead to rising income levels per household as well as higher levels of discretionary expenditure.

Young segments of the populations are naturally pre-disposed to adopting new trends, given their educational profile and their exposure to media and technology, which presents an opportunity for domestic consumption in the form of branded behavior, organized retail and product designs.

### Increasing urbanization

India has the second largest urban population in the world in absolute terms, at 472 million in financial year 2019, second only to China. However, only 34.5% of India's population was classified as urban in 2019 compared to the global average of 54%, and to that of other countries as shown in the figure below:

#### Urban Population as Percentage of Total Population of Key Economies (Calendar Year 2019)

Country	India	China	USA	Singapore	Russia	Malaysia	Vietnam	UK
Urban Population as % of total population	34.5%	60.3%	82.4%	100%	74.5%	76.6%	36.6%	83.6%

Source: World Bank

The implementation of a “smart city” initiative by the Indian government aimed at the creation of new urban clusters is expected to accelerate urban development in India. Currently, urban populations contribute 63% of India’s GDP. It is estimated that 37% (541 million) of India's population will be living in urban centers by financial year 2025, and the urban population is expected to contribute 75% of India’s GDP in financial year 2030.

### *Growing middle class*

The growth in the size of the middle class, as shown in the figure below, is expected to drive an increase in discretionary spending, which in turn is expected to cause an increase in spending on premium products, leading to higher expenditure in various categories, including food and beverage, apparel and accessories, luxury products and consumer durables.

#### Household Annual Earning Details

Year	Total House Holds (in Mn.)	Avg. Household Size	HHs with Annual earning US\$ 5000 - 10,000 (Mn.)	% of total HHs	HHs with Annual earning US\$ 10,000 – 50,000 (Mn.)	% share of total HHs
FY 2009	236	4.9	36	15.2%	11	4.7%
FY 2012	254	4.8	60	23.8%	22	8.7%
FY 2015	274	4.6	85	30.9%	36	13.2%
FY 2018	295	4.5	121	41.2%	86	29.3%

Source: EIU, Technopak analysis

### *State-wise demographics of India*

India has more than 28 states, with Rajasthan as the largest in terms of area and Maharashtra being the largest in terms of GDP contribution. The figure below shows the demographic profile of states in India:

#### State-wise Demographic Profile of India

State	Population in Millions (2020 Estimated)	Percentage of Total Population	GDP FY 2019 (Billion)	GDP Contribution (%)	Per Capita Net State Domestic Product (FY 2019)
Maharashtra	126	9.3%	26,328	13.7%	191,736
Uttar Pradesh	225	16.5%	16,682	8.7%	66,512
Tamil Nadu	81	6.0%	16,302	8.5%	193,964
Karnataka	69	5.0%	15,444	8.0%	212,477
Gujarat	68	5.0%	15,029	7.8%	195,845
West Bengal	103	7.5%	10,899	5.7%	101,138
Rajasthan	77	5.7%	9,426	4.9%	110,606
Andhra Pradesh + Telangana	95	7.0%	8,630	4.5%	151,173
Madhya Pradesh	82	6.0%	8,096	4.2%	90,165
Kerala	38	2.8%	7,817	4.1%	204,105
Delhi	19	1.4%	7,749	4.0%	358,430
Haryana	29	2.1%	7,342	3.8%	236,147
Bihar	117	8.6%	5,304	2.8%	40,982
Punjab	31	2.3%	5,264	2.7%	154,313
Odisha	47	3.5%	4,922	2.6%	99,196
Assam	35	2.6%	3,159	1.6%	82,837
Chhattisgarh	29	2.1%	3,041	1.6%	92,413
Jharkhand	37	2.7%	2,972	1.5%	73,155
Uttarakhand	11	0.8%	2,459	1.3%	198,738

Himachal Pradesh	8	0.6%	1,538	0.8%	183,108
Jammu and Kashmir	14	1.0%	1,560	0.8%	92,347
Goa	1.6	0.1%	732	0.4%	430,081
Tripura	4.1	0.3%	498	0.3%	112,849
Meghalaya	3.3	0.2%	335	0.2%	84,725
Arunachal Pradesh	1.6	0.1%	246	0.1%	139,588
Manipur	3.2	0.2%	279	0.1%	75,226
Mizoram	1.2	0.1%	195	0.1%	147,602
Nagaland	2.2	0.2%	273	0.1%	116,882
Sikkim	0.7	0.1%	287	0.1%	380,926
ALL INDIA	1,360.9	100.0%	-	100.0%	-

Source: RBI

### ***Growing number of large cities***

The number of cities with a population of more than 3 lakhs or 0.3 million is expected to increase from 147 in 2011 to 175 in 2025.

### ***Nuclearization***

The growth in the number of households exceeds population growth, which indicates an increase in nuclearization in India. According to the 2011 census, 74% of urban households have five or less members, compared to 65% in 2001. It is expected that smaller households with higher disposable income will lead to a greater expenditure in, among others, jewelry, fashion, packaged food and food services.

### ***Women workforce***

Between 2005 and 2015, enrolment of girls in secondary education increased from 45.3% to 81% and, in financial year 2019, was higher than enrolment of boys. Higher education has also seen an increase in women enrolment, with almost 20% of women pursuing higher education studies compared to 22% of men in financial year 2019. The share of women workforce in the services sector has increased from 17.5% in calendar year 2010 to 28% in calendar year 2019. The overall share of working women increased from approximately 14% in 2000 to approximately 17% in 2010 and approximately 24% in 2018.

These changes are expected to have a broad impact on societal factors, including workforce demographics and economic independence for women. This increase of women in the workforce has seen a shift in household activity, including a downward trend in home-cooked meals and an increase in demand for out-of-home meals from households with working couples.

## **Share of Food Services Spend in Consumption**

### ***Domestic consumption share***

India's share of domestic consumption in its GDP, measured as private final consumption expenditure, was approximately 60% in financial year 2020. In comparison, China's domestic consumption share to GDP in 2019 was 36.8%. The high share of private consumption to GDP may insulate India from volatility in the global economy, but it also implies that sustainable economic growth directly translates into sustained consumer demand for goods and services which are locally produced. India's domestic consumption has grown at a CAGR of 11.1% between financial year 2014 and financial year 2019, compared to 4.3% and 8.2% in the United States and China, respectively.

Food services is a key segment in the Indian economy, which accounted for approximately US\$ 56.5 billion (approximately ₹ 4.24 trillion) in financial year 2020, of which approximately US\$ 22.8 billion (approximately ₹ 1.7 trillion) came from the organized market (chain and organized standalone outlets). Changing consumer dynamics and increasing market proliferation of brands in India are expected to continue to boost the food services sector's growth. The figure below shows the size of the food services industry compared to other services in India:

### Industry-wise Market Size and Contribution to GDP in Financial Year 2020

S. No.	Industry	Market Size FY 2017 (US\$ Bn)	Market Size FY 2019	Market Size FY 2020 (US\$ Bn)	% Contribution to GDP (FY 2020)	CAGR FY 2017-2019	CAGR FY 2019-2020
1	Retail	615	726	796	29.3%	8.66%	9.60%
2	Insurance	67.2	75.6	80.9	3.0%	6.1%	7.00%
3	Food Services	44.8	54.62	56.5	2.1%	10.4%	3.41%
4	Hotels	5.6	6.5	7.0	0.3%	7.7%	8.00%

Source: World Bank, Statista, Technopak Analysis  
US\$ 1 = ₹ 75

#### *Various factors increasing contribution of food services sector to GDP*

##### *Increasing food expenditure at restaurants*

A household spends approximately 38% of its out-of-home dining spend at quick service restaurants (“QSRs”), followed by casual dining restaurants (“CDRs”) (31%) and cafes (14%). The high share of QSRs in the overall spend is driven by easy access, competitive price points, combos and deals, making it as one of the most favored among young people and young office goers.

##### *Increasing non-vegetarian population of India*

According to data released by Government of India in 2014, it was estimated that 72% of males and 71% of females aged 15 years old and above were non-vegetarian.

In states such as Kerala and Tamil Nadu, a very large share of the population (95%) are non-vegetarian. In some states such as Rajasthan, Punjab and Haryana, only 25% to 30% of the population are non-vegetarian. The rise in the non-vegetarian population and increased consumption of protein in the form of meat such as chicken in India creates additional opportunities for ‘out-of-home’ poultry, meat and fish consumption.

##### *Increasing eating-out and ordering-in behavior*

Urban consumers nowadays do not need any special occasion to eat out. Occasions for eating out can vary from going shopping and on casual outings to spending free time.

QSRs are the most preferred destination for eating out. In financial year 2020, 38% of consumers preferred eating at QSRs while only 31% preferred eating at CDRs. Indians are eating out not only to consume food but also to socialize and to experiment with various cuisines. The trend of eating out is increasing across all sections of society, irrespective of economic class.

However, eating out has been affected by lockdowns due to COVID-19. Even when restaurants opened for dine-in, people were hesitant to eat out for a few weeks. Gradually, things began to change with more people dining in over time compared to the first quarter of financial year 2021, although partial or full lockdowns have been re-imposed in certain parts of the country such as Maharashtra as a result of the rise in daily COVID-19 cases since the beginning of April 2021. Once normalcy is restored after the second wave, the concept of ‘revenge eating’ is expected to come into play, leading to faster recovery.

##### *Low per capita spend on food services*

India, as compared to other countries, has one of the lowest per capita spend on eating out. This is primarily due to a higher rural population and preference for eating at home compared to outside. Also, due to less options for eating out in smaller cities and towns, eating out frequency is lower, resulting in India having the least per capita spend on food services, compared to other countries such as USA, China and Brazil as shown in the figure below. However, in the

coming years, eating out frequency is expected to increase due to factors such as growing spending power and increased exposure to different culinary customs across the world, resulting in more experimentation by consumers in India.

### Country-wise Per Capita Spend on Food Services by Urban Population

Countries	Per Capita Spend on Food Services by Urban Population (US \$)		
	CY 2014	CY 2019	CAGR (CY 2014-19)
USA	1,735	2,239	5%
UAE**	1,330	1,631	4%
China	659	684	1%
Saudi Arabia	665	769	3%
Brazil	634	707	2%
South Africa	170	282	11%
Indonesia	219	253	3%
Turkey	124	181	8%
India*	94	122	5%

Source: Technopak research and analysis

\*India data is for financial year 2019

\*\* Spend on Food Services driven by 15.8 million tourists in 2020

1 US\$ = ₹ 75

## INDIAN FOOD SERVICES MARKET OVERVIEW

### Food Services Market Size

The food services market in India has shown consistent growth since financial year 2015 and its revenue was estimated at ₹ 4,236 billion in financial year 2020. The food services market in India is projected to grow at a CAGR of 8.0% from financial year 2020 to financial year 2025, and is expected to reach ₹ 6,211 billion by financial year 2025. The Indian food services market gained strong momentum in the last decade due to changing consumer consumption patterns that have seen an increase in tendency to eat out that had not traditionally been a feature of the Indian lifestyle. This has ensured constant growth of the Indian food services market, which has evolved considerably since the 1980s, when the numbers of organized brands operating in the country were negligible and the market was widely dominated by smaller unorganized players. A noticeable shift began in 1996 with the opening of QSR restaurants such as McDonald's, Pizza Hut and Domino's Pizza, followed by Subway, KFC, Burger King, Haldiram's, Moti Mahal and Taco Bell, among others.

### Food Services Market Structure

The food services market can be broken down as shown in the figure below:

#### Structure of Indian Food Services Market

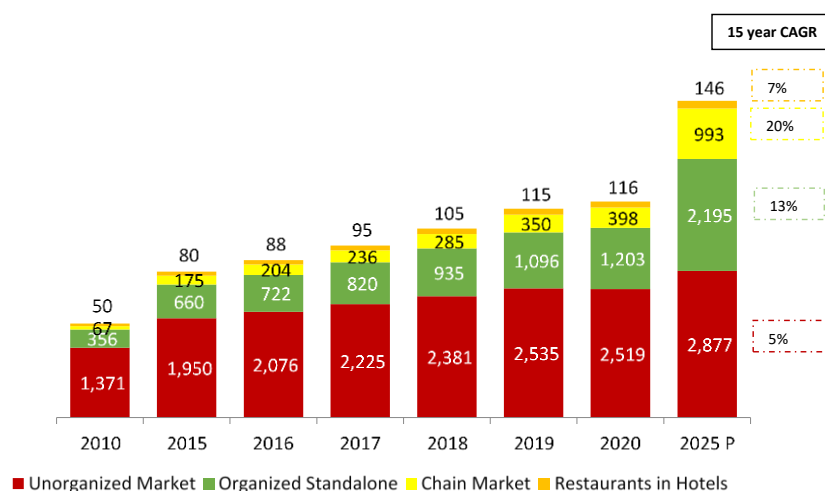
Key Segments in the Food Services Market	Average Spend per Person* (INR)
<b>Unorganized Segment – It includes roadside eateries and dhabas which have been the most common eating out option.</b>	10-100
<b>Restaurant in Hotels – A full-service restaurant with premium interiors, specific cuisine specialty and high standard of service mainly present in premium hotels. E.g., The Great Kebab Factory, Bukhara etc.</b>	>1000
<b>Organized Segment – Consists of:</b> a) Standalone restaurants across all formats with less than 3 outlets. b) Chain format which has 3 or more outlets across all formats.	



Source: Technopak work done in the past in similar sectors or body of knowledge (“BoK”)

\*Spend is exclusive of taxes

The figure below shows the share of each key segment:



Source: Technopak BoK

Year mentioned is financial year

The figure below shows the growth of each key segment:

#### Food Services Market (CAGR %)

Format	CAGR FY 2010-15	CAGR FY 2015-20	CAGR FY 2020-25 Projected
Unorganized Market	7%	5%	3%
Organized Standalone Market	13%	13%	13%
Chain Market	21%	18%	20%
Restaurant in Hotels	10%	8%	5%

Source: Technopak Bok

Market share percentages are rounded-off

The organized food services market in India (comprising chain and standalone outlets and excluding restaurants in hotels) is estimated at ₹ 1,600 billion in financial year 2020, is projected to grow at a CAGR of 15% to ₹ 3,189 billion by financial year 2025, and is expected to increase its share of the total food services market from 37.8% in financial year 2020 to 51.3% by financial year 2025, thereby surpassing the unorganized market.

#### Chain Food Services Overview

The figure below shows the various sub-segments in the chain food services market and their growth, with chain QSRs growing the fastest:

**Chain Food Services Market CAGR (%)**

<b>Format</b>	<b>CAGR FY 2010- 15</b>	<b>CAGR FY 2015- 20</b>	<b>CAGR FY 2020- 25 Projecte d</b>	<b>Market Share FY 2010</b>	<b>Market Share FY 2015</b>	<b>Market Share FY 2020</b>	<b>Market Share FY 2025 Projecte d</b>
Quick Service Restaurants	29%	19%	23%	33%	45% (78)	47% (188)	54% (534)
Casual Dining Restaurants	18%	19%	19%	37% (25)	32% (56)	34% (134)	32% (316)
Café	16%	8%	10%	12% (8)	10% (17)	6% (25)	4% (41)
Frozen Dessert/Ice Cream	15%	16%	17%	7% (5)	6% (10)	5% (21)	5% (46)
PBCL	25%	22%	16%	4% (3)	5% (9)	6% (24)	5% (50)
Fine Dining Restaurants	5%	3%	2%	6% (4)	3% (5.2)	2% (6)	1% (7)

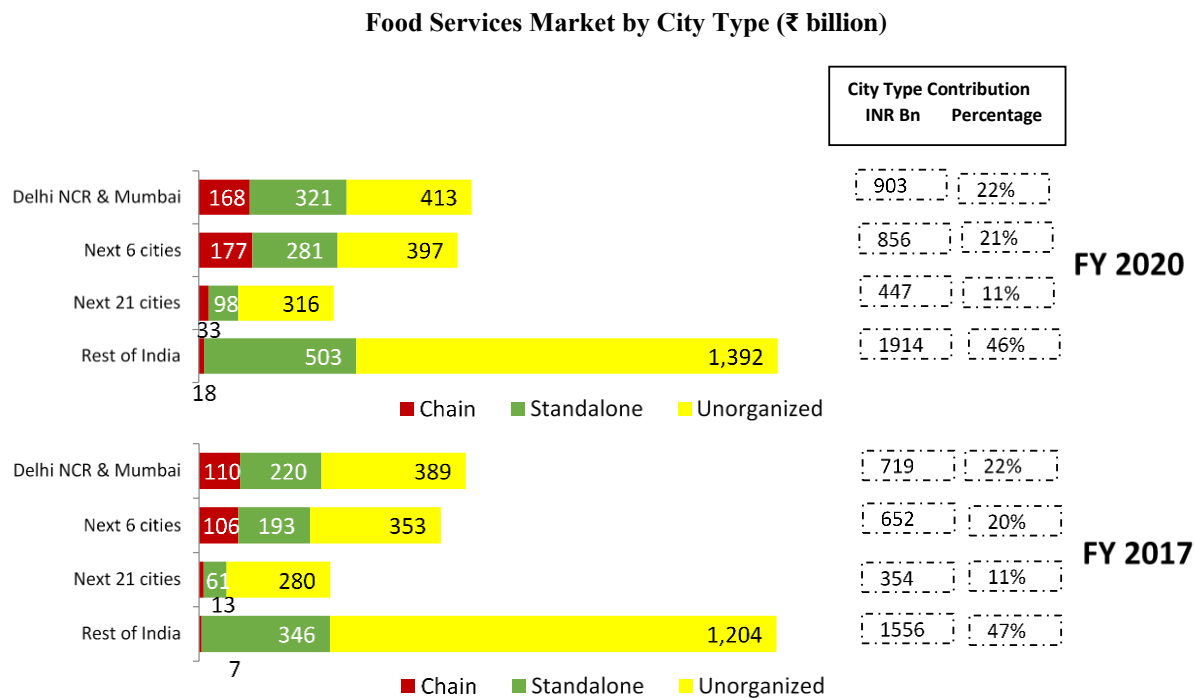
Source: Technopak BoK

Market share percentages are rounded-off

Numbers in ( ) are values in ₹ billion

### City-wise market size

The figure below shows the contribution of the two mega metros, Delhi and Mumbai, and of other cities to total revenue of the food services market in financial year 2020:



Source: Technopak analysis

Mini metro cities (next six cities) include cities such as Ahmedabad, Pune, Kolkata, Hyderabad, Bangalore and Chennai

The eight largest cities of India have been the center of development for the organized food services market. Delhi and Mumbai accounted for approximately 42% of the total revenue of the chain food services market in India in financial year 2020, and, when combined with the next six cities (Kolkata, Bengaluru, Chennai, Hyderabad, Pune and Ahmedabad), accounted for approximately 87% of the total revenue of the chain food services market during the same period.

### Chain market

The size of the chain market in India is estimated at ₹ 398 billion in financial year 2020 and is projected to grow at a CAGR of 20% to ₹ 993 billion by financial year 2025.

Growth in the chain market is expected to be driven in the next five years by increased presence of international brands, stronger back-end infrastructure, acceptance of new cuisines, changing lifestyles and aspirations and the emergence of entrepreneurial ventures in these segments.

Due to COVID-19, consumers have become more cautious towards hygiene and safety issues. Such change in habit of consumers is being leveraged by chain restaurants, primarily chain QSRs. Chain QSRs and CDRs aim to meet the requirements of consumers in the new normal, from high food quality and service standards to superior processes or delivery capabilities.

In the future after the COVID-19 pandemic, it is expected that some consumers will again patronize the unorganized sector, but there will be some who will permanently shift from the unorganized to the organized sector. Such gap

created by the shift away from the unorganized sector can be filled by chain QSR and CDRs. Revenue of organized QSR restaurants is expected to grow at a CAGR of 20% between financial year 2020 and financial year 2025, which is the highest across all formats in the organized market.

## Growth Drivers in Food Services Market

### *Casual dining players moving into QSR space*

International brands are expected to dominate the QSR space. Market leaders such as Domino’s and McDonald’s have reinforced their leading position and leading players such as Pizza Hut are pivoting their strategy towards QSR. Such changes have become more pronounced as a result of the COVID-19 pandemic, and is reflected in the way Pizza Hut has derived learnings from Domino’s and McDonald’s to relook at its store formats, channel mix and average per customer (“APC”).

### *Store Rationalization*

In recent years, leading brands such as Pizza Hut have moved away from being dine-in focused restaurants towards becoming omnichannel players in the QSR space. This is reflected in their decreasing number of dine-in focused stores and their increasing number of QSR-based stores, as shown in the figure below. Tighter kitchen and front of house (FOH) areas are enabling brands to open compact stores, which in turn increase store level profitability of the brands.

**Store Level Information of Pizza Hut**

	2015	2018	2020
Size of Stores Opened (in sq. ft.)	2,000-2200	1,600 – 1,970	1,200-1,300
Number of Concept Stores (as % of total number of stores)	66%	50%	26%
Number of QSR-based Stores (as % of total number of stores)	34%	50%	74%
Sales from Concept Stores (as % of total sales)	83%	51%	37%
Sales from QSR -based stores (as % of total sales)	17%	49%	63%

Source: Brand’s website, Technopak research

### *Channel mix is getting optimized for a higher throughput*

QSR market leaders such as Domino’s and McDonald’s have increased takeaway and delivery services of their own apps. Other market leaders such as Pizza Hut have also recognized the importance of activating their own app and takeaway services. The figure below shows the growing share of sales from own apps:

**Channel Mix of Key QSR Brands**

	FY 2018				FY 2019				FY 2020			
	Dine in	Aggregator	Own App	Take-away	Dine in	Aggregator	Own App	Take-away	Dine in	Aggregator	Own App	Take-away
Dominos	42%	15%	20%	23%	39%	15%	23%	23%	35%	15%	25%	25%
McDonalds	67%	15%	3%	15%	65%	12%	3%	20%	55%	15%	5%	25%
Pizza Hut	46%	3%	24%	26%	42%	11%	22%	25%	50%	26%	8%	16%
KFC	59%	5%	6%	30%	61%	12%	5%	22%	60%	16%	4%	21%

Source: Brands’ websites, Technopak research

### *APC getting sharply defined for QSR players*

In recent years, players such as Pizza Hut have ventured into the QSR space from the CDR space, as their APCs have become aligned with QSR players, as shown in the figure below.

#### APC of Key QSR Brands (₹)

Brands	2015	2018	2020
Dominos	220 - 235	220 – 235	200 – 220
McDonalds	225 – 240	235 – 250	240 – 260
Pizza Hut	212 - 248	228 - 250	250 – 275
KFC	220 - 230	213 - 240	220 - 230
Burger King	210 - 230	200 - 225	200 - 225

Source: Brands' websites, Technopak research, annual reports

#### Increasing availability of retail space leading to food services expansion

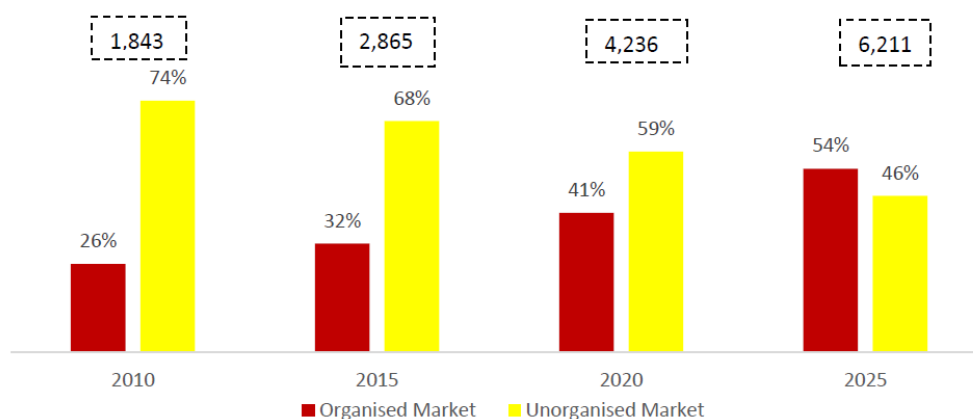
Companies in food services market operate in a variety of locations, including malls, high streets, office complexes, highways, hospitals and airports. Malls and high streets have traditionally been preferred locations for food services players. The sustained growth of online shopping has resulted in brick and mortar retailers rationalizing their retail space, thereby increasing availability for food services players in the organized retail environment. Thus, malls are leasing prime floor space to increase the number of food services players in their premises due to high revenues generated from the food services sector.

Mall spaces dedicated completely to food services, such as Epicuria, Cyber Hub and Sangam Courtyard in Delhi NCR, have done well in the past and will continue to attract customers.

#### Shift from unorganized to organized market

Revenue from the food services market amounted to ₹ 1,843 billion in financial year 2010, with 26% of such revenue generated by the organized market and 74% by the unorganized market. Due to growing demands for hygiene and safety and the presence and popularity of international food chains, the share of the organized market increased to 41% in financial year 2020, and is expected to surpass the share of the unorganized market in financial year 2025, as shown in the figure below:

#### Food Services Market Split (₹ Billion)



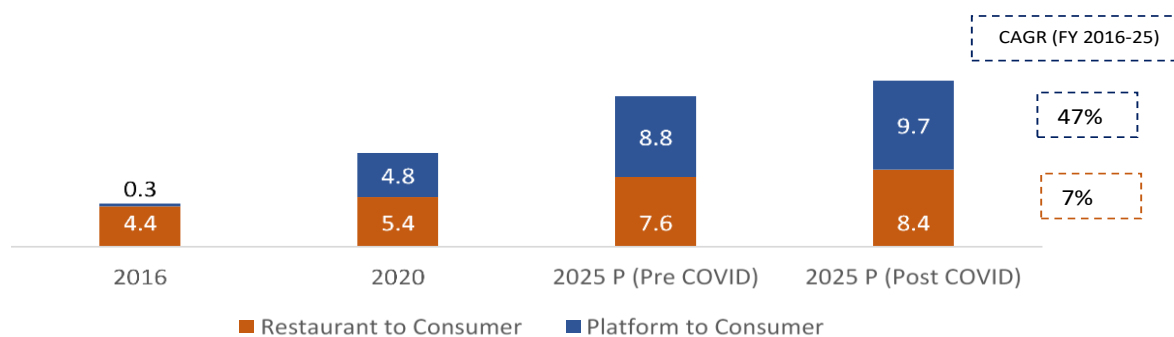
Source: Technopak BoK

#### Continuing growth of online food delivery and food tech

Busy lifestyles, rising smartphone users and growing disposable income will continue to drive the growth of the Indian food space. The number of Internet users in India is expected to exceed 975 million by 2025. Smartphone penetration is also growing at a similar pace, with the user base estimated at 340 million in financial year 2018 and projected to reach 920 million by 2025. The figures below show the growth of the online food delivery market in India:

**Online Food Delivery Market in India - Financial Year 2020 (US\$ billion)**

	FY 2016	FY 2020	FY 2025P (Pre COVID Scenario)	FY 2025P (Post COVID Scenario)
Market Size	4.7	10.2	16.4	18.1
4-year CAGR	-	21%	-	-
5-year CAGR	-	-	10%	12%



*The restaurant-to-consumer delivery segment includes the delivery of meals carried out directly by the restaurants. The order may be made via platforms or directly through a restaurant website or app (e.g., Domino's, Pizza Hut). The platform-to-consumer delivery segment focuses on online delivery services that provide customers with meals from partner restaurants that do not necessarily have to offer food delivery themselves. In this case, the platform (e.g., Zomato, Swiggy) handles the delivery process.*

*Source: Statista, Technopak research and analysis*

### ***Growth of meal-based QSR players***

Over the last five years, several players have emerged in the snacks category, such as Wow Momo and Goli Vada Pav. The figure below shows the increase in ticket sizes of meal-based and snack-based QSR players:

#### **Meals / Snacks based QSR players**

<b>Time Frame</b>	<b>Meals Based QSR</b>	<b>Snacks Based QSR</b>
Players	Dominos, McDonald's, KFC, Pizza Hut	Wow Momo, Goli Vada Pav, Rolls King, Kathi Junction
Ticket Size (2015)	INR 675 -INR 700	INR 150-INR 175
Ticket Size (2020)	INR 750 – INR 775	INR 200 – 225
Growth Rate (CAGR 2015-20)	2.1%	2.9%

Source: Technopak research and analysis

### **Global Play in Food Services Market**

#### ***Top global food brands***

Yum! Brands, Inc. (“YUM”) which operates Pizza Hut, KFC and Taco Bell restaurants, has more than 50,000 stores worldwide as of December 31, 2020 and, among global food brand operators, has one of the highest numbers of stores. As of December 31, 2020, there were 25,000, 17,639 and 7,427 KFC, Pizza Hut and Taco Bell restaurants, respectively, in 146, 110 and 31 countries, respectively. KFC, Pizza Hut and Taco Bell recorded system sales of US\$ 26.2 billion, US\$ 11.9 billion, US\$ 11.7 billion, respectively, in 2020. KFC was the largest chicken QSR brand in the world in terms of global retail sales as of December 31, 2020. Pizza Hut is Asia's largest pizza chain in terms of store count as of December 31, 2020. Taco Bell is the world's largest Mexican-inspired restaurant chain in terms of store count as of December 31, 2020. According to the 2020 Form 10-K of Yum! Brands, Inc., KFC was founded in Corbin, Kentucky, in the U.S. by Colonel Harland D. Sanders in 1939, the first Pizza Hut restaurant was opened in Wichita, Kansas, in the U.S. in 1958, and the first Taco Bell restaurant was opened in 1962 in Downey, California.

International chains such as YUM have grown through franchises, and they aim for consistency in their products across countries. The figure below shows data on key global players in the food services market:

#### **Revenue and Number of Stores of Key Global Players**

<b>Brand</b>	<b>No of stores worldwide (2020)</b>	<b>Revenue CY 2020 (USD Bn)</b>
Yum! Brands	50,353	50.3*
McDonald's Corporation	38,000	100.2*
Performance Food Group (Subway)	37,559	19.7*
Starbucks Corporation	32,660	26.5*
Restaurant Brands International	27,086	31*
Dominos	17,644	16.1*
Zensho Holdings	9,824	5.8
Autogrill	4,000	5.9
Chipotle Mexican Grill	2,768	5.6
Darden Restaurants	1,866	7.8

Source: Secondary research

\*Number indicates system sales

### ***International pizza, burger and chicken chain restaurants comparison in Asian countries***

In Asia, the pizza, burger and chicken chain industry is dominated by international chains such as Domino's and Pizza Hut for pizza and McDonald's and KFC for burger and chicken.

### **Impact of COVID-19 on Food Services Market in India**

QSR formats, primarily QSR chains, were the first in the food services market to demonstrate recovery from the effects of the COVID-19 pandemic. Chains such as McDonald's, Domino's, Pizza Hut and KFC had started deliveries, drive thru and over the counter ("OTC") pick-ups long before the COVID-19 crisis, so they quickly adapted to providing delivery and takeaway services during the COVID-19 pandemic. Moreover, people preferred to order from reputable international QSR chains given the high levels of hygiene and safety standards maintained by these chains. In the fourth quarter of financial year 2021, high street international chain QSR restaurants recovered to almost 100% of their revenues in the fourth quarter of financial year 2020 prior to the COVID-19 pandemic.

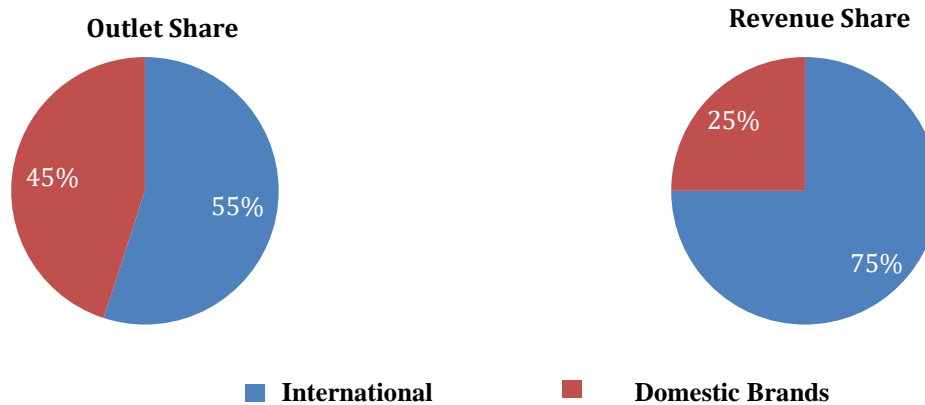
### **INDIAN PIZZA, BURGER AND CHICKEN CHAIN RESTAURANT OVERVIEW**

#### **Chain QSR Sub-Segment**

To remain competitive in a growing market, achieve scale and increase consumer acceptance, most QSR companies are adjusting their offerings (including flavors, pricing and services) to meet the demands of the Indian market. Amongst the initiatives to achieve these goals are innovating the menu according to the taste of Indian consumers, creating non-beef and non-pork based menus, separating vegetarian and non-vegetarian cooking areas and offering affordable entry-level products in the menu.

The figure below shows the contribution of international and domestic brands to the QSR market:

***Chain QSR Market Construct: Contribution of International and Domestic Brands – Financial Year 2020***



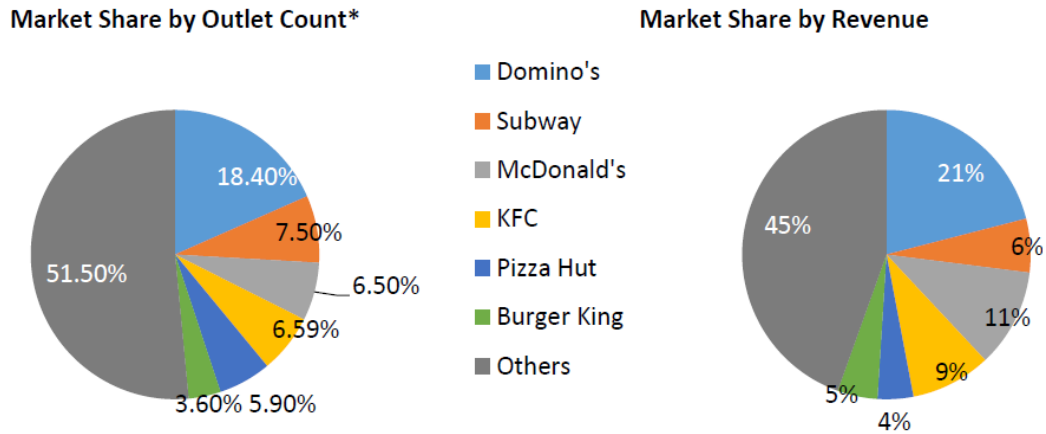
*Source: International brands include Dominos, Pizza Hut, McDonalds, KFC etc.*

*Domestic brands include Burger Singh, Bikanerwala, Street Food by Punjab Grill, Chaat Bazaar etc.*



The market shares of key brands in the QSR market are shown in the figure below:

**Market Share of Key Brands in QSR Market – FY 2020**



Source: Technopak research and analysis  
 \*Outlet count numbers are as of March 31, 2021

KFC is the largest QSR chain serving chicken in India. As of March 31, 2021, there were 488 KFC restaurants in 146 cities across India and two KFC stores in Maldives.

**Contribution of Burger, Chicken and Pizza to Chained Restaurants**

The Indian chain QSR sub-segment is dominated by burgers and sandwiches with a 31% share of revenues in the chain QSR sub-segment in financial year 2020, followed by pizza with a market share of 26% in financial year 2020 and chicken with a market share of 15% in financial year 2020. The majority of companies within these formats are international brands.

**Cuisine Growth Rate**

Cuisine	CAGR FY 2015 - 2020	CAGR FY 2015 – 2025 Projected
Burgers & Sandwich	19%	22%
Pizza	13%	18%
Chicken	12%	10%
Indian Ethnic*	32%	36%
Others	43%	30%

Source: Technopak Research & Analysis  
 \*the data does not comprise of players operating in CDR & other segments

Within the chain QSR sub-segment, the burgers and sandwiches format grew at a CAGR of 19% between financial year 2015 and financial year 2020, the pizza format grew at a CAGR of 13% during the same period, the chicken format grew at a CAGR of 12% during the same period, and the Indian ethnic format grew at a CAGR of 48% during the same period.

## Key Growth Drivers for Chained Pizza, Burger and Chicken Restaurants

### *India-centric offerings and shifting consumer needs to drive the QSR market*

American cuisine has been popular among Indian consumers due to the presence of multinational players such as Domino's, Pizza Hut, McDonald's and KFC. However, a considerable proportion of consumers have always demanded products familiar to their taste buds. Accordingly, over the years, these multinational brands have incorporated offerings catering to Indian tastes. Also, none of these brands offer beef and pork in their menu in India. Around 30% to 40% of items in the menu of QSR chains are specific to India, as shown in the figure below

#### India Centric Food Offerings by Key Brands

Brands	Total Food Offerings	India Specific Offerings	% of India Specific Products in Menu
Domino's	50	12	24%
Subway	35	12	34%
Pizza Hut	44	11	25%
McDonald's	35	12	34%
Burger King	38	16	42%
KFC	13	4	31%

Source: Brands' website, restaurant discovery platforms

Food offerings do not include beverages, desserts and dips and variations of the core products e.g., type of base or bun

The Indian consumer is becoming increasingly demanding and seeks change and variety in options. To cater to this ever-growing demand, brands have to continuously offer something different to have repeat customers. Brands such as Domino's, Pizza Hut, McDonald's and KFC innovate menus and the related communication at regular intervals.

### *Younger demographics fueling the growth of international chains*

The young Indian consumer is exposed to global food trends in terms of newer cuisines and formats through seamless interaction facilitated by the growth of multiple communication channels such as the Internet and mobiles. Consumers are now aware of the various cuisines and formats even before visiting the outlet through restaurant rating and discovery platforms and therefore take an informed decision to visit a particular format. Based on their mood, companions or time of the day, they make a conscious decision on where to eat.

Young Indian consumers aged 15 to 34 years constitute 34% of the total population, forming a considerable market for food services, especially QSRs. These consumers have a higher frequency of eating-out and ordering-in as compared to the rest of the population, as shown in the figure below, which drives the growth of the food services market in India:

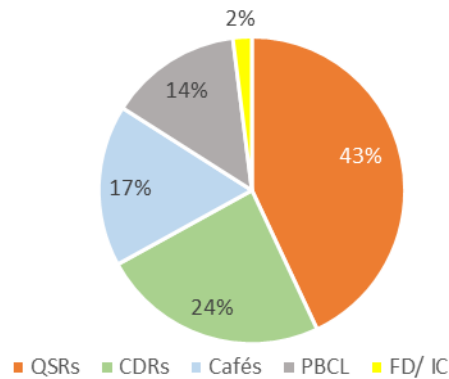
#### Eating-out and Ordering-in Frequency (15 to 34 Yrs.) in Financial Year 2020

Age Group	Eating-out Frequency/ Month	Ordering-in Frequency/ Month	Average Spend per Outing (INR)	Average Spend per Order (INR)
15-24 yrs.	2.3	0.9	230	124
25-34 yrs.	1.9	0.7	225	118
> 35 yrs.	1.5	0.3	303	107

Source: Technopak research and analysis

The figure below shows the preferred restaurant formats of consumers aged 15 to 34 years:

### **Format Preference in the Age Group of 15 to 34 Years - Financial Year 2020**



Source: Technopak research and analysis

#### ***Discounts offered in food combos, meals and other offers***

Indian customers who are very cost conscious find appeal in combos and value meals that provide them with a discount ranging from 12% to 25%. Such combos and value meals allow companies in the QSR and CDR sub-segments to increase ticket sizes. Examples of these offers include the McSaver from McDonald's, KFC's Favourites and Box Meals, Subway's combos and Stay at Home Combos from Pizza Hut.

#### ***Space optimization as a key for maintaining rent to revenue ratio***

For a food services outlet, real estate (rent) is the second highest cost component after raw materials. Thus, the chain QSR industry is moving towards an omnichannel format featuring a compact kitchen and therefore compact stores. McDonald's is the front runner in optimizing its retail space by introducing the McCafé format within its existing outlets.

Space optimization entails not only utilizing the same space for another sub-brand but also optimizing kitchen size. The use of technology such as self-ordering kiosks and mobile apps are also helping stores to cut real estate costs.

During COVID-19, delivery and takeaway services increased to a great extent. Thus, brands are now considering small formats such as drive thru which will provide mainly delivery and takeaway services, further helping brands to reduce rent costs.

With restaurants closed during the initial months of lockdown, mall owners and landlords granted rent waivers for first few months of lockdown, mostly on a case-to-case basis. When restaurants opened, a number of mall owners and landlords shifted to lease payments on a revenue-sharing basis.

#### ***Technology developments***

Some technologies being used in the food services market are:

- data analysis to improve management and the customer experience;
- tools such as mobile apps, messaging and social media to provide customers with a more targeted and customized virtual experience;
- allowing guests to pay their bill and to tip through the restaurant's app;

- point of sales tablets to take orders and display orders instantly on screens in the kitchen; and
- self-order kiosk, digital menu boards, free Wi-Fi and wireless chargers.

COVID-19 has caused chain restaurants to move to digital platforms for ordering food. Market leaders such as Domino’s and Pizza Hut are leveraging their own apps to attract new and loyal customers.

In addition, a number of QSR brands have started contactless dining, where dine-in customers can order and pay through an app.

### *The role of marketing in food services*

The figure below shows the marketing and advertisement expenses of key players in chain QSRs as a percentage of revenue:

#### **Marketing and Advertisement Expenses of Key Players in Chain QSR as a Share of Revenue**

<b>Brands</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
Domino’s	5.5%	4.7%	4.7%	6.4%
Westlife (McDonald’s)	5.9%	5.5%	5.4%	5.1%
Burger King	10.3%	14.3%	8.5%	5.8%
Pizza Hut	5.5-6%	5.5-6%	5.5-6%	5.5-6%
KFC	5.5-6%	5.5-6%	5.5-6%	5.5-6%

*Source: Annual reports of brands*

### **Key Risk Factors for Chained Pizza, Burger and Chicken Restaurants**

#### *Consumer shift towards healthy options*

Indian consumers, especially urban consumers, are moving towards healthy lifestyles and healthy food. Market experts expect this shift towards healthy food to increase after the COVID-19 pandemic. Thus, brands such as KFC which serve chicken as a core offering are expected to benefit from this trend.

#### *Diminishing lines between formats*

The Indian food services market has seen clear segmentation based on format types in the past. However, with increasing consumer expectations and brands trying hard to retain consumers, demarcation lines are diminishing and leading to rise of hybrid formats. For example, brands in the CDR and fast dining restaurant (“FDR”) space are also venturing into the QSR space, with brands such as Pizza Hut moving towards a QSR format for better efficiencies without compromising on quality and customer engagement.

### **COMPETITIVE LANDSCAPE**

#### **Key Players in Chained Restaurant Business**

The organized chain space is marked by the presence of more than 100 brands with over 6,500 outlets spread across various cities in India. International players have been able to scale their operations across the country due to their strong supply chain, established standard operating procedures, global best practices and product innovations, as well as increased eating out amongst consumers.

International players such as Domino’s, McDonald’s, Subway and Burger King have also increased their presence across various high footfall destinations such as malls, high streets, office complexes, airports and highways to capture increased consumer traffic through different formats. The figure below shows the growth of key brands in India over the years:

### Growth of Key Brands in India (No. of Outlets)

Brands	Year of Market Entry (FY)	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Domino's	1996	378	465	576	726	876	1,026	1,127	1,134	1,227	1,335	1,360
Subway	2001	248	330	414	476	476	566	618	638	N/A	671##	556
McDonald's*	1996	250	282	316	369	369	393	424	447	464	489	481
KFC	2004#	151	221	299	328	352	310	310	342	380	443	488
Pizza Hut	1996	-	-	-	-	278	293	316	359	427	452	440
Burger King	2015	-	-	-	-	12	49	88	129	187	260	265

Source: Technopak research and analysis

\*Indicates consolidated outlet count of both McDonald's operators in India

## Store count as of December 31, 2019

# KFC re-entered in India in 2004 after its initial entry in 1996

The current key chain QSR players are listed in the figure below:

### Format, Operational Model and Presence of Key Chain Players in India

Brands	Market Entry	Operating Partner in India	Operating Model	Total Outlet Count (as of March 31, 2021)	Revenue (₹ billion) FY 2020	Presence Across Cities (as of March 31, 2021)
<b>Quick Service Restaurants</b>						
Domino's	1996	Jubilant Food Works	Master Franchisee	1,360	~34	293
Pizza Hut	1996	Sapphire Foods & Devyani International	Regional Franchisee	440	7.36	120
Subway	2001	Multiple	Micro Franchisee	556	~11.20	85+
KFC	Re-entry in 2004	Sapphire Foods & Devyani International	Regional Franchisee	488	17.12	146
McDonald's	1996	Westlife Development and Connaught Plaza Restaurants	Franchisee	481	~23.60	93

Brands	Market Entry	Operating Partner in India	Operating Model	Total Outlet Count (as of March 31, 2021)	Revenue (₹ billion) FY 2020	Presence Across Cities (as of March 31, 2021)
Goli Vada Pav No. 1	2004	Goli Vada Pav Pvt. Ltd.	Own + Franchisee	209	0.26*	50+
Burger King	2014	Burger King India Ltd.	Joint Venture	265	8.40	57
Jumbo King	2001	Jumbo King Foods Pvt. Ltd.	Own + Franchisee	134	0.03	7

Source: Brands' websites, Technopak research and analysis

\*Indicates financial year 2019 numbers

The chain QSR sub-segment is led by Domino's Pizza with approximately 19% share of the chain QSR market in terms of number of outlets. The Indian market has positively reacted to American cuisine, as evidenced by the rising market share of burger, chicken and sandwich players such as McDonald's, Subway, KFC and Burger King. Along with Domino's and Subway, other large chains such as McDonald's, Burger King, Pizza Hut and KFC have increased their presence in Tier II and Tier III cities, as shown in the figure below:

#### Key QSR Brands Outlet Presence (as of March 31, 2021)

Brands	Revenue (INR Billion) FY 2020	Total Outlet Count	% of Total Outlets in Mega Metros	% of Total Outlets in Mini Metros	% of Total Outlets in Tier I Cities	% of Total Outlets in Tier II Cities and Others
Domino's	~34	1,360	25%	32%	22%	21%
Pizza Hut	7.36	440	26%	34%	20%	20%
Subway	~11.20	556	37%	41%	13%	9%
McDonald's**	~23.60	481	37%	35%	15%	13%
KFC	17.12	488	18%	33%	26%	24%
Wow! Momo	~1.9	311	30%	60%	6%	4%
Burger King	8.4	265	40%	27%	11%	23%
Jumbo King	0.03	134	85%	10%	4%	1%
La Pino'z	NA	148	22%	20%	28%	30%
Haldiram	~14.2	43*	84%	0%	0%	16%
Bikanervala	~2.6	70	68%	7%	9%	16%
Smokin Joe's	NA	38	74%	11%	0%	16%
Taco Bell	NA	55	35%	56%	10%	0%
Street food by Punjab Grill	NA	35*	27%	55%	9%	9%

Source: Brands' websites, restaurant discovery platforms, Technopak BoK

City type wise mix of brands is rounded off

\*Indicates December 31, 2020 outlet numbers

\*\*Indicates consolidated outlet count of both McDonald's operators in India

International brands have a higher presence in the top eight cities of India due to concentrated demand based on higher consumption and indulgence in these cities, as shown in the figure below:

**City-wise Outlet Count of Key QSR Brands (as of March 31, 2021)**

City	Domino's	Subway	Pizza Hut	McDonald's*	KFC	Burger King
Delhi NCR	204	136	88	88	66	72
Mumbai	135	72	37	89	24	40
Bangalore	154	49	61	54	58	27
Kolkata	63	22	12	3	23	5
Chennai	64	38	22	22	21	6
Hyderabad	57	51	35	34	39	13
Ahmedabad	30	26	10	18	6	7
Pune	65	42	28	37	16	12
Brand wise % of Stores in Top 8 Cities	57%	78%	60%	72%	52%	69%

Source: Brands' websites, restaurant discovery platforms

\*Indicates consolidated outlet count of both McDonald's operators in India

The figure below shows performance and financial metrics of key players in the chain QSR sub-segment:

**Benchmarking of Key Players**

Heads	Domino's	McDonald's*	KFC	Subway	Burger King	Pizza Hut	Chilli's	BBQ Nation	The Great Kebab Factory
Format	QSR	QSR	QSR	QSR	QSR	QSR	CDR	CDR	FDR
Business Model	Master Franchise	Master Franchise	Multiple Franchise	Micro Franchise	Joint Venture	Multiple Franchise	Regional Franchise	Own + Franchise	Own + Franchise
Outlet Count	1,360	305	488	556	265	440	18	147	24
APC** * (INR)	200-225	225-250	220-230	175-200	200-225	200-230	600-700	775-800	1,250-1,500
Average Ticket Value (INR)** *	500-550	550-600	440-460	250-300	500-550	500-700	2,750-3,000	3,500-3,750	6,000-6,500
COGS	22-23%	34-36%	33-35%	32-34%	35-36%	24-26%	29-30%	34-35%	31-32%
Gross Margins	77-78%	64-66%	67-65%	66-68%	64-65%	76-74%	70-71%	65-66%	68-69%
Advertisement	4-5%	5-6%	6%	4-5%	~5%	5-6.5%	3-4%	NA	5-6%
Royalty	3-4%	4-5%**	7-8%	7-8%	4-5%	5.5-6%	5-6%	NA	6-7%

Heads	Domino's	McDonald's*	KFC	Subway	Burger King	Pizza Hut	Chilli's	BBQ Nation	The Great Kebab Factory
Store EBITDA	21-23%	13-15%	15-18%	20-22%	12-14%	10-13%	20-21%	20-21%	16-18%
Capex for Initial Build and Opening	150-200 L	350-400 L	180-200 L <sup>##</sup>	40-50 L	200-250 L	130-150 L <sup>##</sup>	300-350 L	250-300 L	400-500 L
Avg. Store Size (in sq.ft.)	1400-1600	2600-3200	1400-1500 <sup>#</sup>	750-1000	1300-1400	1200-1300 <sup>#</sup>	3700-4300	4800-5400	4500-5000
Average Sales /Day**	0.75-0.80 L	1.2-1.3 L	1.1-1.4 L	0.30-0.35 L	1.1-1.2 L	0.4-0.5 L	1.4-1.5 L	1.5-1.6 L	1.9-2.1 L
Average Daily Transactions**	140-160	200-225	300-380	130-140	200-220	70-95	50-60	40-50	30-40

Source: Technopak BoK, primary research, secondary research for outlet count and APC  
Store counts are as of March 31, 2021.

\*Outlets of McDonald's operated by South and West Franchisee (Westlife Development)

\*\*The royalty fee of Westlife Development is 4 to 5% presently, but can go up to 8% as per contract beyond financial year 2025.

\*\*\* Pre COVID-19 estimates

# These numbers indicate size of KFC and PH opened recently and going forward. Earlier, KFC had store sizes of range 2400 – 2500 sq. ft. and PH had stores of range 2000 – 2200 sq. ft.

## These numbers indicate capex of KFC and PH opened recently and going forward Earlier, KFC had capex of range 250 – 300 L and PH had capex of range 200 – 250 L

### Operating Brands and Financials of Key Franchise Operators and Brands in India as of and for the financial year ended March 31, 2021

	Sapphire Foods	Westlife Development	Burger King	Devyani International	Jubilant Foods
Number of Stores	437	305	265	692	1,360
Sales (in ₹ million)	10,167	9,860	4,945	11,348	32,689
Restaurant EBITDA (in ₹ million)	1,326	763	-105	1,633	-
Restaurant EBITDA (% of Sales)	13.0%	7.7%	-2.1%	14.4%	-
Corporate adjusted EBITDA - (Pre IND AS	382	-24	-619	842	-



	Sapphire Foods	Westlife Development	Burger King	Devyani International	Jubilant Foods
and Post-ESOP) (in ₹ million)					
Corporate adjusted EBITDA – (Pre IND AS & Post-ESOP) (% of Sales)	3.8%	-0.2%	-12.5%	7.4%	-
Corporate adjusted EBITDA- (Pre IND AS and Pre-ESOP) (in ₹ million)	520	-		865	-
Corporate adjusted EBITDA- (Pre IND AS & Pre-ESOP) (in ₹ million)	5.1%	-		7.6%	-
Corporate EBITDA – Post IND AS and Post ESOP (in ₹ million)	1,787	620	327	2,269	7,666
Corporate EBITDA – Post IND AS and Post ESOP (% of Sales)	17.6%	6.3%	6.6%	20.0%	23.5%
Corporate EBITDA – (Post IND AS and Pre ESOP) (in ₹ million)	1,925	-	-	2,292	-
Corporate EBITDA – (Post IND AS and Pre ESOP) (% of Sales)	18.9%	-	-	20.2%	-

Source: Annual Report, MCA Reports, Devyani DRHP

In the Indian sub-continent, Sapphire Foods India Limited (“Sapphire Foods”) was the largest franchise operator of YUM brands in terms of revenue in financial year 2020. Sapphire Foods is also one of India’s largest restaurant franchisee operators, in terms of number of restaurants operated as of December 31, 2020.

### **Opportunities and Challenges in Chain Pizza, Burger and Chicken Space**

#### ***Fragmented market and increasing competition***

The Indian food services market is fragmented, comprising many unorganized players that contribute nearly 62% of the total food services market. Due to competitive pricing, many small and mid-sized restaurants directly compete with large, organized brands in terms of varied offering options for eating out.

The fragmented nature of the food services market allows international and domestic chain brands such as Domino’s, Pizza Hut, McDonald’s, KFC Burger King, Subway and Haldiram’s to grow at a fast pace. The share of chain restaurants in the overall food services market increased from 6.1% in 2015 to 9.4% in 2020, and is expected to grow to 16% by 2025.

#### ***Shortage of skilled staff and high attrition***

The food services market experiences shortages of trained manpower. Direct employees in the restaurant industry in India in financial year 2020 was 8.4 million, and is expected to reach 11.8 million people by financial year 2025, which implies that approximately 650,000 skilled manpower will be required in this industry every year. However, there are only 50,000 to 60,000 graduates from government or private institutions in the hospitality sector every year.

Accordingly, there is a huge unmet requirement for talented manpower in the restaurant industry, which is likely to be fulfilled by unskilled manpower, leading to poor service delivery. The shortfall in quality manpower, as well as the industry's attrition rate of 35% to 40%, keeps the cost of manpower high.

To bridge the demand and supply gap, players are increasingly investing in in-house training programs. International brands such as Domino's, Pizza Hut, McDonald's and KFC have strong in-house training programmes focusing on building efficiencies, customer satisfaction, interpersonal skills and cross functional trainings. These in-house training programmes help keep staff motivated and loyal to the brand values, as well as help reduce attrition.

### ***High real estate cost***

For a food services outlet, real estate (rent) is the second major cost component after raw materials, and accounts for approximately 12% to 15%, and sometimes up to 20%, of total revenues.

### ***Government and regulatory***

In India, obtaining a license such as a health license or a food safety license is a major obstacle hindering smooth operations of a restaurant. Opening an outlet in India requires 12 to 15 government licenses, compared with just five licenses in Thailand and China and seven licenses in the United States.

### ***Low penetration of chain QSRs***

The share of chain QSRs in the overall food services market is low in India (4%) as compared to other developed economies such as USA (39%) and UK (18%). However, there is potential for growth for both international and domestic brands. The density of chain QSRs in India is low, at just 18 outlets per million of urban population as compared to 765, 270 and 318 in USA, UK and Malaysia respectively. The density is even lower compared to certain developing economies such as Brazil (126) and Indonesia (88).

### ***Fragmented supply chain***

The industry's supply chain is fragmented in nature and marked by the presence of multiple intermediaries. Lack of appropriate infrastructure such as inventory visibility and traceability, inadequate technologies and non-integration of the food value chain are the key factors leading to around 30% to 40% food wastage across the supply chain.

The use of technology and seamless interface across devices helps supply chain players and restaurant operators to better manage inventories and stock in transit. Stock transit vehicles are now fitted with GPS trackers to enable real-time updates on the goods in transit. With a strong supply chain, players in organized food services do not have to stock more inventories at the outlet level and can operate on lean inventories. Some chain QSR players that have harnessed rewards through effective supply chain management are Domino's, Pizza Hut, McDonald's and KFC.

Sapphire Foods works on a dual model depending upon the types of stores served and few other factors. It works on a 'Direct Store Delivery' model, whereby orders are placed by the store directly with the vendor and delivered directly to the store by the vendor and a 'Distribution Centre' model, whereby orders from all stores in a particular location are accumulated and then delivered according to a delivery schedule.

### ***Food safety concerns***

With the increase in the working population of India, the demand for on-the-go consumption has gone up. At the same time, awareness about health and nutrition has become stronger among consumers.

The Food Safety and Standards Authority of India ("FSSAI") plays an active role in addressing food safety issues by educating food services companies and has made it mandatory for restaurants to display food safety boards listing dos and don'ts with respect to hygiene and sanitation.

Chain QSR players, in particular international players, have stringent checks and balances to address food safety issues and comply with the food safety rules of the land. Third party audits are also carried out from time to time to ensure safety and hygiene. This has been a crucial element in building strong loyalty towards brands such as Domino's,

McDonald's, Pizza Hut, Subway and KFC. These brands work with their supply chain partners such as RK Foodland, ColdEx and Snowman towards farm-to-fork traceability to ensure delivering food that is fresh, safe, hygienic and traceable to its origin. The supply chain partners ensure that the product is recorded for traceability at every stage of the supply chain, from collection at farm gate or processing plant to storage to store delivery.

### ***Goods and Services Tax (GST)***

Prior to July 2017, the Indian food services market was burdened with multiple taxes such as value-added tax, service tax and different state taxes, which altogether amounted to 18% to 25% of the bill value. The new GST regime (implemented in July 2017) removed multiple taxes and helped lower taxes to 18% (for restaurants with air conditioning and heating facilities) and 12% (for restaurants without air conditioning and heating facilities). In November 2017, a uniform 5% GST was introduced for all restaurants, both air-conditioned and non-airconditioned, which further aided the growth of the food services market in the country.

### ***Gap created by unorganized market***

During the COVID-19 pandemic, hygiene and safety issues have become prime concerns for people. As the market and economy opens, customers will still prefer hygienic places for eating out. The unorganized segment may not be able to provide safety and hygiene, and QSR or ACDR chains can fill the gap created in the value segment by the unorganized market.

In addition, as delivery and takeaway services sector are expected to continue to increase after the COVID-19 pandemic, players with omnichannel capabilities are expected to benefit. A gradual shift from organized single-channel players to omnichannel players is expected in the near future.

## **KEY TRENDS INFLUENCING THE FOOD SERVICES MARKET**

### **Larger Focus on Value Meals**

Indian consumers, irrespective of their economic class and the type of city they live in, are eating out and ordering in more, at an average of six to seven times per month per household. This is primarily to experiment, socialize and unwind over food. Indian consumers, though willing to spend more on experiential eating, are cost-conscious and look for value for money when ordering in.

Due to less inclination on consumer expenditure on non-essential goods, consumer focus after the COVID-19 pandemic will be on purchasing low-cost meals, moving away from the need for experiential eating. As people tend to move away from experiential eating, QSR brands are expected to benefit from this because of their quick service and value meals. Due to work from home arrangements and reduced availability of domestic help, a larger segment of millennials is compelled to order in or take away meals at their convenience, thus, demanding high speed of service.

Demand for freshly produced and prepared meals have increased to avoid foodborne diseases and contribute to immunity to COVID-19. Due to the demand for quality, consistency and trust, branded internationally known establishments in the organized sector, meaning QSRs such as McDonald's and KFC, are in higher demand than domestic unorganized food services providers.

### **Pizza, Burgers and Chicken will Continue to Drive the Growth of the QSR Segment**

International brands, such as Domino's, KFC, and Burger King, dominate the pizza and burger segment. Pizza and burgers are not native to India, and it was these international chain brands that introduced these products to India. Such brands have since remained strong price and product references for pizza and burger and for the QSR segment. Such brands also have the ability to deploy, at scale, excellence experience to enable market and customer expansion.

In the last five years, several domestic players have entered this segment due to growing demand. But most of these domestic players such as Burger Singh and Wat-a-Burger are regional or cluster plays and are still evolving on supply chain and customer experience, thereby limiting their ability for a pan-India size and scale.

## **Aggressive Expansion of Chain Brands in the Post-COVID Phase with a Keen focus on Profitability**

International QSR brands such as Domino's, McDonald's and KFC, have sustained their pace of opening new stores in the past few years, although this was disrupted by lockdowns due to COVID-19. Expansion of new stores was halted across the board, affecting big and small chains and national and regional or local players. Many small-chains or local QSR players were unable to sustain business during the lockdown due to working capital and related issues. However, national chains used the lockdown period to rationalize their stores and close non-profitable stores. With the resumption of business activities, these chain brands revived their expansion focus. Their store counts are expected to increase both in the short and the medium term, as the closure of small and medium sized businesses is expected to divert residual market demand towards national chains. Chain brands, while continuing their store expansion, will show more agility in churning stores (closing down non-viable stores faster) and optimize their cost drivers to support profitability. For instance, during the lockdown, the contraction witnessed by both the retail and food services industry freed up quality real estate, and rentals for such desirable real estate rationalized during this period.

## **Delivery Platforms will Continue to Grow, but a Parallel System of Direct Delivery by Brands is Evolving**

The food aggregators sector has grown at a healthy rate of 100% from financial year 2016 to financial year 2020. The lockdown due to COVID-19 accelerated the expansion of the sector. During the first few months of lockdown, when only delivery was allowed for food services, food aggregators such as Zomato and Swiggy grew exponentially during the period, while the overall food services sector faced significant contraction.

As a result, bargaining power shifted in favor of aggregators, with Zomato and Swiggy charging commissions that ranged from 15% to 25% of sales. However, for many food services businesses, such commissions would lead to diminished margins which are unsustainable, more so in the face of reduced order volumes. In addition, the ease of listing on aggregator platforms significantly reduced entry barriers in the food service business, making it difficult for food services brands to stand out.

These factors triggered the rapid growth of a 'parallel delivery ecosystem' by chain brands. Chain brands scaled up their apps which they had launched in the past. Domino's, KFC, and Pizza Hut had launched their apps in 2012, 2014 and 2014, respectively, and during the COVID-19 pandemic, they strengthened their own delivery apps and concurrently argued for lower margins with aggregators. The impact of delivery platforms going forward is expected to play out differently for different kinds of players. For players such as Domino's, Pizza Hut, McDonald's and KFC, reliance on aggregators will decrease as they strengthen their own delivery channels.

In the future, global brands will use delivery platforms selectively for the purpose of marketing and discovery, and will view it as a complementary sales channel. Their own delivery platforms will emerge as the core online sales channel.

## **The Clout (or Lack Thereof) of Cloud Kitchens**

Cloud kitchens started to gain traction in 2015. During the COVID-19 pandemic, 'cloud only' food service brands and businesses increased in popularity. The concurrent rise of food aggregators also supported this growth. However, it is estimated that 70% of cloud kitchens will go out of business in their first year of business, due to issues such as:

- lack of physical brand connect with the customer. Since customers have not witnessed any physical cue for these brands, they face the challenge of visualizing such brands in the realm of digital space. This lack of connect propels the customer to seek transactional cues to make purchase decision and ends up choosing one among many;
- low entry barrier such as lack of quality checks and ease of listing for digital reach has caused a number of "non-serious" or "experimenting" players to venture into this space, creating a crowded ecosystem with high mortality rate; and

- cloud kitchens losing real estate advantage outside of Tier I cities. Eating out in Tier II cities and beyond is still largely a value sensitive aspirational demand driven by occasions that require venturing out of homes, limiting the current potential of cloud-only brands in such cities.

### **Breakfast as an Out-of-Home Opportunity will Remain Restricted for QSR Chain Brands**

Players such as McDonald's, Chaayos, Chai Point, CCD and Starbucks have led the growth of the breakfast segment among organized chains. However, price points of organized players are still high for most of the market demand that exist in Tier II towns and beyond.

Most of the demand for out-of-home breakfast is catered by regional chains and unorganized players such as Udupis, Dhabas and neighbourhood eateries. This demand for out-of-home breakfast is driven by convenience, local and regional preference, taste preferences and price sensitivity. The ability of the unorganized sector to meet these demand drivers will continue to remain unmatched in the near future.

In addition, 'convenience led packaged food' as a category is now increasingly receiving being offered by packaged food companies such as Dabur, ID Foods, MTR, Tata Consumer and ITC. Ready-to-cook options will also emerge as direct competition to the out-of-home breakfast currently offered by organized food services players.

### **Digitalization**

#### ***New digital marketing channels***

With the introduction of new digital marketing channels, the hectic pace of life and lack of time has made convenience and ease of access through digital options an extremely attractive proposition. Restaurant reviews and food blogging have gained popularity, with food enthusiasts exploring new places and writing not only about the food but the entire experience. Restaurants are taking online reputation management (ORM) very seriously as it is now an integral part of their image management. Digital media helps with quick feedback for quality, service and marketing initiatives.

In the food services market, marketing spends constituted between 4% to 6% of total revenue. Large players, especially chain restaurants, spend 60% to 65% of their marketing budget on traditional media and the remaining 35% to 40% on digital media.

Almost 65% of the population in India is below 35 years of age, with a high disposition for the consumption of all forms of digital media. For the QSR chain sub-segment, digital video is the most important form of digital marketing investment, followed by online search and email marketing, social media and display marketing. The share of marketing budgets allocated for digital marketing initiatives is expected to increase over the years, given the cost effectiveness and efficacy of the medium.

#### ***Digital revolution in the food services market***

Internet penetration and increased smartphone usage, along with demonetization implemented in November 2016, led to an increase in digital payments. The rise of digital commerce, innovation in payments, real time payment and mobile point of sale has contributed to the growth of digital payments across the food services market. According to a study by Assocham-PWC India, digital payments in India will more than double to US\$ 135.2 billion by financial year 2023 from US\$ 64.8 billion in financial year 2019.

#### ***Social media and tech-savvy consumers***

The trend of greater technology use by consumers has led food services players to adopt new and diverse technologies as a means of enhancing their customers' experience and thereby establishing a unique brand identity and leveraging brand loyalty.

With social media empowering consumers and informing their choices, various players have established a presence on social media platforms as Facebook and Twitter. They have also developed exclusive mobile applications to connect with customers and adopted tools such as Radian 6 and Meltwater Buzz, which allow for social media monitoring, engagement with existing customers and promotion of the brand among target consumers.

For key food services brands, social networks such as Facebook and Twitter, and blogging platforms, have become a core marketing medium to engage customers with interesting content and useful information such as events and latest offers. Many players are also using social media platforms to encourage open consumer communication by addressing customer reviews, complaints and grievances. Key international brands such as Pizza Hut, Domino's and KFC have adopted a mix of social media and traditional media. They, however, leverage online media significantly to offer schemes and discounts to consumers. Food review websites have also become important source of information about restaurants for the digital savvy consumers. For example, Burrp, Times City and Zomato are sites with several listed restaurants across various cities enabling consumers to explore the best food options.

### **Market Share Shift from Unorganized Market to Organized Market**

The share of the organized market increased from 26% of the total revenue of the food services market in financial year 2010 to 41% in financial year 2020, and is expected to reach 54% in financial year 2025. In the last decade, as disposable income of people increased, they have become more aspirational in terms of upgrading their lifestyle, which shifted people's preference of eating out from 'unorganized' to 'organized' players. Moreover, due to the growth of International chain players, customers now have a variety of options to choose for 'dining out of home or 'ordering in'. The COVID-19 crisis also heightened consumers' concerns around safety and hygiene, which the organized food services market has the capacity to address.

### **Strengthening the Back-end**

#### ***Agriculture and food processing***

The food processing sector accounts for 30% to 32% of the total food industry and is estimated to be worth US\$ 120 billion to US\$ 130 billion in financial year 2019. The output of food processing sectors such as breads, buns, jams, meat and poultry, processed dairy and beverages form direct inputs of the food services sector, while fresh produce such as fruits and vegetables are direct agricultural inputs. Nearly 7% to 8% of food processing output and approximately 0.8% of agricultural output (e.g., fruits and vegetables) goes to the food services market.

#### ***Supply chain and logistics***

The Indian supply chain and logistics market is estimated to be worth US\$ 470 billion to US\$490 billion in financial year 2019, and is one of the most fragmented industries across the globe. The contribution of organized food services segment to the supply chain industry is estimated at US\$ 700 million to 750 million, and growth of the chain market will have a proportionately positive impact in creating an efficient supply chain. Key players in the supply chain include Snowman Logistics, Radha Krishna Foodland and ColdEx.

The supply chain and logistics market in India is at a nascent stage, and over the last few years the segment has witnessed a high growth rate. Within the supply chain and logistics market, the cold chain segment in India is forecasted to grow at a CAGR of 19% from financial year 2019 to financial year 2024. Integrated supply chain logistics is likely to grow at a CAGR of 20% to 25% for the same period. The availability of private capital further aids the growth of these segments.

Availability of private capital in start-ups eliminates challenges related to price and procurement, and brings transparency to the entire process from farm to fork by tracking every stage of the process.

#### ***Packaging***

The Indian packaging industry has benefited from increased demand for quality packaging materials driven by the increase of food-tech delivery focused start-ups and home delivery and takeaway gaining traction, with brands focusing on packaging as a key differentiator. The Indian packaging industry is estimated to be worth between US\$ 55 billion to US\$ 60 billion in financial year 2019. Packaged food and beverages is approximately US\$ 26 billion (46% of the packaging industry), and the contribution of food services to packaged food and beverages is approximately US\$ 650 million to US\$ 700 million in financial year 2019.

#### ***Kitchen equipment***

The total market for hotels, restaurants and catering (“HoReCa”) equipment was approximately US\$ 3.9 billion in financial year 2019. Restaurants are the highest contributors to the total market for HoReCa equipment, having a share of about approximately 65%, followed by hotels (29%) and the remaining by caterers. The equipment industry has evolved over the last two decades, with increasing presence of international formats.

### **Expanding Real Estate Supply Beyond Malls**

Until a few years ago, key options for food service brands for opening new outlets in India were primarily malls and high streets. While malls and high streets continue to remain preferred locations, newer real estate options have emerged and are being adopted by domestic and international players.

Drive thru restaurants were introduced in India by a few brands a long time ago. Brands such as McDonald’s and KFC have drive thru formats across the country. Before the COVID-19 pandemic, brands preferred locations such as highways for drive thrus. However, due to the COVID-19 pandemic, brands have increased the number of drive thru restaurants within city limits as well.

Additionally, metro stations, captive corporate and commercial parks and multi-use commercial spaces are emerging as locations for food services brands. These locations provide benefits such as proximity to office spaces and thereby higher affordability of the catchment, higher share of lunch in the sales mix, captive consumer base and lower rentals.

### **Enhanced Urbanization and Nuclearization Favoring Food Services Market**

Approximately 50% of India's population are forecasted to live in urban centers by 2050 and contribute approximately 80% of India's GDP.

Similarly, according to the 2011 census, 74% of urban households have five or less members, compared to 65% in 2001. These “urbanites” will have less free time and will juggle multiple roles that will be demanded by urban living.

Smaller households with disposable income and less time on hand will lead to a greater expenditure on jewelry, fashion, packaged food and food services, among others.

### **Smart City Initiative of GoI will Boost Chained Food Services Restaurant Expansion Plans**

The GoI launched the Smart Cities Mission in June 2015. The objective is to promote sustainable and inclusive cities that provide core infrastructure and give a decent quality of life to its citizens, a clean and sustainable environment and application of ‘smart’ solutions

The implementation of the smart city initiative aimed at the creation of new urban clusters is expected to accelerate urban development in India. As more and more urban clusters are formed in the country, it will become easier for global food brands to expand.

## **SRI LANKA FOOD SERVICES MARKET**

The food services market in Sri Lanka has been growing consistently for the last few years with rising competition in the food services space. The number of QSR, CDR and FDR outlets have increased significantly in the past few years. Prior to the COVID-19 pandemic, rising demand from tourism, growing disposable income and increased exposure to international cuisine were some of the factors that drove the growth of the food services market in Sri Lanka. The economic status of Sri Lanka was affected due to the COVID-19 pandemic and the food services market was among the sectors that took a major hit.

The QSR segment in Sri Lanka is a highly competitive segment, with the entry of new players to the market every year. Currently, there are local and international fast food brands operating in the country.

### **Sri Lanka QSR Landscape**

QSR chains have significantly increased the number of their outlets in Sri Lanka in recent years. International and domestic restaurants are expanding their operations. Various new-to-market restaurant brands continue to explore opportunities and make investments.

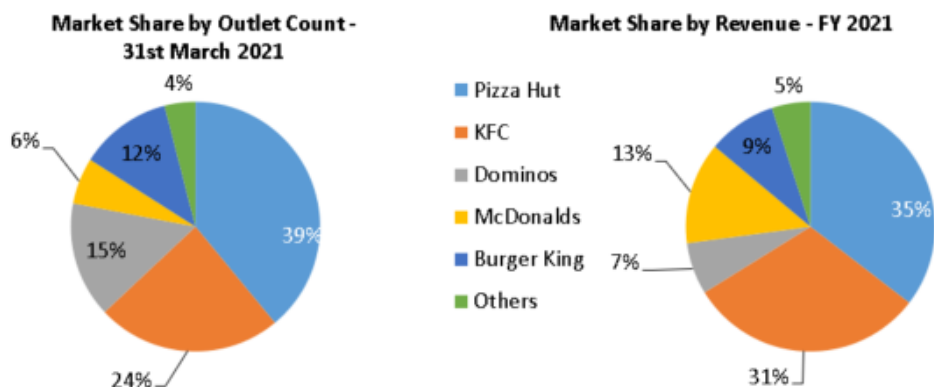
#### Key International Chain QSR Players in Sri Lanka

Brand	Number of Stores (as of March 31, 2021)	Revenue INR Billion (FY 2021)	Operated By:
<b>Pizza Hut</b>	68	1.9	Gamma Lanka, subsidiary of Sapphire Foods
<b>KFC</b>	42	1.65	Cargills
<b>Dominos</b>	26	0.36	Jubilant Foodworks
<b>McDonalds</b>	11	0.71	Abans Restaurant Systems
<b>Burger King</b>	21	0.48	Softlogic Restaurants

Source: Secondary Data

Pizza Hut, which is owned by Gamma Pizzakraft Lanka (Pvt.) Ltd., a subsidiary of Sapphire Foods, was the first international QSR chain to enter the Sri Lankan market in 1993. Since then, Pizza Hut has remained the market leader in terms of store count and revenue with 68 stores as of March 31, 2021, representing 39% of the total number of outlets of key QSR brands in Sri Lanka. Pizza Hut's revenue in the financial year 2021 constituted 35% of the revenue of key QSR brands.

#### Market Share of Key International Brands in QSR Market



Source: Technopak research and analysis  
Others include Subway, Popeye and Delifrance

#### Growth Drivers and Trends in Food Services Market

##### *Growing tourism increasing demand of organized food services*

Sri Lanka is emerging as an important place for tourism and international business. In the recent past, the growth of tourism, together with increased exposure to international cuisine, has caused rapid expansion of international QSR chains such as Domino's and Pizza Hut in Sri Lanka.

##### *Growth of food aggregators apps*

Due to the COVID-19 pandemic, food aggregator apps have witnessed high growth in the Sri Lankan market. The growth of players such as UberEats and PickMe Food is helping food services brands to leverage this additional sales channel.



During the initial months of lockdown, dine-in was closed across the country. During the lockdown, some food services brands, especially QSR chains, started delivery operations. They resumed operations (even though limited in offerings) rather quickly through various online delivery models either by themselves or in partnership with services such as UberEats and PickMe Food.

#### ***Customers' growing preference for safety and hygiene***

The pandemic has largely changed the preferences of customers with respect to eating out, as they have become increasingly concerned about hygiene and safety issues. After the COVID-19 pandemic, there will be increased demand for safety and hygiene. Considering the format, standard operating procedures and increased share of delivery and takeaways, QSRs in Sri Lanka are more well-equipped to cater to the demand of safe and hygienic places and are estimated to grow in the near future.

#### ***Changing Lifestyle Trends and Changing Menu Offerings***

Dining out, which was previously a less common practice, has grown considerably, particularly in bigger cities and major tourism destinations. The popularity of dining out is driven by tourism and Sri Lanka's relatively young population.

Consumer preferences and tastes are also broadening, with more Sri Lankans experimenting with international cuisines and flavors. The increasing market penetration of international brands is also helping to drive growth in Sri Lanka's domestic food processing industry, which follows international trends.

#### **Challenges faced by the Food Services Market**

##### ***Supply chain issues faced by food services industry***

The Sri Lankan logistics and supply chain infrastructure is still at a nascent stage. There have been very few large players such as Emergent Cold in this segment.

##### ***Recruiting and retaining talent remains an industry-wide challenge***

According to the Colombo City Restaurant Collective, the Sri Lankan restaurant industry is highly labor-intensive, employing more than 30,000 people directly. As more players enter organized food services, recruiting skilled and semi-skilled labor will be a challenge for the industry.

##### ***High real estate cost***

The Sri Lankan food services market faces high rental costs, with limited space available in tourist destinations and cities such as Colombo.

##### ***High import dependency***

The Sri Lankan food services market depends to a huge extent on imports from various countries for raw materials. This increases the logistics cost for brands. Also, prices of raw materials change constantly because of currency fluctuations.

## OUR BUSINESS

*We have included several operational and financial performance indicators in this Draft Red Herring Prospectus, many of which may not be derived from our Restated Financial Statements. The manner in which such operational and financial performance indicators are calculated and presented, and the assumptions and estimates used in such calculations, may vary from that used by other companies in India and other jurisdictions. For the purposes of this section, for certain analyses we have used historical methodologies and internal categorizations to enable a consistent representation of our business.*

*Our financial year ends on March 31 of each year, so all references to a particular financial year are to the 12-month period ended March 31 of that year.*

*The industry-related information contained in this section is derived from the Technopak Report. We commissioned and paid for the Technopak Report for the purposes of confirming our understanding of the industry in connection with the Offer. For further details and risks in relation to commissioned reports, see “Risk Factors – Internal Risk Factors – We have referred to the data derived from the industry report prepared by Technopak Advisors Private Limited which has been commissioned and paid for by us for the purposes of confirming our understanding of the industry in connection with the Offer.” on page 63.*

### Overview

- We are YUM’s largest franchisee operator in the Indian subcontinent in terms of revenue in the financial year 2020 (*Source: Technopak Report*). We are also Sri Lanka’s largest international QSR chain in terms of revenue for the financial year 2021 and number of restaurants operated as of March 31, 2021 (*Source: Technopak Report*). We have also established a presence in the Maldives. As of March 31, 2021, we owned and operated 204 KFC restaurants in India and the Maldives, 231 Pizza Hut restaurants in India, Sri Lanka and the Maldives, and two Taco Bell restaurants in Sri Lanka. In 2020, KFC, Pizza Hut and Taco Bell recorded system sales worldwide of US\$26.2 billion, US\$11.9 billion and US\$11.7 billion, respectively (*Source: Technopak Report*).

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 cities as part of our brand and food category expansion.

Our franchisee arrangement (the “**Franchisee Arrangement**”) with YUM allows us to operate, on a non-exclusive basis, under the KFC brand in several states in India and across the Maldives, the Pizza Hut brand in several states in India and across Sri Lanka and the Maldives, and the Taco Bell brand across Sri Lanka (collectively, the “**Territories**”), while leveraging YUM’s system and system property. Our Franchisee Arrangement also provides us with a right to use YUM’s system and system property covering all aspects of business operations, as well as the flexibility to undertake, with YUM’s approval, local or regional promotions, while meeting YUM’s global quality assurance standards.

KFC was founded in Corbin, Kentucky, in the U.S. by Colonel Harland D. Sanders in 1939, the first Pizza Hut restaurant was opened in Wichita, Kansas, in the U.S. in 1958, and the first Taco Bell restaurant was opened in 1962 in Downey, California. As of December 31, 2020, YUM and its franchisees operated more than 50,000 stores worldwide (*Source: Technopak Report*).

Food services is a key segment in the Indian economy, with a market size of US\$56.5 billion (approximately ₹ 4.24 trillion) in financial year 2020 (*Source: Technopak Report*). The increase in the quality of education, rising income levels of the younger demographic groups, rising urbanization, growing working age population and increase in the number of middle-class households, among other factors, are expected to continue to stimulate growth in per capita consumption. Together with increasing market proliferation of brands, these factors are expected to boost the growth of the food services sector in India (*Source: Technopak Report*). The organized market, consisting of chain and organized standalone outlets, is expected to increase its share in the food services market in India from 37.8% in financial year 2020 to 51.3% in financial year 2025, thereby surpassing the unorganized market (*Source: Technopak*

*Report*). Within the organized food services market in India, the QSR chain sub-segment is the fastest growing sub-segment, with its value growing at a CAGR of approximately 19% from ₹ 78.00 billion in financial year 2015 to ₹ 188.00 billion in financial 2020, and, from financial year 2020, is expected to grow at a CAGR of approximately 23% to ₹ 534.00 billion in financial year 2025 (*Source: Technopak Report*). Restaurants serving pizzas, burgers and chicken are expected to continue to drive the growth of the QSR chain sub-segment in India (*Source: Technopak Report*). Leveraging our customer loyalty to the KFC, Pizza Hut and Taco Bell brands, innovative product offerings, industry-leading digital and delivery capabilities, robust supply chain management system, seasoned senior management team and dedicated workforce, we believe that we are well-positioned to capture further opportunities in the Territories in which we operate, expand into other product lines or markets as enabled under the Franchisee Arrangement and continue our success and growth in the years to come.

The key pillars of our customer proposition include:

- differentiated product offerings with KFC, Pizza Hut and Taco Bell as a market leader in chicken, pizza and Mexican-inspired food, respectively (*Source: Technopak Report*);
- products which are freshly made every day at our restaurants;
- wide variety of menu offerings with both meal and snack options for multiple parts of the day;
- system-wide operating procedures and hygiene that are consistent with the global standards of KFC, Pizza Hut or Taco Bell, as the case may be, with respect to product quality, taste parameters, food preparation methods, food safety, cleanliness and customer service standards;
- value offerings at entry and premium price points, enabling us to drive new customer acquisition and, at the same time, upsell products through the use of meal combos and add-ons; and
- easy access through our omni-channel platform consisting of dine-in, take-away, own delivery and delivery aggregators.

We have a dedicated business development and projects team and a well-defined new-restaurant roll-out process that enable us to identify new locations, build out restaurants quickly and efficiently operate with optimal trained manpower to achieve our targeted level of sales for our restaurants. Our total number of restaurants in the Territories grew from 376 restaurants as of March 31, 2019 to 437 restaurants as of March 31, 2021.

We have an in-house supply chain function, and we work with our vendor partners for food ingredients, packaging, warehousing and logistics with the goal of providing our restaurants with the optimum level of inventory at the highest level of quality in a standardised and cost efficient manner. We operate warehouses across five cities in India to service our restaurants in India, and have invested in building technology solutions including a restaurant-level SAP enterprise resource planning (“**ERP**”) system and POS software solutions in our restaurants. We have also adopted YUM’s global online and digital channel solutions to enhance customer experience in both our physical and digital restaurants and achieve operating efficiency and financial controls within our organization. Our operational excellence in areas such as hygiene and food safety have allowed us to respond to the serious disruptions we faced during the COVID-19 pandemic.

We are led by a professional management team with robust corporate governance practices and clearly defined company values that guide our organisation behaviour and culture. Our management team has diverse experience across industries including consumer, retail and QSR, bringing cross-industry perspectives to our operations and growth. Our Group CEO, Sanjay Purohit, has more than 30 years’ experience in creating and growing profitable consumer product businesses. The CEO of our KFC business, Deepak Taluja, has more than 24 years’ experience in the QSR and entertainment retail industries. The CEO of our Pizza Hut business, Vikrant Vohra, has more than 19 years’ experience in the hospitality industry and the QSR chain sub-segment. Our CFO, Vijay Lalchand Jain, has 18 years of experience in the pharmaceutical, consumer products and retail industries, while the Managing Director of our subsidiary based in Sri Lanka, Amar Raj Singh, has more than 30 years’ experience in consumer product companies. We have attracted marquee investors such as affiliates of Samara Capital, Goldman Sachs, CX Partners,

Creador and Edelweiss. We have experienced restaurant operators who manage and run our restaurants and who have strong track records in delivering superior customer service in an efficient manner.

The table below sets forth our key financial and operating metrics:

Particulars	As of or for the financial year ended		
	March 31, 2021	March 31, 2020	March 31, 2019
<b>Store Count</b>	<b>437</b>	<b>427</b>	<b>376</b>
KFC India	203	187	158
PH India	162	174	153
Sri Lanka Business	70	64	63
Other Business	2	2	2
<b>Restaurant Related Revenue (in ₹ million)</b>	<b>10,167.37</b>	<b>13,296.04</b>	<b>11,818.22</b>
KFC India	5,897.36	7,752.95	6,584.49
PH India	2,217.08	3,343.06	3,071.35
Sri Lanka Business	1,964.90	2,037.87	1,983.88
Other Business	88.03	162.16	178.5
<b>Restaurant EBITDA (As a % of Restaurant Related Revenue)</b>	<b>13.0%</b>	<b>12.0%</b>	<b>11.8%</b>
KFC India	14.0%	13.2%	12.7%
PH India	5.0%	7.3%	7.5%
Sri Lanka Business	19.5%	16.2%	16.0%
Other Business	3.2%	4.8%	5.7%
<b>Company Adjusted EBITDA (in ₹ million)*</b>	<b>381.82</b>	<b>661.88</b>	<b>434.56</b>
<b>Company Adjusted EBITDA (Pre-ESOP Expenses) (in ₹ million)*</b>	<b>519.60</b>	<b>706.10</b>	<b>501.39</b>
<b>Company EBITDA (in ₹ million)*</b>	<b>1,787.40</b>	<b>1,856.00</b>	<b>1,486.82</b>
<b>Company EBITDA (Pre-ESOP Expenses) (in ₹ million)*</b>	<b>1,925.18</b>	<b>1,900.22</b>	<b>1,553.65</b>
<b>As a percentage of Restaurant related revenue</b>			
Company Adjusted EBITDA Margin*	3.8%	5.0%	3.7%
Company Adjusted EBITDA (Pre-ESOP Expenses)*	5.1%	5.3%	4.2%
Company EBITDA Margin*	17.6%	14.0%	12.6%
Company EBITDA (Pre-ESOP Expenses)*	18.9%	14.3%	13.1%
<b>Restated Loss for the Year After Tax (in ₹ million)</b>	<b>(998.97)</b>	<b>(1,592.47)</b>	<b>(694.04)</b>

\* Non-GAAP measure. See "Other Financial Information – Non-GAAP Measures" on page 306.

### Our Strengths/Recipes for Success

We believe that we are well-positioned to take advantage of the growth opportunities in the Territories in which we operate. Our recipes for success are set out below:

- Leading QSR brands with a substantial market presence and scale;
- Strong relationship with YUM;
- Continuous focus on delivering great customer experience;
- Operational excellence;

- Scalable new restaurant economic model for expansion; and
- Great place to work led by experienced management team and backed by institutional capital.

### ***Leading QSR brands with a substantial market presence and scale***

We are one of India's largest restaurant franchisee operators, in terms of revenue for the financial year 2020 and number of restaurants operated as of December 31, 2020, and Sri Lanka's largest international QSR chain in terms of revenue for the financial year 2021 and number of restaurants operated as of March 31, 2021 (*Source: Technopak Report*). We have also established a presence in the Maldives. As of March 31, 2021, we owned and operated 204 KFC restaurants in India and the Maldives, 231 Pizza Hut restaurants in India, Sri Lanka and the Maldives, and two Taco Bell restaurants in Sri Lanka. KFC was the largest chicken QSR brand in the world in terms of global retail sales as of December 31, 2020, Pizza Hut was the largest pizza chain in Asia in terms of store count as of December 31, 2020 and Taco Bell was the largest Mexican-inspired restaurant chain in the world in terms of store count as of December 31, 2020 (*Source: Technopak Report*).

We have a wide variety of vegetarian and non-vegetarian value offerings at entry and premium price points, both enabling us to drive new customer acquisition across different income classes and, at the same time, upsell products through the use of meal combos and add-ons.

We are an omni-channel player, leveraging our brick-and-mortar restaurants and digital stores to provide dine-in, delivery and take-away services. Our wide footprint of restaurants provides superior accessibility, creates brand awareness and visibility, and improves customer retention in a competitive food service market. Through our digital stores, we are able to optimize our restaurant assets across multiple revenue channels, such as delivery and take-away channels, to derive efficiency for long-term sustainable growth.

The value of the food services market in India is estimated to grow at a CAGR of 8.0% from ₹ 4,236.00 billion in financial year 2020 to ₹ 6,211 billion in financial 2025, while the value of the QSR chain sub-segment is expected to grow at a CAGR of approximately 23% from ₹ 188.00 billion in financial 2020 to ₹ 534.00 billion in financial year 2025 (*Source: Technopak Report*). According to the Technopak Report, chicken and pizza are amongst the largest categories within the QSR chain sub-segment. By leveraging our brand strength, innovative product offerings, wide restaurant footprint, industry-leading digital and delivery capabilities, robust supply chain management system, technology-enabled operational and financial processes and systems, seasoned senior management team and dedicated workforce, we believe that we are well-positioned to capture further opportunities in the QSR chain sub-segment and continue our success and growth in the years to come.

### ***Strong relationship with YUM***

We are YUM's largest franchisee operator in the Indian subcontinent in terms of revenue in the financial year 2020 (*Source: Technopak Report*). Our association with YUM started in 2015 and we presently have the non-exclusive rights to operate restaurants under three of YUM's leading brands, namely, the KFC, Pizza Hut and Taco Bell brands. We also enjoy access to YUM's system and system property and expertise in building and establishing brands and operating large-scale restaurants chains gained through over 50,000 KFC, Pizza Hut and Taco Bell restaurants operated by YUM and its franchisees worldwide as of December 31, 2020 (*Source: Technopak Report*).

Our Franchisee Arrangement allows us to operate under the KFC brand in several states in India and across the Maldives, the Pizza Hut brand in several states in India and across Sri Lanka and the Maldives, and the Taco Bell brand across Sri Lanka, while leveraging YUM's global best practices and system and system property. Our Franchisee Arrangement provides us with rights to YUM's system and system property covering all aspects of business operations, as well as the flexibility to undertake, with YUM's approval, local or regional promotions, thereby meeting YUM's global quality assurance standards. It provides us with flexibility to operate and manage our in-house supply chain and have direct relationships with our vendor partners who go through YUM's approval process. We benefit from our 'One System' commercial negotiations where we negotiate with our suppliers, jointly with YUM and its other franchisee in India, to procure our key raw materials and equipment. We also benefit from YUM's extensive global marketing and advertising concepts, product development capabilities and cooking techniques to drive sales

and generate increased restaurant footfalls, while being guided by YUM's restaurant development procedures and standards. See “– *Relationship with YUM*” on page 170.

We hold regular meetings with YUM where we discuss marketing execution, innovation and new product development, IT and technology, business and operating performance improvement and new restaurant expansion, as well as on brand strategy and key vendor and supplier negotiations. We also attend global brand and franchisee meetings with YUM to leverage and share best practices across markets. All in all, we believe that we derive significant value from our Franchisee Arrangement with YUM.

### ***Continuous focus on delivering great customer experience***

We monitor the quality of our customer experience through a sophisticated Guest Experience Survey (“**GES**”) system, a third party tool used around the world to measure customer satisfaction, to give us customer feedback on taste of food, speed of service, hygiene and overall satisfaction for all of our restaurants across our various channels. This allows us to reward high performing restaurants, improve restaurants with issues and replicate best practices across restaurants. A vast majority of our customers provided positive feedback on our service level through the GES system for our KFC and Pizza Hut restaurants in India for the financial year 2021.

We strive to create a best-in-class experience for our customers by developing the right work culture and environment at the restaurant level and motivating our employees to deliver on our core purpose of serving great food with great experience at great value to our customers every day. We are committed to hiring the right employees, investing in structured and on-the-job training programs that cover every aspect of a restaurant's operations, and linking their incentives to the overall performance of the restaurant as measured by customer satisfaction, operating and profitability metrics.

### ***Operational excellence***

We have made significant investments in our operations and have a well-defined process that helps our restaurant teams to consistently deliver great tasting products, food safety, hygiene, and guest experience. These operating procedures are consistent with the global standards of KFC, Pizza Hut or Taco Bell, as the case may be, with respect to product quality, food preparation methods, food safety and cleanliness and customer service standards. We have multiple levels of supervision and quality control for our restaurant operations including third-party audits covering quality control, operating processes and hygiene in accordance with protocols defined by YUM. Our Company has won awards such as champion in the first ever Fan of the Pan Taste Challenge in Asia in 2020 for achieving the best metrics with respect to taste and speed among YUM franchisees, and winner of the H2OP challenge in 2017 for having the best restaurant standard operating procedures among YUM franchisees in India. We have invested in specialty equipment and technology, such as fryers, ovens, mixers, refrigeration equipment and kitchen design to enhance food safety and reduce human error.

Our in-house supply chain function works with our vendor partners for food ingredients, packaging, warehousing and logistics with the goal of providing our restaurants with the optimum level of inventory at the highest level of quality in a standardised and cost efficient manner. We operate warehouses in five cities across India. YUM provides us with the flexibility to operate and to manage our in-house supply chain and to have direct relationships with vendor partners. We receive the support of YUM through its globally-defined and thorough approval process for suppliers, which includes due diligence of legal and regulatory requirements and facility audits conducted by YUM's designated third party auditors to verify such supplier's compliance with international audit norms and food quality standards. We also benefit from our 'One System' commercial negotiations where we negotiate with our suppliers, jointly with YUM and its other franchisee in India, to procure our key raw materials and equipment.

We have invested in building technology solutions including a restaurant-level SAP ERP system and a new POS system, LS Retail, to provide enhanced front-of-house customer and back-of-house kitchen solutions. We have adopted YUM's global online and digital channel solutions to deliver superior customer experience at our physical and digital restaurants.

We have strong business control and internal audit system comprising three layers, as follows:

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

We operate a robust internal ‘PACE SETTER’ program that enables continuous benchmarking of key cost lines amongst cohorts of restaurants, thereby improving financial performance at the restaurant level.

Our operational excellence has allowed us to respond to the serious disruptions we faced during the COVID-19 pandemic. According to the Technopak Report, QSR formats, primarily QSR chains, were the first in the food services industry to demonstrate recovery from the COVID-19 pandemic. Some of the actions we took include:

- visible and tangible improvement in hygiene and food safety to assuage customer concerns;
- pivoting to increasing delivery and takeaway sales given restrictions on dine-in services. In the financial years 2021, 2020 and 2019, our Company’s income from take-away and delivery services was ₹ 5,518.78 million, ₹ 4,681.58 million and ₹ 4,094.67 million, or 68.8%, 42.8% and 43.2%, respectively, of our total restaurant sales;
- enhancing our own online delivery platform;
- adopting zero-base budgeting techniques to deliver permanent reduction in our cost structures;
- working with our landlords to renegotiate rentals to arrive at mutually beneficial arrangements;
- effective working capital management, fund infusion and support for our vendor partners; and
- employee engagement and support even as they continued to serve our customers in the midst of the pandemic.

#### ***Scalable new restaurant economic model for expansion***

We have continuously worked on improving our new restaurant economic model in consultation with YUM through the following initiatives:

- enhancing the value and affordability proposition of our global brands to drive more transactions and higher ticket sizes and acquire new customers through offerings such as KFC’s entry-level burgers and value chicken buckets, Pizza Hut’s ‘Every Day Value’ pizzas, and meal combos for one, two and four persons;
- our omni-channel strategy of utilizing our brick-and-mortar restaurant assets and digital stores across multiple revenue channels of dine-in, take-away, own delivery and aggregator delivery services. In the financial year 2021, our Company derived ₹ 2,506.19 million, ₹ 2,154.64 million and ₹ 3,364.14 million from dine-in, take-away and delivery services, or 31.2%, 26.9% and 41.9%, respectively, of our Company’s restaurant sales. The majority of our restaurants and our menu items are configured to enable delivery and we have adopted a hybrid model of maintaining a significant owned online delivery platform and working with third-party delivery aggregators. We also use an analytics-based customer relationship management (“CRM”) program to gather data on orders placed on our own website, app and call centre. As a result, for the financial years 2021, 2020 and 2019, our Company’s income from delivery services was ₹ 3,364.14 million, ₹ 2,611.13 million and ₹ 2,016.24 million, or 41.9%, 23.9% and 21.3%, respectively, of our Company’s restaurant sales;

- optimizing the restaurant size (both the front-of-house customer area and back-of-house kitchen area) to reduce capital expenditure, occupancy and operating costs without impacting revenue capacity. The average size of all our KFC restaurants in India as of March 31, 2019 decreased from 2,736 sq. ft. to an average of 1,645 sq. ft. for restaurants that opened in financial years 2020 and 2021. The average size of all our Pizza Hut restaurants in India as of March 31, 2019 decreased from 2,427 sq. ft. to an average of 1,480 sq. ft. for restaurants that opened in financial years 2020 and 2021. The size of some of our recently opened or signed restaurants has further decreased to between 1,400 to 1,500 sq. ft. for our KFC restaurants and between 1,200 to 1,300 sq. ft. for our Pizza Hut restaurants. For the financial years 2021, 2020 and 2019, our capital expenditure (excluding any initial fee) per new KFC restaurant was ₹ 17.18 million, ₹ 20.11 million and ₹ 21.13 million, respectively, while our capital expenditure (excluding any initial fee) per new Pizza Hut restaurant was ₹ 13.37 million, ₹ 13.89 million and ₹ 16.08 million, respectively;
- continuous focus on sustainable cost efficiencies through our PACE SETTER program, where we benchmark best cost practices amongst cohorts of restaurants;
- a robust internal process starting from mapping of new potential trade areas for the next three years and including site selection, building the restaurant, manpower planning and training and a marketing launch plan to achieve our targeted level of sales; and
- our Development Agreements and Recovery Relief Agreements which provide us with additional incentives for expansion of our KFC and Pizza Hut restaurant networks. See “– Relationship with YUM – Development Agreements” and “– Relationship with YUM – Recovery Relief Agreements” on pages 171 and 172, respectively.

We believe that these initiatives will enable us to expand our business in line with the expected expansion of the value of the QSR chain sub-segment from ₹ 188.00 billion in financial 2020 to ₹ 534.00 billion in financial year 2025 (Source: Technopak Report).

***Great place to work led by experienced management team and backed by institutional capital***

We are led by a professional management team with robust corporate governance practices. Our management team has diverse experience of an average of over 20 years across industries including consumer, retail and QSR which brings cross-industry perspectives to our operations and growth, and have demonstrated ability to build and profitably grow businesses. We have experienced restaurant operators who run our restaurants and deliver superior customer service in an efficient manner. Our Group CEO, Sanjay Purohit, has more than 30 years’ experience across consumer products and retail businesses. The CEO of our KFC business, Deepak Taluja, has more than 24 years’ experience in the QSR and entertainment retail industries. The CEO of our Pizza Hut business, Vikrant Vohra, has more than 19 years’ experience in the hospitality industry and the QSR chain sub-segment, while our CFO, Vijay Lalchand Jain, has 18 years of experience in the pharmaceutical, consumer products and retail industries.

We strive to make our Company an attractive place to work where our employees would be eager to come to work every day, by building a culture that is purpose-driven, safe, engaging and collaborative. We have received awards such as National Best Employer Brands 2020 by WORLD HRD Congress, The Economic Times Best Workplaces for Women 2021 and Asia’s Top 25 Great Places to Work in Sri Lanka in 2020 from Great Place to Work.

We have a set of clearly articulated company values that define our organisation behaviour and culture, as shown in our value chart below:





We deploy the Gallup Employee Engagement Survey, which is used by companies around the world, to help us understand areas of strength and development at organisational and managerial levels. Our mean Gallup employment engagement score increased from 4.12 in financial year 2018 to 4.44 in financial year 2021 and our Gallup global mean percentile rank improved from 57 in financial year 2018 to 76 in financial year 2021. Based on survey results, we are able to tailor capability development and training programs across levels in the organisation. We offer our employees a well-defined career growth path, starting from entry level restaurant team members.

We have attracted marquee investors such as affiliates of Samara Capital, Goldman Sachs, CX Partners, Creador and Edelweiss.

### **Our Growth Opportunities/Strategies**

The following are the key elements of our future growth opportunities.

#### ***Accelerate conversion from unorganized food services to our brands***

The current COVID-19 pandemic, while having a negative impact on the food services industry, has also provided opportunities to brands that can assure consumers of consistent great tasting products, food safety, hygiene, great value and easy accessibility across dine-in, takeaway and delivery channels. In the fourth quarter of financial year 2021, high street international chain QSR restaurants recovered to almost 100% of their revenues in the fourth quarter of financial year 2020 prior to the COVID-19 pandemic, aided by their ability to comply with social distancing norms and safety and hygiene requirements (*Source: Technopak Report*). Over the next few years, we intend to accelerate our growth through the following strategies:

- Continuously enhance relevance of our current brands — We plan to continue to strengthen the relevance of KFC and Pizza Hut as full meal options in addition to snacking, thereby straddling all parts of the day. We anticipate that our menu innovation, abundant value meal options at entry and premium price points, emphasis on superior food safety and hygiene standards and freshness of ingredients to meet evolving

consumer preferences will enable our brands to appeal to a wide secular consumer audience across age groups, leading to new consumer acquisition and increased ordering frequency and ticket size.

- Leverage our omni-channel strategy — Our brands are accessible through dine-in, takeaway and delivery. We intend to leverage our enhanced digital ecosystem and CRM program to improve our understanding of the relevant drivers of guest experience of each of these channels and maximize revenue opportunity, as follows:
  - Dine-in — Continue to invest in contemporising design of our restaurants, refurbishing assets, menu simplification and ease of ordering through technology;
  - Take away — Invest in technology such as Click and Collect, kerbside pick-up and contactless payments to ease ordering and pick up;
  - Own Delivery — Continuously improve our own digital restaurant experience and in-house delivery capability, strengthen our CRM program through analytics and targeted marketing, and differentiate product and price offerings on our own website, app and call centre; and
  - Delivery via aggregators — Collaborate with aggregators to continuously improve operational efficiency and drive transaction growth and ticket size through analytics-based marketing and innovative menu offerings.
- Leverage strength on cost efficiencies, manage unit economics and achieve economies of scale through operational leverage — Over the past few years, we have built organizational capabilities in minimizing wastage and enhancing efficiencies, through a combination of ERP systems, processes and people. Restaurant-level cost benchmarking programs such as PACE SETTER have helped us continuously improve restaurant operating margins, and our three-layered business controls and internal audit system have allowed us to keep leakages in check and highlight opportunities for process and control improvement. We demonstrated our cost efficiency in the financial year 2021 when we made permanent structural changes to costs, such as reducing restaurant employee and operating costs, as a result of the COVID-19 pandemic. This is an area of continuous focus which we believe will help us stay ahead of the curve and mitigate challenges.
- Fast-paced restaurant expansion to capitalize on growth opportunities — According to the Technopak Report, restaurant chains have a low penetration rate in India, especially in lower-tier cities, with approximately 18 chain QSR restaurants per million people in urban areas in calendar year 2019 compared to approximately 765 in the United States. Given the rapidly expanding middle class and dining-out population, we believe that KFC and Pizza Hut are well-placed to capitalize on this opportunity. Their global brand appeal, coupled with our ability to maximize revenue potential through all channels, especially delivery, and to widen the consumer base through value options, our newly-evolved compact restaurant size and improved restaurant operating margins, provide us with an opportunity for rapid new restaurant expansion. Further, under the Development Agreements, we would be eligible for incentives in the form of waivers of the initial fees and marketing expenses and cash incentives during the term of the relevant development agreement.

Pursuant to the Development Agreements, we are required to open a minimum number of restaurants for each year of the term of the relevant Development Agreement. As a result of the increase in delivery and takeaway services due to the COVID-19 pandemic, and subject to market dynamics and surrounding catchments, we are considering smaller formats for new restaurants, which would allow us to reduce one of our main costs, rent.

We plan to continue to build our restaurant network using a cluster strategy, where we would launch our brands from flagship locations in high traffic and high visibility locations in key metropolitan areas and cities and then develop new restaurants within that cluster. This approach is expected to allow us to efficiently manage our vertically managed and scalable supply chain and drive down costs, thereby yielding the benefits of improved operating leverage.

### *Pursue inorganic growth*

Stemming from our aspiration to be India's best restaurant operator, we have built our organisation and developed our human resources to grow brands and drive consumption, deliver great operations and customer experience. To achieve this, we have built back-end organisation systems and processes to handle significant scale. We also have an organisational culture that fosters an entrepreneurial approach and count, among our investors, professional financial sponsors who have the experience and skillset in pursuing and completing acquisitions and other methods of growing inorganically. We intend to actively explore opportunities to acquire high quality and scalable QSR and food brands in complementary categories in existing or new geographies.

## DESCRIPTION OF OUR BUSINESS

### Brands

Our association with Yum started in 2015 and we presently have the non-exclusive rights to operate restaurants under three of YUM's leading brands, namely, the KFC, Pizza Hut and Taco Bell brands in the Territories. The following table sets forth a breakdown of our revenue by brand or geography for the period indicated:

(in ₹ million)

Particulars	For the financial year ended		
	March 31, 2021	March 31, 2020	March 31, 2019
KFC India	5,897.36	7,752.95	6,584.49
Pizza Hut India	2,217.08	3,343.06	3,071.35
Sri Lanka Business	1,964.90	2,037.87	1,983.88
Other Business	88.03	162.16	178.50
<b>Restaurant Related Revenue</b>	<b>10,167.37</b>	<b>13,296.04</b>	<b>11,818.22</b>

### KFC

KFC was the largest QSR chain serving chicken in India in terms of restaurant count, with 488 restaurants in India as of March 31, 2021 (*Source: Technopak Report*). Founded in Corbin, Kentucky, in the U.S. by Colonel Harland D. Sanders in 1939, KFC opened its first restaurant in India in 1996. KFC in India and the Maldives has an extensive menu featuring chicken on the bone, boneless chicken and other chicken products, burgers, rice dishes, wraps, beverages and desserts. We operated 204 KFC restaurants in India and the Maldives as of March 31, 2021.

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

Particulars	As of or for the financial year ended		
	March 31, 2021	March 31, 2020	March 31, 2019
<b>Total Store Count</b>	<b>203</b>	<b>187</b>	<b>158</b>
Number of Stores in Top 10 Cities	135	126	111
Total No. of Cities Where Present	56	55	47
<b>Average Daily Sales per Restaurant (in ₹ thousand)</b>	106.25	129.63	125.21
<b>SSSG</b>	(30.0)%	5.4%	13.9%
Delivery as % of Restaurant Sales	38.1%	19.8%	16.7%
<b>Restaurant Related Revenue (in ₹ million)</b>	<b>5,897.36</b>	<b>7,752.95</b>	<b>6,584.49</b>
<b>Gross Margin (%)</b>	67.9%	65.4%	65.1%
<b>Restaurant EBITDA (in ₹ million)</b>	<b>827.64</b>	<b>1,020.55</b>	<b>836.22</b>
<b>Restaurant EBITDA (%)</b>	14.0%	13.2%	12.7%

### Pizza Hut

Pizza Hut was the second largest pizza chain in India in terms of revenue in financial year 2020, and the market leader in Sri Lanka in terms of revenue for the financial year 2021 and number of restaurants in as of March 31, 2021 (*Source: Technopak Report*). The first Pizza Hut restaurant was opened in Wichita, Kansas, in the U.S. in 1958. Pizza Hut in India and Sri Lanka has an extensive menu for all parts of the day, offering a broad variety of pizzas, pasta, appetizers, beverages and desserts. Pizza Hut was the first international QSR chain to enter the Sri Lankan food and beverage sector in 1993 (*Source: Technopak Report*). We operated 231 Pizza Hut restaurants in India, Sri Lanka and the Maldives as of March 31, 2021.

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

Particulars	As of or for the financial year ended		
	March 31, 2021	March 31, 2020	March 31, 2019
<b>Total Store Count</b>	<b>162</b>	<b>174</b>	<b>153</b>
Number of Stores in Top 10 Cities	129	141	127
Total No. of Cities Where Present	32	31	29
<b>Average Daily Sales per Restaurant (in ₹ thousand)</b>	48.17	57.90	61.25
<b>SSSG</b>	(35.4)%	(5.2)%	5.0%
Delivery as % of Restaurant Sales	53.0%	34.8%	32.5%
<b>Restaurant Related Revenue (in ₹ million)</b>	<b>2,217.08</b>	<b>3,343.06</b>	<b>3,071.35</b>
<b>Gross Margin (%)</b>	76.1%	76.2%	73.9%
<b>Restaurant EBITDA (in ₹ million)</b>	<b>111.34</b>	<b>243.93</b>	<b>229.26</b>
<b>Restaurant EBITDA (%)</b>	5.0%	7.3%	7.5%

See “– Sri Lanka” on page 182 for our key financial and operating metrics for Pizza Hut in Sri Lanka.

### Taco Bell

Taco Bell was the largest Mexican-inspired restaurant chain in the world in terms of store count as of December 31, 2020 (*Source: Technopak Report*). The first Taco Bell restaurant was opened in 1962 in Downey, California. Taco Bell specializes in Mexican-inspired food products for multiple dayparts, including breakfast, lunch, snacks and dinner. Taco Bell in Sri Lanka has various types of tacos, chalupas, burritos and other related items. We operated two Taco Bell restaurants in Sri Lanka as of March 31, 2021.

### **Customer Proposition**

The key pillars of our customer proposition include:

- differentiated product offerings with KFC, Pizza Hut and Taco Bell as a market leader in chicken, pizza and Mexican-inspired food, respectively (*Source: Technopak Report*);
- products which are freshly made every day at our restaurants;
- wide variety of menu offerings with both meal and snack options for all parts of the day;
- system-wide operating procedures and hygiene that are consistent with the global standards of KFC, Pizza Hut or Taco Bell, as the case may be, with respect to product quality, taste parameters, food preparation methods, food safety and cleanliness and customer service standards;
- value offerings at entry and premium price points, enabling us to drive new customer acquisitions and, at the same time, upsell products through the use of meal combos and add-ons; and
- easy access through our omni-channel platform consisting of dine-in, take-away, own delivery and delivery aggregators.

We expect to benefit from the increased consumption of protein in the form of meat such as chicken in India (*Source: Technopak Report*). We do not offer beef or pork products in our restaurants and have also separated the cooking and preparation of vegetarian and non-vegetarian meals in our kitchens to build trust with our customers. Our menu is built through extensive taste testing in order to appeal to the local palate and the tastes of our customers. We are selective in choosing where we purchase our ingredients and only purchase our ingredients from approved suppliers for quality purposes. In addition, we have instituted extensive standards and procedures with respect to quality assurance and food handling, consistent with YUM's global standards.

### **Marketing and Communication Strategy**

We design our national-level marketing campaigns jointly with YUM. Franchisees of YUM, including us, contribute expenses for the annual marketing campaign which is executed by YUM's team in India, allowing us to focus on our operations. We use an integrated marketing and communication approach to increase brand awareness and consideration amongst Indian consumers. This approach targets a broad consumer base with frequent and inclusive messaging at multiple touch points, through digital media and mass media channels such as regular TV commercials, big ticket and high impact media events such as Indian Premier League. Our marketing and communication strategy is focused on improving relevance of our brands across age groups, increasing consumption occasions and tactical activations for sales upliftment. During the COVID-19 pandemic, our marketing and advertising campaigns focused on safety, health and hygiene largely through digital media, with a significant push on enhancing delivery and takeaway sales through contactless ordering and payment and targeted meal bundles. To continuously improve our own digital restaurant experience and in-house delivery capability, we use an analytics-based CRM program to gather data on orders placed on our own website, app and call centre.

### **Relationship with YUM**

The Franchisee Arrangement is set out in a number of agreements, primarily a technology license agreement with YUM India with respect to the operation of each KFC and Pizza Hut restaurant in India, a trademark license agreement with Kentucky Fried Chicken International Holdings LLC with respect to the operation of each KFC restaurant in India, a trademark license agreement with Pizza Hut International LLC with respect to the operation of each Pizza Hut restaurant in India, similar agreements with respect to the operation of Pizza Hut and Taco Bell restaurants in Sri Lanka, and KFC and Pizza Hut restaurants in the Maldives (see “– Sri Lanka” on page 181 and “– Maldives” on page 182), the Development Agreements and the Recovery Relief Agreements.

Under the Franchisee Arrangement, YUM granted our Company the non-exclusive right to use intellectual property, including technology and trademarks, owned by YUM and its subsidiaries to operate under the KFC, Pizza Hut and Taco Bell brands in the Territories and to avail of related development, promotional and support services from YUM.

*Term.* The term of the Franchisee Arrangement, with respect to a particular restaurant, expires on the 10th anniversary of the grant of rights enjoyed by such restaurant, which may be renewed for an additional 10-year term if we meet the requirements for renewal.

*Royalties and Required Expenditures.* We are required to pay YUM a monthly royalty fee of between 6.0% to 6.3% of our net sales from our operation of the restaurants in the Territories. We are also required to spend 6.0% of our net sales (including 1.0% to be spent on Local Store Marketing (LSM)), with respect to our operations in India and 5.0% of our net sales with respect to our operations in Sri Lanka and the Maldives, to market, advertise and promote the brands and their products in the Territories.

*Non-Competition.* We may not, directly or indirectly, have an interest in, or engage in, any business (“**Proposed Business**”) involving the wholesale or retail preparation, marketing or sale of any food products in the Territories without YUM's prior approval. YUM may withhold its approval if one or more of the following categories of products individually constitutes more than 20.0% of the food products to be sold by the Proposed Business: (i) pizza products, (ii) pizza and pasta products (collectively), (iii) ready-to-eat chicken products, (iv) Mexican food products and (v) beef burger products, in the Territories during the term of the Franchise Arrangement.

*Brand Standards.* We must maintain specified standards of quality set forth by YUM. The Franchisee Arrangement provides us with a well-defined restaurant operating model covering all aspects of business operations, as well as the

flexibility to undertake, with YUM's approval, local or regional promotions, thereby meeting YUM's global quality assurance standards. It provides us with flexibility to operate and manage our in-house supply chain and have direct relationships with our vendor partners who go through YUM's stringent approval process. YUM appoints a third party to conduct an audit on our Company on a periodic basis covering our compliance with food safety, hygiene and operational and brand standards, and conducts unannounced audits from time to time.

*Transfer and Change of Control.* We are required to obtain YUM's prior consent in the event that we transfer our rights or obligations under the Franchisee Arrangement to a third party, or of a direct or indirect change in control of our Company.

*Principal Operator.* Both KFC and Pizza Hut businesses are headed by separate and dedicated principal operators. Further, on and from the date on which the Equity Shares are listed our Company will be entitled to change its principal operator for both KFC and Pizza Hut brands with YUM's prior written consent.

*Termination.* Except for certain events such as dissolution, liquidation, insolvency or bankruptcy of our Company, we will have the right to cure any breach of the Franchisee Arrangement. Upon the occurrence of a non-curable breach, YUM will have the right to terminate the Franchisee Arrangement (or our Company's rights to a particular brand) on delivery of written notice. Upon the occurrence of a curable breach, YUM will provide a notice of breach that sets forth a cure period. If we do not cure the breach after such cure period, YUM will have the right to terminate the Franchisee Arrangement or limit or withhold its supply to us of any products, supplies, materials, equipment or services. In addition, in the event that we cause a public health or food safety issue in a restaurant, purchase any product from a non-approved supplier, or sell any product or service other than YUM's approved products, YUM may shut the operations of the affected restaurant and terminate the Franchisee Arrangement if we fail to cure such breach within 60 days.

See "*Risk Factors — We operate our restaurants pursuant to the Franchisee Arrangement that imposes certain restrictions and obligations on us with respect to our operations, and, which if terminated or limited, could adversely affect our business, results of operations, cash flows and financial condition.*" starting on page 32.

#### *Development Agreements*

Our Company entered into a development agreement with YUM India effective January 1, 2019, with respect to non-exclusive rights to develop and open KFC restaurants in India (the "**KFC Development Agreement**") and a development agreement with YUM India effective May 26, 2017, as amended, with respect to non-exclusive rights to develop and open Pizza Hut restaurants in India (the "**Pizza Hut Development Agreement**" and, together with the KFC Development Agreement, the "**Development Agreements**").

*Term.* The term of the KFC Development Agreement expires on December 31, 2023. The term of the Pizza Hut Development Agreement expires on December 31, 2023.

*Growth.* Pursuant to the Development Agreements, we are required to open a minimum number of restaurants for each year of the term of the relevant development agreement. We are eligible for certain incentives in the form of full or partial waivers of the initial fee and royalties should we meet or exceed our targets for opening new restaurants. If our Company fails to meet our annual targets under the KFC Development Agreement or the Pizza Hut Development Agreement, we may lose incentives for our KFC or Pizza Hut restaurants in India, as the case may be. With respect to the KFC Development Agreement, if we fail to achieve the cumulative restaurant opening target thereunder for any two development years, YUM may terminate the KFC Development Agreement and the rights contained therein. With respect to the Pizza Hut Development Agreement, if we fail to achieve the annual target thereunder for any year, YUM may terminate the Pizza Hut Development Agreement and the rights contained therein. See "*Risk Factors — We operate our restaurants pursuant to the Franchisee Arrangement that impose certain restrictions and obligations on us with respect to our operations, and, which if terminated or limited, could adversely affect our business, results of operations, cash flows and financial condition.*" starting on page 32.

We are in the process of entering into revised development agreements with YUM for the KFC and Pizza Hut brands by September 30, 2021 or the filing of the Red Herring Prospectus with SEBI, whichever is earlier, to novate the existing Development Agreements for both brands. In the event we are unable to comply with this requirement within

the time specified, this shall be construed as an event of default under the franchisee agreements signed with YUM, entitling YUM to exercise the available rights under the said agreements, and we will not be allowed to refer to the YUM brands in the Red Herring Prospectus.

#### *Recovery Relief Agreements*

As a result of the significant impact of the COVID-19 pandemic which affected the roll out of our stores in calendar year 2020, our Company entered into a recovery relief agreement dated November 26, 2020 with respect to KFC in India (the “**KFC Recovery Relief Agreement**”) and a recovery relief agreement dated December 29, 2020 with respect to Pizza Hut in India (the “**Pizza Hut Recovery Relief Agreement**”) and, together with the KFC Recovery Relief Agreement, the “**Recovery Relief Agreements**”) with YUM India to amend and modify certain terms of our arrangements, and consequently the development commitment schedule contemplated in the Development Agreements. The Recovery Relief Agreements include various incentives such as waiver of the initial fee and marketing fees. See “*Risk Factors — We operate our restaurants pursuant to the Franchisee Arrangement that impose certain restrictions and obligations on us with respect to our operations, and, which if terminated or limited, could adversely affect our business, results of operations, cash flows and financial condition.*” starting on page 32.

#### **Our Network (Restaurants)**

With over six years of operations, we have developed extensive operating experience in the India, Sri Lanka and the Maldives markets. We have since grown to be one of India’s largest restaurant franchisee operators, in terms of revenue for the financial year 2020 and number of restaurants operated as of December 31, 2020, and Sri Lanka’s largest international QSR chain in terms of revenue for the financial year 2021 and number of restaurants operated as of March 31, 2021 (*Source: Technopak Report*).

The following table sets forth the total number of restaurants in India and Sri Lanka and their movement for the periods indicated.

#### *India*

Particulars	For the financial year ended		
	March 31, 2021	March 31, 2020	March 31, 2019
<b>Number of restaurants at the beginning of the period</b>			
KFC	187	158	139
Pizza Hut	174	153	123
<b>Total</b>	<b>361</b>	<b>311</b>	<b>262</b>
<b>Number of new restaurants opened or acquired during the period</b>			
KFC	19	30	22
Pizza Hut	8	25	37
<b>Total</b>	<b>27</b>	<b>55</b>	<b>59</b>
<b>Number of restaurants closed during the period</b>			
KFC	3	1	3
Pizza Hut	20	4	7
<b>Total</b>	<b>23</b>	<b>5</b>	<b>10</b>
<b>Number of restaurants at the end of the period</b>			
KFC	203	187	158
Pizza Hut	162	174	153
<b>Total</b>	<b>365</b>	<b>361</b>	<b>311</b>

#### *Sri Lanka*

Particulars	For the financial year ended		
	March 31, 2021	March 31, 2020	March 31, 2019
<b>Number of restaurants at the beginning of the period</b>			
Pizza Hut	61	60	54

Particulars	For the financial year ended		
	March 31, 2021	March 31, 2020	March 31, 2019
Taco Bell	3	3	1
<b>Total</b>	<b>64</b>	<b>63</b>	<b>55</b>
<b>Number of new restaurants opened or acquired during the period</b>			
Pizza Hut	9	7	6
Taco Bell	0	0	2
<b>Total</b>	<b>9</b>	<b>7</b>	<b>8</b>
<b>Number of restaurants closed during the period</b>			
Pizza Hut	2	6	0
Taco Bell	1	0	0
<b>Total</b>	<b>3</b>	<b>6</b>	<b>0</b>
<b>Number of restaurants at the end of the period</b>			
Pizza Hut	68	61	60
Taco Bell	2	3	3
<b>Total</b>	<b>70</b>	<b>64</b>	<b>63</b>

We operated one KFC restaurant and one Pizza Hut restaurant in the Maldives as of March 31, 2021.

### Restaurant Expansion Process

Using a cluster strategy, we launch our brands from flagship locations in high traffic and high visibility locations in key metropolitan areas and cities across India and then develop new restaurants within that cluster. We also develop new restaurants in new cities as part of our brand and category expansion. Our restaurants operate primarily in high street locations, which typically have high impact and high visibility locations for brand awareness, shopping malls and food courts, which are both ready catchments to drive footfalls and drive thrus in areas with high traffic of personal vehicles.

Although the COVID-19 crisis has adversely affected our ability to open new restaurants and expand our restaurant network temporarily, we continue to evaluate the pace and quantity of new restaurant openings and to expand our restaurant network. We have been able to keep the majority of our restaurants open for dine-in or takeaway guests, where allowed under local regulations, and to support food delivery services. For the first, second, third and fourth quarters of 2021, 248, 344, 411 and 423, or 58.6%, 83.5%, 98.1% and 98.3%, respectively, of our restaurants remained open for dine-in, takeaway or food delivery for a majority of days in that particular quarter, although capacity for dine-in guests may be limited, based on local regulations.

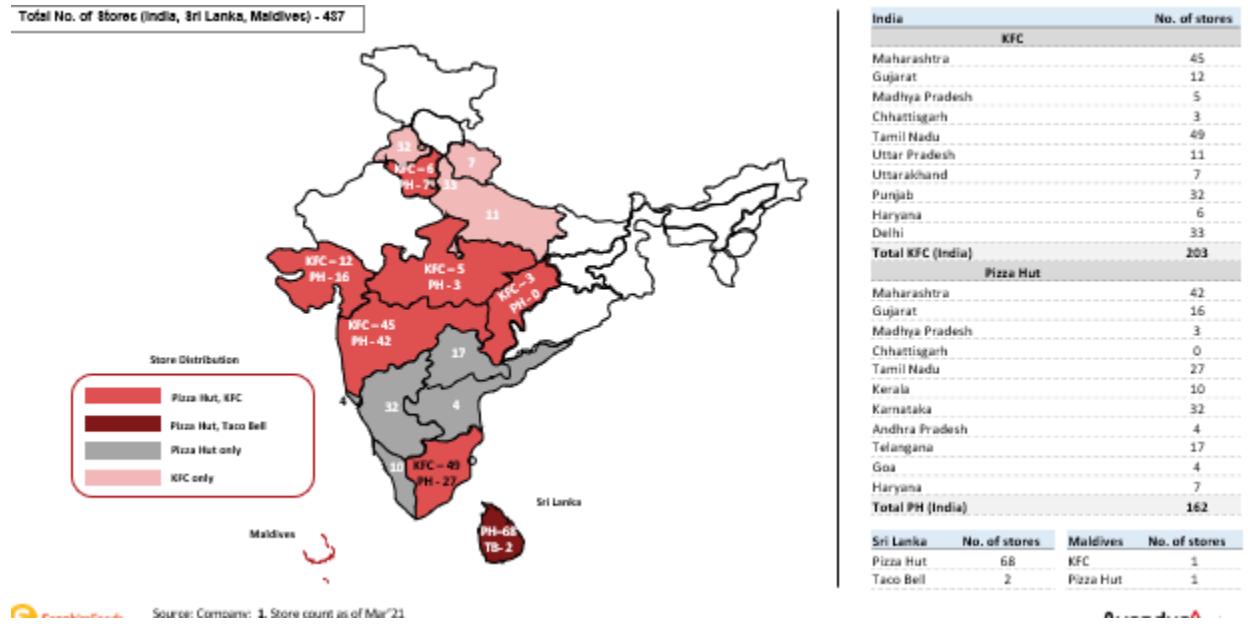
As a result of differences in the number of active COVID-19 cases and governmental lockdown restrictions, the extent to which our restaurants have been impacted has depended on which part of the country they are in, as well as the type of location they are in. For example, since the last week of February 2021, partial or full lockdowns have been re-imposed in certain parts of the country due to the increase in the number of COVID-19 cases since the beginning of April 2021 (*Source: Technopak Report*). Consequently, our business and the restaurant industry as a whole has been most affected in these states and the recovery in those states has been slower, with dine-in services starting later, compared to other states in India. Moreover, within any particular city, certain restaurants were allowed to start services due to their location, while others had to suspend operations due to containment zones related restrictions, such as those that apply in transit locations or locations where there are large gatherings of people. See “*Risk Factors — We operate our restaurants pursuant to the Franchisee Arrangement and the Development Agreements that impose certain restrictions and obligations on us with respect to our operations, and, which if terminated or limited, could adversely affect our business, results of operations, cash flows and financial condition.*” starting on page 32.

Since opening our first restaurant in 2015 until March 31, 2021, we have had 90 permanent restaurant closures which took place due to business viability and decreased footfalls, as well as the non-fulfilment of obligations by the landlords. Of those permanent closures, 26 occurred during the financial year 2021, a few of which were related to the effect of COVID-19 on our business.



As a result of the COVID-19 pandemic, the behavior of consumers has changed regarding hygiene and safety standards of restaurants, and it is expected that even after the end of the COVID-19 pandemic, consumers will prefer places with hygienic kitchens and seating areas; there will be increased demand for safe, hygienic and clean places for eating out provided by QSR chains and Affordable Casual Dining Restaurants (*Source: Technopak Report*).

The following map sets forth an illustrative representation of the locations of our restaurants across India, Sri Lanka and the Maldives as of March 31, 2021:



In India, we have a non-exclusive right to operate KFC restaurants in ten states which, based on the Technopak Report, altogether contributed 56.3% of India’s total GDP in financial year 2019 and Pizza Hut restaurants in eleven states which, based on the Technopak Report, altogether contributed 56.6% of India’s total GDP in financial year 2019. Our Company has non-exclusive territory rights for KFC in five out of India’s top eight cities and for Pizza Hut in six out of India’s top eight cities. These eight cities contributed approximately 87% of the total revenue of the chain food services market during the financial year 2020 (*Source: Technopak Report*).

*Site selection to roll-out*

We have a dedicated business development and projects team comprising 44 employees with an average of approximately 12 years’ experience in similar roles. Our new restaurant roll-out process involves the following three phases:

Phase 1: Site identification, evaluation and finalisation

- Site identification. We initially identify the new restaurant location by engaging real estate agents to scout new locations and undertake a detailed evaluation of each location utilising pre-defined criteria. Our real estate agent team is comprised predominantly of in-house team members but we also utilize independent brokers from time to time. We aim to achieve an optimal mix across our different types of restaurant formats:
  - High street locations: We evaluate footfalls and surrounding populations and determine if there are like-minded retail brands in the vicinity;
  - Shopping malls and food courts: We focus on the presence of ‘big box’ department restaurants, movie theatres and supermarkets; and
  - Drive thru: We focus on areas with high traffic of personal vehicles and consider the location’s access to the highway and its distance from the city centre.

- Site evaluation. We then conduct a site quality evaluation, which focuses on a number of critical factors, including the trade area quality of the location, which focuses on the demographics of the location and the businesses in the surrounding areas, including the visibility of the location, the presence of competition, the number of households within the location's addressable market, the coverage of food delivery platforms such as Swiggy and Zomato, the location's consumer classification and the presence of corporate and other institutions, footfall generation, accessibility and parking, as well as a feasibility analysis of the site, which focuses on whether there is enough space for our restaurant layout and operations at the site. We also undertake a business plan and return on investment analysis, which involves an assessment of the site's commercial viability, including with respect to rental payments.
- Site finalisation. Once a location is identified and evaluated for roll out, we undertake initial due diligence of the site, secure a lease for the site and seek to finalise commercial negotiations and documentation swiftly. Each new restaurant location requires the approval of our senior management and YUM.

## Phase 2: Site development

Our restaurant roll-out process is managed by experienced development teams, dedicated project teams and empanelled contractors through which we deploy our well-defined restaurant architecture that includes pre-defined design templates and pre-approved standardised equipment in order to achieve roll out efficiently. Once the site is handed over to us, we engage contractors to commence civil, plumbing and insulation work, and establish the restaurant's kitchen and seating area in a manner consistent with YUM's global standards.

A critical aspect to our roll-out process is our ability to source the construction materials necessary for our new restaurants locally in order to reduce new restaurant costs and taxes and better manage and control our roll out timelines. Since the opening of our first restaurant, most of the construction materials have been identified and developed locally with the assistance and approvals of YUM's design team. For most of the items that we use in the construction of our restaurants, we have developed multiple vendor partners to keep the pricing competitive. In addition, our project teams actively manage our suppliers in order to manage construction volumes for upcoming restaurants. Except for certain approved kitchen equipment that are only manufactured in other countries, such as China, U.S. and Philippines, all our sourcing of equipment is done from within the country.

## Phase 3: Pre-launch

Prior to the launch of a new restaurant, we undertake recruitment and training of employees and commence management of the restaurant's supply chain requirements, and subsequently commence restaurant opening communications.

We typically complete restaurant roll-out within 120 to 150 days from site identification to store fit-out for our KFC and Pizza Hut restaurants.

## *Licensing*

Restaurant licensing plays a critical role in the smooth operations of our restaurants across India. Our in-house legal and regulatory team is responsible for maintaining restaurant-level licenses through a team of consultants.

## **Supply Chain**

An efficient supply chain function is crucial to the effective running and sustainability of our business, and we have accordingly built an in-house supply chain function.

We work with our vendor partners for food ingredients, packaging, warehousing and logistics with the goal of providing our restaurants with the optimum level of inventory at the highest level of quality in a standardised and cost-efficient manner.

We have a dedicated supply chain management team comprising 29 employees as of March 31, 2021, with an average experience in similar roles of between 10 to 12 years. Our supply chain team comprises of the sub-functions (verticals) discussed below.

#### *Supplier and procurement management*

We implement a strict qualification process including compliance checks and on-site audits for existing and new suppliers to ensure they meet our stringent food safety and quality control standards. We have detailed specifications for each food ingredient and consumable we procure. As of March 31, 2021, we had 67 suppliers, all of whom are required to enter into a quality assurance arrangement with us and YUM to ensure that all supplies and their quality assurance programs fully comply with our technical standards and relevant food laws and regulations.

For poultry, one of our major food ingredients, we only work with suppliers who have established end-to-end breeding capabilities from hatcheries to the farms, poultry feed to processing plants, all in accordance with global YUM standards. We also require our poultry suppliers to implement detailed veterinary practices and their adherence to this requirement is assessed through farm-level poultry risk assessment interviews. We are supported by YUM in conducting these interviews with the poultry suppliers.

We also benefit by getting the best possible rates for our key raw materials from the enhanced scale afforded by our 'One System' commercial negotiations conducted jointly with YUM and its other franchisee in India. We run a yearly procurement process (request for prices) for key categories such as poultry, packaging, sauces and dressings, and sign long-term contracts with successful bidders selected from the approved supplier base.

#### *Warehousing and logistics department*

We work with third-party warehousing and logistics providers who operate warehouses in the cities of Hyderabad, Bangalore, Chennai, Mumbai and Gurgaon to service our restaurants in India. We require three different temperature storage and transportation solutions, namely: frozen at -18 to -21 degrees Celsius, chilled at 1 to 4 degrees Celsius and dry at ambient temperatures. We have detailed service level agreements and operating metrics with our third party logistics partners that cover aspects of supply assurance, inventory management and accuracy, and quality compliance at the most optimal cost. We also have joint business plans covering future growth opportunities and conduct periodic performance reviews with them.

#### *Planning department*

Our central supply chain planning team is responsible for planning and managing the inventory requirements for all food ingredients, packaging, and allied products across our restaurants and warehouses. Their objective is to ensure that our restaurants never go out of stock, and that inventory levels are managed optimally. We deploy an in-house algorithm which factors in current stock levels, safety stock, despatch schedules and projected sales to arrive at raw material requirements for each restaurant. Along with a rolling forecast, consolidated orders for the coming month are then released to the vendor partners.

#### *Quality assurance department*

Our quality assurance department works with our vendor partners to ensure food safety and quality for food, packaging and other ingredients. Our quality assurance team, along with YUM, conducts regular announced and unannounced onsite audits of the suppliers to comprehensively assess the effectiveness of suppliers' food safety quality management systems. Each supplier is thus rated for quality, food safety and hygiene according to the global YUM tiered ranking system.

Onboarding of new vendors is also a stringent process. Our quality assurance team works with every new vendor to ensure that their manufacturing processes and quality systems meet the required standards. Further, the new vendor is onboarded only after a formal audit by the YUM quality assurance team.

## **Monitoring of Restaurant Operations**

Our restaurant management structure varies among restaurant brands and by restaurant size. Generally, each restaurant is led by a restaurant general manager (“**RGM**”), together with one or more assistant or shift managers. RGMs are skilled and highly trained, with most having a college-level education. The performance of RGMs is regularly monitored and coached by area managers via balanced score cards, a strategic management performance metric that helps us identify and improve their internal operational parameters such as sales, profitability, customers and employees. In addition, senior operations leaders regularly visit restaurants to promote adherence to system standards and mentor restaurant teams. Each restaurant brand issues detailed manuals, which may then be customized to meet local regulations and customs. These manuals set forth standards and requirements for all aspects of restaurant operations, including food safety and quality, food handling and product preparation procedures, equipment maintenance, facility standards and accounting control procedures (including cash management). The restaurant management team is responsible for the day-to-day operation of each restaurant and for ensuring compliance with operating standards. Each RGM is also responsible for handling guest complaints and emergency situations.

## **Food Standards**

Food safety is our top priority. Our food safety system includes rigorous standards and training of employees in our restaurants and distribution system, as well as requirements for suppliers. These standards and training topics include, but are not limited to, employee health, product handling, ingredient and product temperature management and prevention of cross contamination. Our food safety standards also ensure compliance with applicable local laws and regulations when building new or renovating existing restaurants.

We have invested in top-of-the-line equipment, such as high-quality refrigerators in every restaurant and have incorporated elements in our restaurant and kitchen design to enhance hygiene and reduce human error. We require all of our restaurant staff to attend and pass food safety trainings and tests, which focus on hygiene, disease prevention, food safety and regulatory compliance in day-to-day operations.

We have established our own delivery service teams for our KFC and Pizza Hut restaurants. We require all third-party delivery partners to sign and strictly implement a letter of commitment on the food safety and quality practice of delivery food, which stipulates clear requirements for regulatory compliance, staff management, catering requirements, delivery facilities, equipment and strict management of third-party platforms. For example, takeaway food for all brands is sealed with tamper proof covers to ensure food safety throughout the delivery process. We have implemented industry-leading restaurant operating standards and procedures for each restaurant brand to ensure that each restaurant implements consistent food safety standards and serves food that is consistent in quality and taste. Restaurant operating standards and procedures include the receipt of raw materials, food and raw material storage temperature control, shelf-life management, thawing and cooking process, personal hygiene, and the cleaning and sanitation of utensils and equipment. During business hours, the RGM is responsible for duty inspections on food safety, including raw material management, food preparation, cleaning, sanitation, personal hygiene, equipment maintenance and pest control. Area managers also check the implementation of food safety and quality related standards and measures when they visit restaurants under their management.

YUM appoints a third party to conduct an audit on our Company on a periodic basis covering our compliance with food safety, hygiene and operational and brand standards, and conducts unannounced audits from time to time. We also conduct regular product quality inspections on main menu items, and perform microbiological testing of restaurants’ utensils, smallwares, water, ice, and food to ensure they meet the required standards.

## **Human Resources**

As of March 31, 2021, our Company had 7,453 permanent employees and 37 consultants and contractual employees, a majority of whom work under the finance function. The following table provides the breakdown of our Company’s personnel by function:

As of March 31, 2021	
Function	Number of Personnel
Restaurant Managers and Employees	7,096
Operations, Human Resources, Training and Maintenance	154
Supply Chain	29
Business Development	15
Marketing (KFC and Pizza Hut)	9
Finance	98
Human Resources (Central) and Administration	16
Legal, IT, Projects and Others	73
<b>Total</b>	<b>7,490</b>

We believe that engaged employees, who are committed to satisfying customers with great food at great value, give us the required momentum in our business. We strive to make our Company an attractive place to work where our people would be eager to come to work every day, by building a culture that is purpose-driven, safe, engaging and collaborative, based on our five values of excellence, courage, integrity, empathy and accountability. We do this by hiring talent who bring the right set of skills combined with an entrepreneurial spirit. Our defined Performance Management System, together with regular rewards and recognition, gives our employees clarity on their goals for the year. We are committed to building the capabilities of our employees through rigorous on-the-job functional training programs as well as intensive leadership programs such as the Young Turks and Young Leaders programs that develop managerial capabilities for higher roles. We encourage organic growth of our talent and provide opportunities for our employees to build their careers in our Company through vertical and cross-functional movements. To get feedback from our employees, we have established formal and informal channels such as ‘Sapphire Speak’, our employee engagement survey run annually in partnership with Gallup, and through in-person and virtual forums.

The health and safety of our employees is important to us. Aside from medical insurance and accident coverage for all employees, we provide unlimited access to medical and mental health professionals for our employees with the rank of restaurant manager and higher, as well as for their families. We strive to build a fair, diverse, inclusive and empowered organization. As of March 31, 2021, approximately 20% of our restaurant managers were female, and we have a hiring program dedicated to specially-abled people.

### Information Technology

We utilize information technology in our interactions with our customers and across our operations, including in the operations of our restaurants, our supply chain and in the management of our business. Along with YUM, we have launched an improved version of our KFC and Pizza Hut mobile app featuring a more consumer-friendly interface and strong exclusive value offers. Our technology also enables us to integrate our customer platforms with our delivery aggregators, payment gateways and wallets. Our mobile apps also feature electronic paperless billing and permits contactless ordering and payment.

We use a POS software to record all sales transactions at our restaurants and verify sales data. We are in the process of migrating to a new POS system called LS Retail to provide enhanced front-of-house customer area and back-of-house kitchen solutions. We have deployed SAP, a leading global ERP, at our restaurants to efficiently manage restaurant operations and inventory by integrating our planning, invoicing and inventory replenishment system with our third-party warehousing and logistics providers. We equip all of our restaurants with digital and dynamic technology such as our centrally controlled digital menu board, which provides us with the flexibility to alter menu placement of our products and match customer preferences. We vary our menu displays based on real-time data and depending on the time of day and restaurant location, which enables us to drive demand to match the needs of our business.

To manage our restaurant employees, we employ a holistic HR management system, biometric attendance tools and video-based training and audit tools. In addition, our management team has tools to measure and monitor key metrics

for operational performance, sales and profitability and to leverage best practices across our organization in order to drive efficiencies. The insights gained from the data gathered also serve to enhance customer experience and increase sales at our restaurants.

## **Governance**

We have established internal controls and risk management systems by putting in place relevant policies and procedures that we believe are appropriate for our business operations. We have established Board committees to oversee specific risks in our business operations, such as Audit Committee and Nomination and Remuneration Committee. For details of the functions and composition of these Board Committees, see “*Our Management – Board-level committees*” on page 213.

We have a strong business control and internal audit system comprising three layers, as follows:

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

In addition, YUM appoints a third party to conduct an audit on our Company on a periodic basis covering our compliance with food safety, hygiene and operational and brand standards, and conduct unannounced audits from time to time.

We have a robust inventory management process that includes daily checks by restaurant managers and employees.

## **Insurance**

We have taken out a number of insurance policies that are customary in our industry, such as commercial package policy, public liability insurance, marine turnover policy and commercial general liability insurance). Our insurance policies contain market-standard exclusions and deductibles. We regularly review the adequacy of our insurance coverage and consider our insurance coverage market standard insurance coverage customary in our industry. We have also taken out a directors and officers insurance policy that covers the current and future members of the board of directors and officers of our Company and our subsidiaries.

## **Our CSR Initiatives**

We have a strong focus on gender diversity and have women leaders across various functions of the organization. We also run staffing programs at our restaurants for specially-abled teams. We have undertaken CSR initiatives such as staffing our KFC restaurant in RCity exclusively with women and inviting less-privileged children to our restaurants on opening days and on special occasions such as World Down Syndrome Day. During the COVID-19 pandemic, we provided free pizza to frontline workers such as doctors, health officials and police officers. On an ongoing basis, our restaurants also provide food for the underprivileged and undertake cleanliness drives near our restaurants to build stronger community bonds.

## **Awards and Accreditations**

We have received significant awards and accreditations including:

- Champion in the first ever Fan of the Pan Taste Challenge in Asia in 2020 for achieving the best restaurant operating procedures among YUM franchisees in Asia;

- Winner of the H2OP challenge in 2017 for having the best restaurant standard operating procedures among YUM franchisees in India;
- National Best Employer Brands 2020 by WORLD HRD Congress;
- The Economic Times Best Workplaces for Women 2021; and
- Number 1 - Most Trusted Food Service Chain awarded to Pizza Hut in India multiple times by the Economic Times Brand Equity.

### **Our Immovable Properties**

As of March 31, 2021, all of our business operations were conducted on premises that are leased, licensed or sub-leased and we currently expect to lease or sub-lease the premises for our new restaurants to the extent we are able to expand our restaurant network. Our operating performance depends, in part, on our ability to secure leases for our restaurants in appropriate locations at rents we believe are cost effective. We generally enter into long-term lease deeds or sub-lease agreements that have an initial term that typically ranges from nine to 20 years, with the exception of leave and license agreements. Generally, we are required to pay security deposit and a specified monthly rental and common area maintenance charges for the duration of the relevant agreement, subject to periodic escalations at agreed rates. Several of our arrangements are based on revenue share model along with a fixed minimum monthly guaranteed amount, which we are required to pay regardless of the revenue we generate at the relevant restaurant.

Due to the COVID-19 crisis, we have engaged in rent relief negotiations with all of our landlords, and arrived at negotiated agreements with respect to reductions in rent and our rental obligations during the COVID-19 crisis with a majority of our landlords. In accordance with MCA Notification dated July 24, 2020, on IND- AS 116 (the “MCA Notification”), we have elected to not assess lease concessions as a lease modification for all lease concessions which are granted due to COVID-19 pandemic. As per the requirements of the MCA Notification, our rent waiver due to COVID for the financial year 2021 amounted to ₹ 489.46 million, all of which is reported under Other Income for the financial year 2021.

Our corporate office and our registered office are at 7th Floor, A-Wing, Prism Tower, Mindspace, Off Link Road, Goregaon West, Mumbai – 400062. Our corporate office and our registered office are leased by our Company on a leave and license basis.

### **Intellectual Property**

Our use of certain material trademarks and service marks is governed by the Franchisee Arrangement. Pursuant to the Franchisee Arrangement, we are a licensee of the KFC, Pizza Hut and Taco Bell brands and their related marks and other intellectual property rights for restaurant services in the Territories. The term of the license is ten years. In exchange, we pay a monthly royalty fee of between 6.0% to 6.3% of our revenue sales, net of certain taxes and surcharges from our operation of the KFC, Pizza Hut and Taco Bell restaurants in the Territories. In the financial years 2021, 2020 and 2019, our royalty expenses were ₹ 655.66 million, ₹ 857.38 million and ₹ 805.36 million, or 6.4%, 6.4% and 6.7%, respectively, of our revenue from operations. We have also agreed generally not to compete with YUM with respect to the products and services provided at KFC and Pizza Hut restaurants. As such, we have enjoyed the value of the well-recognized international brands owned by YUM. Our use of certain other material intellectual property (including intellectual property in product recipes, restaurant operation and restaurant design) is likewise governed by the Franchisee Arrangement. See “*Risk Factors — We operate our restaurants pursuant to the Franchisee Arrangement that impose certain restrictions and obligations on us with respect to our operations, and, which if terminated or limited, could adversely affect our business, results of operations, cash flows and financial condition.*” starting on page 32.

We have registered the logo for Sapphire Foods: () and are in the process of obtaining trademark registration for “Sapphire Foods”.

## Competition

We compete within the food services market and the QSR segment not only for customers, but also for personnel and suitable sites for our restaurants. Our competitors include international QSR chains operating in India, such as McDonalds, Domino's Pizza, Subway and Burger King, as well as local restaurants in the QSR segment. We generally compete on the basis of product and service quality, price and location. The industry is often also affected by changes in consumer tastes, religious beliefs, economic conditions, demographic trends and consumer disposable income.

## Sri Lanka

We operate in Sri Lanka through our subsidiary, Gamma Lanka, which is presently the single franchisee for Pizza Hut and Taco Bell in Sri Lanka. Pizza Hut was the first international QSR chain to enter the Sri Lankan food and beverage sector in 1993 (*Source: Technopak Report*). We opened the first Taco Bell restaurant in Colombo in 2017. Taco Bell in Sri Lanka has various types of tacos, chalupas, burritos and other related items. We operate two Taco Bell restaurants in Sri Lanka as of March 31, 2021.

We are the largest international QSR chain in Sri Lanka in terms of revenue for the financial year 2021 and number of restaurants operated as of March 31, 2021 (*Source: Technopak Report*). In the financial year 2021, our revenue from our Pizza Hut restaurants in Sri Lanka comprised approximately 35% of the total revenue of international QSR chains in Sri Lanka, and as of March 31, 2021, we operated 68 Pizza Hut restaurants in Sri Lanka, comprising 39% of the total number of restaurants operated by international QSR chains in Sri Lanka (*Source: Technopak Report*). Gamma Lanka had a Restaurant EBITDA margin of 16.2% in the financial year 2020. The profitability of our operations in Sri Lanka has allowed us to finance most of our restaurant expansion plans in Sri Lanka with internal funding.

We conduct quality checks, internal audits and rigorous training on product quality and service standards at our Pizza Hut restaurants. In financial year 2021, a majority of our customers at our Pizza Hut restaurants in Sri Lanka provided positive feedback on our service level through the GES system, and we received very few complaints per 1000 transactions. We aim to provide our restaurants with the optimum level of inventory at the highest level of quality in a standardised and cost-efficient manner, and to this end, operate three warehouses and one commissary in Sri Lanka.

We use an analytics-based CRM program to gather data on orders for Pizza Hut products placed on our own website and call center. Revenue from orders placed through our call center constituted 91.9% of our revenue from delivery services, with the remaining 8.1% from third-party delivery aggregators. To encourage repeat purchases by our customers, we run promotions such as our box topper loyalty program in Sri Lanka where a customer can get a digital discount coupon which can be used for his next purchase.

Gamma Lanka is led by an experienced team of professionals who constitute Gamma Lanka's executive committee. Amar Raj Singh, the Chairman and Managing Director of Gamma Lanka, has more than 30 years' experience in consumer product companies.

- Gamma Lanka has received several awards and accreditations, including:
- Asia's Top 25 Great Places to Work in Sri Lanka in 2020 from Great Place to Work;
- Best 40 Great Places to Work in Sri Lanka for six consecutive years from 2015 to 2020;
- Great Place to Work Cube Award for the Best Workplace for Gen Z in Sri Lanka; and
- Silver Award for Best in Large-Sized Enterprises in Sri Lanka in 2020 from Great Place to Work.
- The Franchisee Arrangement with respect to our operations in Sri Lanka is set out in an international franchise agreement and a franchise agreement, each between Yum Asia Franchise Private Limited and Gamma Lanka.



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

Particulars	As of or for the financial year ended		
	March 31, 2021	March 31, 2020	March 31, 2019
<b>Total Store Count</b>	<b>70</b>	<b>64</b>	<b>63</b>
Number of Stores in Top 10 Cities	36	32	37
Total No. of Cities Where Present	44	42	36
<b>Average Daily Sales per Restaurant (in ₹ thousand)</b>	90.24	86.53	92.92
<b>SSSG</b>	1.0%	(1.0)%	8.0%
Delivery as % of Restaurant Sales	54.9%	38.7%	38.6%
<b>Restaurant Related Revenue (in ₹ million)</b>	<b>1,964.90</b>	<b>2,037.87</b>	<b>1,983.88</b>
<b>Gross Margin (%)</b>	68.6%	66.7%	65.9%
<b>Restaurant EBITDA (in ₹ million)</b>	<b>383.80</b>	<b>329.40</b>	<b>317.40</b>
<b>Restaurant EBITDA (%)</b>	19.5%	16.2%	16.0%

### Maldives

In the Maldives, we operate one KFC restaurant and one Pizza Hut restaurant in the city of Malé, through our indirect subsidiary, Gamma Island Food Private Limited (“**Gamma Maldives**”). Our Company’s direct subsidiary, Gamma Pizzakraft (Overseas) Private Limited, holds a majority interest of 51.0% of the equity in Gamma Maldives, with the remaining 49.0% held by Island Food Private Limited.

The Franchisee Arrangement with respect to our operations in Maldives is set out in a franchise agreement dated February 1, 2018 between Yum Asia Franchise Private Limited and Gamma Maldives.

## KEY REGULATIONS AND POLICIES

*Given below is an indicative summary of certain sector specific laws currently in force in India and which is applicable to our Company. The information in this section has been obtained from publications available in the public domain. The description of the applicable regulations as given below has been provided in a manner to provide general information to the investors and may not be exhaustive and is neither designed nor intended to be a substitute for professional legal advice. The indicative summary is based on the current provisions of applicable law, which are subject to change or modification or amended by subsequent legislative, regulatory, administrative or judicial decisions.*

### Key regulations applicable to our Company

#### ***Food Safety and Standards Act, 2006 (“FSSA”) and the Food Safety and Standards (Amendment) Bill, 2020***

The FSSA was enacted with a view to consolidate the laws relating to food and to establish the FSSAI for laying down scientific standards for articles of food and to regulate their manufacture, storage, distribution, sale and import to ensure availability of safe and wholesome food for human consumption. The FSSAI is required to provide scientific advice and technical support to the GoI and the state governments in framing the policy and rules relating to food safety and nutrition. The FSSA also sets out requirements for licensing and registering food businesses, general principles for food safety, and responsibilities of the food business operator (“FBO”) and liability of manufacturers and sellers, and adjudication by the Adjudicating Officer (Joint Commissioner or Additional Collector) or the Food Safety Appellate Tribunal, as the case may be. The FSSA also lays down penalties and/or imprisonment for various offences (including recall procedures).

In exercise of powers under the FSSA, FSSAI has framed, *inter alia*, the Food Safety and Standard Rules, 2011 (“FSSR”). The FSSR sets out the enforcement structure of ‘commissioner of food safety’, ‘food safety officer’ and ‘food analyst’ and procedures of taking extracts of books of accounts and other relevant documents, seizure of food articles, sampling of food articles and analysis. The Food Safety and Standards (Licensing and Registration of Food Businesses) Regulations, 2011 provide for the conditions and procedures for registration and licensing process for food business and lays down general requirements to be fulfilled by various FBOs, including petty food business operators as well as specific requirements to be fulfilled by businesses dealing with certain food products.

All FBOs whose consumption of edible oils for frying is more than 50 litres per day are required to maintain usage records and would dispose used cooking oil to agencies authorised by the FSSAI. According to the Food Safety and Standards (Licensing and Registration of Food Business) Amendment Regulations, 2018, an e-commerce FBO (which includes sellers and brand owner who display or offer their food products, through e-commerce, and providers of transportation services for the food products and/or providing last mile delivery transportation to the end consumers), is required to obtain central license from the concerned central licensing authority.

Further, FSSAI has issued guidance note on ‘Food Hygiene and Safety Guidelines for Food Businesses during Coronavirus Disease (COVID-19) Pandemic’ (“Guidance Note”) with an intent to provide guidance to food businesses, including their personnel involved in handling of food and other employees to prevent spread of COVID-19 in the work environment and any incidental contamination of food/food packages. It also provides guidance in relation to operative mechanism such as establishment of an in-house emergency response team in large food businesses to deal with suspected infections effectively. It mandates that employers should have a COVID-19 screening protocol in place to screen all personnel entering the premise. All the employees or visitors should be screened at entry point for the symptoms of COVID-19 such as, among others, temperature (using non-contact type thermometer), cough, cold etc. The entrance shall mandatorily have measures installed for hand hygiene. Employees and food handlers should be encouraged to self-declare any symptoms of any respiratory illness before visiting the premises. To spread awareness and contain the spread of the disease, employers should employ and ensure compliance with numerous measures such as, among others, display of posters/standees/audio visuals on preventive measures for COVID-19, frequent usage of alcohol-based sanitisers, avoidance of close contact with symptomatic personnel, usage of face masks, and frequent cleaning and disinfection. Food sectors involved in food services, takeaways and deliveries shall ensure, among others, that the food service area shall be thoroughly cleaned and disinfected after every meal, hand wash facilities should be made available to the workers, employees wear a clean uniform, mask/ face cover, gloves and head covers at all time, adoption of contactless delivery. The Guidance Note prescribes guidelines for the

management of the food establishment to handle a Covid-19 suspect/positive case in accordance with the guidelines issued by Ministry of Health and Family Welfare and clean and disinfect the premises accessed by the suspected Covid-19 case.

The Guidance Note mandates strict adherence to General Hygiene Practices specified under Schedule 4 of Food Safety and Standards (Licensing and Registration of Food Businesses) Regulation, 2011 (“**Schedule**”). The Schedule enumerates multiple compulsory measures to be adopted by food business operators in the interest of human nutrition, safety and hygiene. The Schedule mandates that the premises shall be clean, adequately lighted and ventilated, and sufficient free space for movement shall be made available. In relation to personal hygiene – all employees should wash their hands properly and they should be made aware of measures to avoid cross-contamination. Further, among other things, eating, chewing, smoking, spitting and nose blowing shall be prohibited within the premises especially while handling food, and persons suffering from infectious diseases shall not be permitted to work. Any cuts or wounds shall remain covered at all time and the person should not be allowed to come in direct contact with food.

Further, the Ministry of Health & Family Welfare framed the Food Safety and Standards (Amendment) Bill 2020, introducing 70 new amendments in the FSSA to alter huge parts of FSSAI functioning and its jurisdiction.

### ***Legal Metrology Act, 2009 (the “Legal Metrology Act”) and Legal Metrology (Packaged Commodities) Rules, 2011***

The Legal Metrology Act seeks to establish and enforce standard weights and measures regulate trade and commerce in weights, measures and other goods which are sold or distributed by weight, measure or number and for matters connected therewith or incidental thereto. The Legal Metrology Act and rules framed thereunder regulate *inter alia*, the labelling and packaging of commodities, verification of weights and measures used, and lists penalties for offences and compounding of offences under it. The Controller of Legal Metrology Department is the competent authority to grant the licence under the Legal Metrology Act. Any manufacturer dealing instruments for weights and measuring of goods must procure a license from the state department under the Legal Metrology Act. Any non-compliance or violation under the Legal Metrology Act may result in *inter alia* a monetary penalty on the manufacturer or seizure of goods or imprisonment in certain cases.

The Legal Metrology (Packaged Commodities) Rules, 2011 framed under the Legal Metrology Act lay down specific provisions applicable to packages intended for retail sale, wholesale packages and for export and import of packaged commodities and also provide for registration of manufacturers and packers. Further, the Legal Metrology (Packaged Commodities) Amendment Rules, 2017 lay down specific provisions for e-commerce transactions and online sale of packaged commodities.

### ***The Information Technology Act, 2000 (the “IT Act”) and the rules made thereunder***

The IT Act seeks to: (i) provide legal recognition to transactions carried out by various means of electronic data interchange involving alternatives to paper-based methods of communication and storage of information; (ii) facilitate electronic filing of documents; and (iii) create a mechanism for the authentication of electronic documentation through digital signatures. The IT Act provides for extraterritorial jurisdiction over any offence or contravention under the IT Act committed outside India by any person, irrespective of their nationality, if the act or conduct constituting the offence or contravention involves a computer, computer system or computer network located in India. Additionally, the IT Act empowers the Government of India to direct any of its agencies to intercept, monitor or decrypt any information in the interest of sovereignty, integrity, defence and security of India, among other things.

The Information Technology (Procedure and Safeguards for Blocking for Access of Information by Public) Rules, 2009 specifically permit the Government of India to block access of any information generated, transmitted, received, stored or hosted in any computer resource by the public, the reasons for which are required to be recorded by it in writing. The IT Act facilitates electronic commerce by recognizing contracts concluded through electronic means, protects intermediaries in respect of third-party information liability and creates liability for failure to protect sensitive personal data. The IT Act also prescribes civil and criminal liability including fines and imprisonment for computer related offences including those relating to unauthorized access to computer systems, tampering with or unauthorised manipulation of any computer, computer system or computer network and damaging computer systems, and creates liability for negligence in dealing with or handling any sensitive personal data or information in a computer resource and in maintaining reasonable security practices and procedures in relation thereto, among others.

The IT Act empowers the Government of India to formulate rules with respect to reasonable security practices and procedures and sensitive personal data. In exercise of this power, the Department of Information Technology, (“DoIT”) Ministry of Electronics and Information Technology, Government of India, in April 2011, notified the Information Technology (Reasonable Security Practices and Procedures and Sensitive Personal Data or Information) Rules, 2011 (“IT Security Rules”) which prescribe directions for the collection, disclosure, transfer and protection of sensitive personal data by a body corporate or any person acting on behalf of a body corporate. The IT Security Rules require every such body corporate to provide a privacy policy for handling and dealing with personal information, including sensitive personal data, ensuring security of all personal data collected by it and publishing such policy on its website. The IT Security Rules further require that all such personal data be used solely for the purposes for which it was collected, and any third party disclosure of such data is made with the prior consent of the information provider, unless contractually agreed upon between them or where such disclosure is mandated by law.

The Department of Electronics and Information Technology under the Ministry of Communications & Information Technology, Government of India (“MeITY”), promulgated the Use of Electronic Records and Digital Signatures Rules, 2004, Digital Signature (End Entity) Rules, 2015, and Information Technology (Certifying Authorities) Rules, 2000, these rules govern the issuance and creation of digital and electronic signatures, their verification, and issuance of license to issues digital signature certificates. Further, MeITY promulgated the Reasonable Security Practices and Procedures and Sensitive personal Data or Information Rules 2011 (“Data Privacy Rules”) which give directions for the collection, disclosure, transfer and protection of sensitive personal data by a body corporate or any person acting on behalf of a body corporate. The Data Privacy Rules also require the body corporate to provide a privacy policy for handling and dealing on personal information, including sensitive personal data. According to the Data Privacy Rules, the sensitive personal data shall not be disclosed by the body corporate to any third party without obtaining prior permission from the provider.

The DoIT also notified the Information Technology (Intermediaries Guidelines and Digital Media Ethics Code) Rules, 2021 (“IT Intermediary Rules”) requiring intermediaries receiving, storing, transmitting, or providing any service with respect to electronic messages to not knowingly host, publish, transmit, select or modify any information prohibited under the IT Intermediaries Rules, to disable hosting, publishing, transmission, selection or modification of such information once they become aware of it, as well as specifying the due diligence to be observed by intermediaries.

## **Environment Regulations**

We are subject to various environment regulations as the operation of our establishments might have an impact on the environment in which they are situated. The basic purpose of the statutes given below is to control, abate and prevent pollution. In order to achieve these objectives, Pollution Control Boards (“PCBs”), which are vested with diverse powers to deal with water and air pollution, have been set up in each state. The PCBs are responsible for setting the standards for maintenance of clean air and water, directing the installation of pollution control devices in industries and undertaking inspection to ensure that industries are functioning in compliance with the standards prescribed. These authorities also have the power of search, seizure and investigation. As per the applicable state law, the industries are required to obtain consent orders from the PCBs as per their applicable categories. These consent orders are indicative of the fact that the industry in question is functioning in compliance with the pollution control norms and are required to be kept renewed.

### **(a) *The Environment (Protection) Act, 1986 (“Environment Act”)***

The Environment Act has been enacted with the objective of protection and improvement of the environment. Under the Environment Act, the Central Government has been given the power to take all such measures for the purpose of protecting and improving the quality of the environment and to prevent environmental pollution. Further, the Central Government has been given the power to give directions in writing to any person or officer or any authority for any of the purposes of the Act, including the power to direct the closure, prohibition or regulation of any industry, operation or process. The Environment Act also contains provisions with respect to furnishing information to authorities in certain cases, the establishment of environment laboratories and the appointment of government analysts. The Environment Act prescribes penalties in form of fine, imprisonment or both, in case of non-compliance with the Environment Act or the rules thereunder.

(b) ***Water (Prevention and Control of Pollution) Act, 1974 (“Water Act”)***

The Water Act prohibits the use of any stream or well for the disposal of polluting matter, in violation of the standards set down by the State Pollution Control Board (“**State PCB**”). The Water Act also provides that the consent of the State PCB must be obtained prior to opening of any new outlets or discharges, which are likely to discharge sewage or effluent. The Water Act prescribes specific amounts of fine and terms of imprisonment for various contraventions.

(c) ***Air (Prevention and Control of Pollution) Act, 1981 (“Air Act”)***

The Air Act requires that any individual, industry or institution responsible for emitting smoke or gases by way of use of fuel or chemical reactions must apply in a prescribed form and obtain consent from the State PCB prior to commencing any activity. The consent may contain conditions relating to specifications of pollution control equipment to be installed. Within a period of four months after the receipt of the application for consent the State PCB shall, by order in writing and for reasons to be recorded in the order, grant the consent applied for subject to such conditions and for such period as may be specified in the order, or refuse consent. The Air Act prescribes penalties for contravention in terms of fine, imprisonment or both.

(d) ***Plastic Waste Management Rules, 2016***

Under the Plastic Waste Management Rules, 2016 (“**PWM Rules**”), all institutional generators of plastic waste, are required to *inter alia*, segregate and store the waste generated by them in accordance with the Solid Waste Management Rules, 2016, and handover segregated wastes to authorized waste processing or disposal facilities or deposition centers, either on its own or through the authorized waste collection agency. Recently, under the PWM Rules, producers, importers and brand-owners are required to obtain registration from the Central Pollution Control Board and the relevant State PCB, as the case may be.

(e) ***Solid Waste Management Rules, 2016***

All restaurants are required to ensure segregation of waste at source, facilitate collection of segregated waste in separate streams, handover recyclable material to either the authorized waste pickers or the authorized recyclers, in partnership with the local body. The bio-degradable waste shall be processed, treated and disposed off through composting or bio-methanation within the premises as far as possible. The residual waste shall be given to the waste collectors or agency as directed by the local body.

### **Shops and Establishments Legislations**

Under the provisions of local shops and establishments legislations applicable in the states in which establishments are set up, establishments are required to be registered. Such legislations regulate the working and employment conditions of the workers employed in shops and establishments including commercial establishments and provide for fixation of working hours, rest intervals, overtime, holidays, leave, termination of service, maintenance of shops and establishments and other rights and obligations of the employers and employees. All industries have to be registered under the shops and establishments legislations of the state where they are located. There are penalties prescribed in the form of monetary fine or imprisonment for violation of the legislations.

### **Police Laws and Fire Prevention Laws**

The state legislatures in India have enacted laws regulating public order and police, which provide, *inter alia*, for the registration of eating houses and obtaining a ‘no objection certificate’ for operating such eating houses, from the police licensing authority, along with prescribing penalties for non-compliance. The state legislatures have also enacted legislations for fire control and safety including the Maharashtra Fire Prevention and Life Safety Measures Act, 2006, the Maharashtra Fire Prevention and Life Safety Measures Rules, 2009, the Delhi Fire Prevention and Fire Safety Act, 1986 and Delhi Fire Service Rules 2010 which are applicable to our restaurants established in the respective states. The legislations include provisions in relation to provision of fire safety and life saving measures by occupiers of buildings, licensing provisions and penalties and/or suspension or cancellation of license for non-compliance.

## **Municipality Laws**

The respective state legislatures in India have the power to endow the municipalities with the power to implement schemes and perform functions in relation to matters listed in the Twelfth Schedule to the Constitution of India which includes regulation of public health. The respective state governments have enacted laws empowering the Municipalities to regulate public health including the issuance of a health trade license for operating eating outlets and implementation of regulations relating to such license along with prescribing penalties for non-compliance.

## **Trade Marks Act, 1999 (“Trade Marks Act”)**

The Trade Marks Act provides for the application and registration of trademarks in India. The purpose of the Trade Marks Act is to grant exclusive rights to marks such as a brand, label and heading and to obtain relief in case of infringement of such marks. Application for the registration of trademarks has to be made to Controller-General of Patents, Designs and Trade Marks who is the Registrar of Trademarks for the purposes of the Trade Marks Act. The Trade Marks Act prohibits any registration of deceptively similar trademarks or chemical compound among others. It also provides for penalties in form of imprisonment or fine or both for infringement, falsifying and falsely applying trademarks and using them to cause confusion among the public.

## **Copyright Act, 1957**

The Copyright Act, 1957, along with the Copyright Rules, 1958, (collectively, “**Copyright Laws**”) serve to create property rights for certain kinds of intellectual property, generally called works of authorship. The Copyright Laws protect the legal rights of the creator of an ‘original work’ by preventing others from reproducing the work in any other way. The intellectual property protected under the Copyright Laws includes literary works, dramatic works, musical works, artistic works, cinematography and sound recordings. The Copyright Laws prescribe a fine, imprisonment or both for violations, with enhanced penalty on second or subsequent convictions.

## **Public Liability Insurance Act, 1991 (“Public Liability Act”)**

The Public Liability Act imposes liability on the owner or controller of hazardous substances for any damage arising out of an accident involving such hazardous substances. A list of ‘hazardous substances’ covered by the Public Liability Act has been enumerated by the Government pursuant to a notification. The owner or handler is also required to take out an insurance policy insuring against liability under this legislation. Any party violating the provisions of the Public Liability Act can be imposed with a fine, imprisonment or both.

## **Consumer Protection Act, 2019 and Consumer Protection (E-Commerce) Rules, 2020 (“COPRA”)**

The COPRA will repeal the existing Consumer Protection Act, 1986, and shall come into force on such date as the Central Government may, by notification, appoint. The Consumer Protection Act, 1986 provides a mechanism for the consumer to file a complaint against a service provider in cases of unfair trade practices, restrictive trade practices, deficiency in services, price charged being unlawful and food served being hazardous to life. It also places product liability on a manufacturer or product service provider or product seller, to compensate for injury or damage caused by defective product or deficiency in services. It provides for a three tier consumer grievance redressal mechanism at the national, state and district levels. Non-compliance of the orders of the redressal commissions attracts criminal penalties. The COPRA will, *inter alia*, introduce a Central Consumer Protection Council to promote, protect and enforce the rights of consumers executive agency to provide relief to a class of consumers. The COPRA has brought e-commerce entities and their customers under its purview including providers of technologies or processes for advertising or selling, online market place or online auction sites. The COPRA also provides for referring the disputes to mediation for early settlement of the disputes between the parties and also prescribes the offences and the penalties for such offences.

## **National Building Code of India (“NBC”)**

The NBC of India, is a national instrument providing guidelines for *inter-alia*, regulating the building construction activities across the country. It governs the government construction departments and agencies, private construction agencies/builders/developers, building professionals and consultants, academic and research institutions, and building material and technology suppliers throughout the country. The NBC mainly contains administrative regulations, development control rules and general building requirements, fire safety requirements, stipulations regarding materials, structural design and construction (including safety), building and plumbing services, landscape development, signs and outdoor display structures, guidelines for sustainability, and asset and facility management. The NBC also provides the guidelines for the occupation and usage of the premises.

## **Foreign Exchange Management Act, 1999 (“FEMA”)**

FEMA and regulations issued by RBI on Foreign Exchange Management regulate all transactions including exports from India to outside, foreign currency, foreign exchange, foreign security, imports of goods and services from outside India to India, securities as defined in Public Debt Act 1994, banking, financial and insurance services, sale, purchase and exchange of any kind (i.e. transfer) and any citizen of India, residing in the country or outside (NRI). The FEMA provides for monetary penalties, recovery procedures and imprisonment terms for various offences.

## **Prevention of Corruption Act, 1988 (“PCA”)**

The PCA *inter alia*, provides that offering bribe to a public servant, a public servant receiving bribe with the intention to perform or cause performance of public duty improperly or dishonestly or to forbear or cause forbearance to perform an undue advantage, or receive an undue advantage without any consideration, or any abetment to any offences under the PCA, would amount to offences under the PCA. The PCA prescribes the investigation procedure and punishment of imprisonment and fine for such offenses. The PCA prescribes imprisonment terms for any abetment, attempt and habitual occurrence of offenses.

## **Laws relating to taxation**

The tax related laws that are pertinent, include the Income Tax Act 1961, Income Tax Rules, 1962, Customs Tariff Act, 1975 and GST which includes the Central Goods and Services Tax Act, 2017, various State Goods and Services Tax legislations, the Integrated Goods and Services Tax Act, 2017, and Union Territory Goods and Services Act, 2017, and various rules made thereunder.

## **Laws relating to Employment**

Certain labour regulations that may be applicable to our Company in India including Employees’ Provident Funds and Miscellaneous Provisions Act, 1952; Employees’ State Insurance Act, 1948; Employee’s Compensation Act, 1923; Equal Remuneration Act, 1976; The Maternity Benefit Act, 1961; Labour Contract Labour (Regulation and Abolition) Act, 1970; Industrial Employment (Standing Orders) Act, 1946; Minimum Wages Act, 1948; Payment of Bonus Act, 1965; Payment of Gratuity Act, 1972; and Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 among others.

The Occupational Safety, Health and Working Conditions Code, 2020, the Code on Social Security, 2020, The Industrial Relations Code, 2020, and the Code on Wages, 2019 have received the President’s assent, and will come into force at a date notified by the Central Government. With respect to Code on Wages, 2019, certain provisions of this code pertaining to central advisory board, have been brought into force by the Ministry of Labour and Employment through a notification dated December 18, 2020 and other provisions of this code will be brought into force on a date to be notified by the Central Government.

## **Other applicable laws**

In addition to the above, our Company is required to comply with the provisions of the Indian Contract Act, 1872, Companies Act, 2013, Transfer of Property Act, 1882, the Indian Easement Act, 1882, the Indian Stamp Act, 1899, the Registration Act, 1908 to the extent applicable, SEBI Listing Regulations, RBI guidelines, IBC, and other

applicable laws and regulations imposed by the central and state governments and other authorities for the day-to-day operations, business, and administration of our Company.



## HISTORY AND CERTAIN CORPORATE MATTERS

### Brief history of our Company

Our Company was incorporated in Mumbai, India under the name ‘Samarjit Advisors Private Limited’ on November 10, 2009 as a private limited company, under the Companies Act, 1956 and was granted a certificate of incorporation by the RoC. Subsequently, pursuant to a special resolution passed in the extraordinary general meeting of our Shareholders held on December 26, 2014, our Company changed its name to ‘Sapphire Foods India Private Limited’, to reflect the intention of the Company to carry on the business of, *inter alia*, running hotels and restaurants, and a fresh certificate of incorporation dated January 7, 2015 was issued to our Company by the RoC. Thereafter, our Company was converted into a public limited company, pursuant to a special resolution passed in the extraordinary general meeting of our Shareholders held on June 15, 2021, and the name of our Company was changed to ‘Sapphire Foods India Limited’, and a fresh certificate of incorporation dated July 8, 2021 was issued to our Company by the RoC.

While our Company had historically, in various public documents such as annual reports and secretarial filings, named certain of our shareholders as our promoters, pursuant to a resolution of the Board in its meeting held on March 26, 2021, it was resolved that only Sapphire Foods Mauritius Limited, and QSR Management Trust would be the Promoters of our Company. For details of our Promoter, see “*Our Promoter and Promoter Group*” on page 224.

### Change in the Registered Office

Except as stated below, there have been no changes to the Registered Office of our Company:

Effective date	Details of change	Reason for change
January 27, 2015	The address of the registered office of our Company was changed from 413, Maker Chamber V, Nariman Point, Mumbai, 400 021, India to 131, 13 <sup>th</sup> Floor, Free House Building, Mumbai, 400 021, India.	For operational convenience
August 28, 2019	The address of the registered office of our Company was changed from 131, 13 <sup>th</sup> Floor, Free House Building, Mumbai, 400 021, India, to 702, Prism Tower, A Wing, Mindspace, Link Road, Goregaon (West), Mumbai, 400 062, India.	For operational convenience

### Our main objects

The main objects of our Company as contained in our Memorandum of Association are:

1. To own, manage, administer, establish, develop, lease, license, franchise, operate, maintain and to carry on the business of running restaurants, food outlets, refreshment rooms for food and beverages, delivery outlets, including for home and/or offices, run canteens, cafes, kiosks, stalls, kitchen for the production and/ or assembly of food and foodstuff; to enter into contracts, agreements and/or arrangements for aerated/still waters, soft-drinks, cereals, preparation materials, raw materials and the like including sourcing of bakery products, milk products, vegetables, fruits, meats and poultry and also to develop scientific processes and methods of running, managing and operating the restaurants and eating houses under strict quality assurance and quality standards and to sell and distribute any other items which may be helpful for undertaking the aforesaid.
2. Subject to applicable law(s), to invest in, or to otherwise acquire, all forms of securities (including, without limitation, shares, stocks, bonds, debentures, rights to subscribe, options, warrants) of companies, partnerships, proprietorships, association of persons, societies and all other forms of entities having similar business objectives as mention in clause (1), above.

The main object clause and objects incidental or ancillary to the main objects contained in the Memorandum of Association enable our Company to undertake its existing business.

### Amendments to our Memorandum of Association

Set out below are the amendments to our Memorandum of Association, in the ten years preceding the date of this Draft Red Herring Prospectus:

<b>Date of change/ shareholders' resolution</b>	<b>Nature of amendment</b>
June 15, 2021	Clause V of the MoA was amended to reflect the reclassification of the authorised share capital of the Company from ₹ 4,316,820,000 divided into 183,090,000 Equity Shares of ₹ 10 each, 250,000 8% Compulsorily Convertible Preference Shares of ₹ 100 each, and 6,800,000 Compulsorily Convertible Preference Shares of ₹ 361.90 each, to ₹ 4,316,820,000 divided into divided into 431,682,000 Equity Shares of ₹ 10 each.  Further, Clause I of the MoA was amended to pursuant to change in name of the Company from 'Sapphire Foods India Private Limited' to 'Sapphire Foods India Limited', pursuant to our conversion from a private limited company to a public limited company.
December 7, 2018	Clause V of the MoA was amended to reflect the increase in the authorised share capital of the Company from ₹ 1,855,900,000 divided into 183,090,000 Equity Shares of ₹ 10 each, and 250,000 8% Compulsorily Convertible Preference Shares of ₹ 100 each to ₹ 4,316,820,000 divided into divided into 183,090,000 Equity Shares of ₹ 10 each, 250,000 8% Compulsorily Convertible Preference Shares of ₹ 100 each, and 6,800,000 Compulsorily Convertible Preference Shares of ₹ 361.90 each.
February 20, 2018*	Clause V of the MoA was amended to reflect the increase in the authorised share capital of the Company from ₹ 420,000,000 divided into 42,000,000 Equity Shares of ₹ 10 each, to ₹ 1,855,900,000 divided into 183,090,000 Equity Shares of ₹ 10 each, and 250,000 8% Compulsorily Convertible Preference Shares of ₹ 100 each.
February 23, 2017	Clause V of the MoA was amended to reflect the increase in the authorised share capital of the Company from ₹ 10,000,000 divided into 1,000,000 Equity Shares of ₹ 10 each, to ₹ 420,000,000 divided into 42,000,000 Equity Shares of ₹ 10 each.
December 26, 2014	Clause III A of the MoA was amended to reflect the deletion and replacement of clauses to alter the main objects of the Company. Further, Clause I of the MoA was amended pursuant to the change in name of the Company from 'Samarjit Advisors Private Limited', to 'Sapphire Foods India Private Limited'.

\* Date on which the order of the National Company Law Tribunal, Mumbai Bench, in relation to the Scheme of Arrangement was filed with the RoC.

### Awards and accreditations

<b>Calendar Year</b>	<b>Awards and accreditations</b>
2021	National Best Employer Brands 2020 award presented by World HRD Congress
2021	Recognised as a 'Best Workplaces for Women 2021' by The Economic Times
2020	Ranked as No. 13 in the 'Best Large Workplaces in Asia 2020' category by Great Place to Work received by Gamma Pizzakraft Lanka (Private) Limited
2020	Recognised as a 'Best Workplace in Sri Lanka 2020' by Great Place to Work, received by Gamma Pizzakraft Lanka (Private) Limited
2020	Silver Award in the Large Enterprises Category in Sri Lanka in 2020 from Great Place to Work, received by Gamma Pizzakraft Lanka (Private) Limited
2020	Finalist in the Fan of the Pan Asia 2020 for the Pizza Hut Pan Challenge Championship 2020
2019	Awarded for best production, rider & manager under the H2OP challenge
2017	Winner of the H2OP challenge for having the best restaurant standard operating procedure among Yum franchisees in India during the said challenge.

## Major events and milestones

The table below sets forth some of the major events in the history of our Company:

Financial Year	Details
2021	Opened the 200 <sup>th</sup> KFC store in India.
2020	Opened the 150 <sup>th</sup> Pizza Hut store in India.
2020	Our Company achieved a revenue of ₹ 10,000 million in India.
2020	Gamma Pizzakraft Lanka (Private) Limited achieved a revenue of 5,000 million LKR in Sri Lanka.
2019	Opened the 150 <sup>th</sup> KFC store in India.
2018	Opened the 50 <sup>th</sup> Pizza Hut store in Sri Lanka.

## Time/cost overrun

Except for certain time and cost overruns in the ordinary course of business and opening of the Company's outlets, there have been no time and cost overruns pertaining to our business operations or any projects undertaken by our Company

## Launch of key products or services, entry in new geographies or exit from existing markets

For details of launch of key products or services, and entry in new geographies or exit from existing markets, see "Our Business" on page 159.

## Defaults or rescheduling/restructuring of borrowings with financial institutions/banks

There are no defaults or rescheduling/restructuring of borrowings availed by our Company from financial institutions or banks. However, in response to the COVID-19 pandemic, the RBI through its regulatory package dated March 27, 2020 had allowed banks and lending institutions to offer moratoriums to their customers to defer payments under loan agreements until August 31, 2020. Pursuant to such measures, we had availed a moratorium for one of our erstwhile lenders, representing 10.1% of our Company's total borrowings as of March 31, 2021.

## Details regarding material acquisition or divestments of business/ undertakings, mergers, amalgamation, any revaluation of assets, etc. in the last 10 years

### *Scheme of arrangement between our Company, Sapphire Hospitality and Recreation Private Limited, Hansazone Private Limited, Pizzeria Fast Foods Restaurants (Madras) Private Limited, and KFCH Restaurants Private Limited*

Our Company, Sapphire Hospitality and Recreation Private Limited ("SHARPL"), Hansazone Private Limited ("HPL"), Pizzeria Fast Foods Restaurants (Madras) Private Limited ("PFFRMPL"), and together with SHARPL and HPL, the "Transferor Companies"), and KFCH Restaurants Private Limited ("KFCH") filed a scheme of arrangement (the "Scheme of Arrangement") under Sections 230 to 232, and other applicable provisions of the Companies Act, 2013, before the National Company Law Tribunal, Mumbai Bench. The Scheme of Arrangement consisted of an amalgamation of the Transferor Companies with our Company, and a demerger of certain undertakings of KFCH into our Company. The rationale of the Scheme of Arrangement was, *inter alia*, to offer opportunities to the management of the Transferor Companies, KFCH and our Company to vigorously pursue growth and expansion opportunities, to enable efficient utilization of funds, and simplifying and streamlining of activities, leading to a simplified corporate structure.

The National Company Law Tribunal, Mumbai Bench approved the Scheme of Arrangement through its order dated November 16, 2017 ("NCLT Order"). The Scheme became effective on February 20, 2018 upon submission of the order with the National Company Law Tribunal, Mumbai Bench with the RoC. Pursuant to the Scheme of Arrangement, which was approved by the NCLT Order, the entire undertakings of each of the Transferor Companies, including, *inter alia*, all assets and liabilities, debts, guarantees, indemnities, movable and immovable properties, existing and future incentives, statutory licenses, and employees were transferred and vested in our Company. Further, the undertaking of certain identifies stores of KFCH, including the whole of the assets, properties, liabilities,

employees of such identified stores, and other identified assets, properties and liabilities, as a going concern, was transferred to and vested in our Company. The authorised share capital of each of the Transferor Companies was merged with our Company, and our Memorandum of Association was amended consequently, as described in “– Amendments to our Memorandum of Association” on page 191. As consideration for the demerger pursuant to the Scheme of Arrangement, the equity shareholders of KFCH were allotted Equity Shares of our Company, as described in “Capital Structure – Notes to Capital Structure – Equity Share Capital History of our Company on page 89. As the Transferor Companies were wholly owned subsidiaries of our Company, no consideration was payable pursuant to the amalgamation, under the Scheme of Arrangement.

***Business transfer agreement dated August 9, 2016 between our Company, A.N Traders Private Limited, Ashok Sharma, Nirmal Sharma, Rajan Sharma, Rajat Sharma***

Our Company, A.N Traders Private Limited (“ANTPL”), Ashok Sharma, Nirmal Sharma, Rajan Sharma, Rajat Sharma entered into a business transfer agreement dated August 9, 2016, pursuant to which ANTPL transferred, and our Company purchased the business (including certain assumed liabilities, but excluding certain assets and other liabilities) of developing, operating and managing restaurants, including quick service restaurants by way of owning, leasing licensing premises, furniture, fixtures and equipment, as a going concern on a slump sale basis, for a consideration of ₹ 905.23 million.

***Business transfer agreement dated March 14, 2015 between our Company and Yum! Restaurants (India) Limited and business transfer agreement dated July 21, 2016 between our Company and Yum! Restaurants (India) Limited***

Our Company and Yum! Restaurants (India) Limited (“Yum”) entered into a business transfer agreement dated March 14, 2015, pursuant to which Yum transferred, and our Company purchased the business (including assets, leases, contracts, employees, books and record, and certain assumed liabilities, but excluding other liabilities) of running, maintaining and operating 87 restaurants on a slump sale basis. The business transfer agreement was amended by way of an amendment agreement dated September 4, 2015, pursuant to which certain clauses, including the clause for the purchase consideration, was amended. The total consideration that was paid pursuant to the business transfer agreement and the amendment agreement was ₹ 1,693.17 million.

Further, our Company and Yum entered into a business transfer agreement dated July 21, 2016, pursuant to which Yum transferred, and our Company purchased the business (including assets, leases, contracts, employees, books and record, and certain assumed liabilities, but excluding other liabilities), of running, maintaining and operating 14 restaurants on a slump sale basis. The total consideration that was paid pursuant to the business transfer agreement was ₹ 155 million.

***Share purchase agreement dated July 16, 2015 executed by and amongst our Company, Dodsals Hospitality Private Limited, and the sellers***

Our Company, Dodsals Hospitality Private Limited (“Dodsals”), and the sellers (as mentioned in Schedule -I of the agreement) entered into a share purchase agreement dated July 16, 2015, pursuant to which our Company acquired 28,929,198 equity shares, representing 100% of the share capital of Dodsals, for a consideration of ₹ 760 million.

***Share purchase agreement dated March 21, 2016 executed by and amongst our Company, Hansa Vision India Private Limited, Hansazone Private Limited, Pizzeria Fast Foods Restaurants (Madras) Private Limited and the promoters of Hansazone Private Limited***

Our Company, Hansa Vision India Private Limited (“Hansa Vision”), Hansazone Private Limited (“Hansa”), Pizzeria Fast Foods Restaurants (Madras) Private Limited (“Pizzeria”) and the promoters of Hansa (as mentioned in Schedule -I of the agreement) entered into a share purchase agreement dated March 21, 2016, amended by way of an amendment agreement dated July 15, 2016, pursuant to which our Company acquired 26,835,010 equity shares, representing 100% of the share capital of Hansa, and 6,140,424 equity shares, representing 100% of the share capital of Pizzeria, which is a wholly owned subsidiary of Hansa, for an aggregate consideration of ₹ 256.28 million.

***Share subscription agreement dated April 28, 2015 executed by and amongst our Company, Gamma Pizzakraft (Overseas) Private Limited and the shareholders of Gamma Pizzakraft (Overseas) Private Limited***

Our Company, Gamma Pizzakraft (Overseas) Private Limited and the shareholders of Gamma Pizzakraft (Overseas) Private Limited (as mentioned in Schedule -I of the agreement) entered into a share subscription agreement dated April 28, 2015, for subscription by our Company to 54,33,548 equity shares of Gamma Pizzakraft (Overseas) Private Limited for a consideration of ₹ 1,544.87 million.

Apart from the above, our Company has not made any material acquisitions or divestments of any business or undertaking, and has not undertaken any merger, amalgamation or any revaluation of assets in the preceding 10 years.

#### **Shareholders' agreements and share subscription agreements**

*Licensee shareholders' agreement dated September 4, 2015 executed by and amongst QSR Management Trust, Goldman Sachs Investments Holdings (Asia) Limited, Amethyst Private Limited, Sapphire Foods Mauritius Limited and Yum Restaurants (India) Private Limited (the "Licensee SHA"), as amended by the amendment agreement to the Licensee SHA entered into amongst our Company, QSR Management Trust, WWD Ruby Limited, Amethyst Private Limited, Sapphire Foods Mauritius Limited, Edelweiss Crossover Opportunities Fund, Edelweiss Crossover Opportunities Fund – Series II, and Yum Restaurants (India) Private Limited dated August 3, 2021 ("Licensee SHA Amendment Agreement").*

QSR Management Trust, Goldman Sachs Investments Holdings (Asia) Limited ("GSIHL"), Amethyst Private Limited ("Amethyst"), Sapphire Foods Mauritius Limited ("Sapphire Mauritius", together, with QSR Management Trust, GSIHL and Amethyst, the "Shareholders") entered into the Licensee SHA dated September 4, 2015, with Yum Restaurants (India) Private Limited ("Yum India"), in order to induce Yum India to enter into various technology license agreements ("License Agreements") with our Company. Edelweiss Crossover Opportunities Fund, Edelweiss Crossover Opportunities Fund – Series II into a deed of adherence dated December 17, 2018, and Arinjaya (Mauritius) Limited entered into a deed of adherence dated August 5, 2021, in order to adhere to the terms and conditions of the Licensee SHA, pursuant to which they became Shareholders for the purpose of the Licensee SHA. Pursuant to the Licensee SHA, the Shareholders undertook to be bound by certain obligations in the License Agreements, and to not sell, transfer or gift any interest or share in our Company to any parties, apart from the approved transferees as provided for in the Licensee SHA, without the prior consent of Yum India, in accordance with the terms of the License Agreements. Additionally, QSR Management Trust agreed to guarantee the performance of the obligations and liabilities of our Company pursuant to the License Agreements, and to indemnify Yum India, its affiliated companies, and their agents, employees, directors, successors and assigns from and against any claims, liabilities, losses, costs, and damages arising from, *inter alia*, our Company's breach of any terms or condition of the License Agreements.

Pursuant to the Licensee SHA Amendment Agreement, certain terms of the Licensee SHA were amended, requiring QSR Management Trust and Sapphire Mauritius to together hold not less than 7% of the issued Equity Share capital in our Company, such that aggregate of 7% of the issued Equity Share capital of our Company held by QSR Management Trust and Sapphire Mauritius, shall be locked in at all times, till the Company gets listed. Post listing, the construct agreed under the New Licensee SHA shall come in to force. Further, the Equity Shares held by QSR Management Trust and Sapphire Mauritius, to the extent of 7% of the issued Equity Share Capital in our Company, will not be allowed to be transferred, without the prior approval of Yum India. Additionally, until the date on which the Equity Shares of the Company initially get listed on the Stock Exchanges, the Shareholders will not be allowed to sell, transfer, or gift any interest or Equity Share to any party other than an approved transferee, as provided for in the Licensee SHA, without the prior written consent of Yum India. Further, in accordance with the Licensee SHA Amendment Agreement, prior to the filing of this Draft Red Herring Prospectus, the Board shall be reconstituted such that it consists of up to 10 directors, of which four directors shall be nominated by Sapphire Mauritius, one director shall be nominated by QSR Management Trust, and up to four directors shall be independent directors, appointed in compliance with applicable law, and one director shall be the group chief executive officer.

The Licensee SHA and the Licensee SHA Amendment Agreement shall automatically terminate on the date on which the Equity Shares of the Company initially get listed on the Stock Exchanges. However, certain obligations as provided for under the License Agreements would continue to apply to the Shareholder, as long as they continue to remain Shareholders.

***Amended and restated licensee shareholders' agreement dated August 3, 2021 executed by and amongst our Company, QSR Management Trust, Sumeet Subhash Narang, Sapphire Foods Mauritius Limited and Yum Restaurants (India) Private Limited (the "New Licensee SHA")***

Our Company, QSR Management Trust, Sumeet Subhash Narang, Sapphire Foods Mauritius Limited ("**Sapphire Mauritius**") and Yum Restaurants (India) Private Limited ("**Yum India**"), entered into the New Licensee SHA, which will come into effect, and replace the Licensee SHA on the date on which the Equity Shares of the Company initially get listed on the Stock Exchanges. Pursuant to the New Licensee SHA, QSR Management Trust and Sapphire Mauritius guaranteed, as the joint guarantors, the due and punctual performance by our Company, of all of our Company's obligations and liabilities under the various technology license agreements, the trademark license agreements, the development agreements, and such other agreements with Yum India ("**License Agreements**") with our Company. QSR Management Trust and Sapphire Mauritius also guaranteed that they would comply with their obligations in relation to the non-compete and share transfer clauses as per the License Agreements. Further, QSR Management Trust has agreed to ensure that its trustee shall always be owned (up to at least 51% of its share capital and voting interest) and controlled directly by Sumeet Subhash Narang (along with his relatives). Similarly, Sapphire Mauritius has agreed that it shall always be controlled by Samara Capital Management Limited, and the shareholding structure of Samara Capital Management Limited shall not be changed without Yum India's prior approval.

Under the terms of the New Licensee SHA, QSR Management Trust and Sapphire Mauritius, together, have, *inter alia*, an obligation to maintain a minimum shareholding and voting rights of up to 25.1% of the entire issued share capital in our Company, which shall be locked in at all times ("**Minimum Shareholding**"). QSR Management Trust and Sapphire Mauritius shall have the right to freely sell, transfer or gift only such percentage of their shareholding which they hold in excess of the Minimum Shareholding provided such transfers are occurring on the stock exchange and/or through an offer for sale mechanism. However, neither QSR Management Trust nor Sapphire Mauritius shall transfer, sell or gift any of the Minimum Shareholding to a disqualifying transferee as defined under the New Licensee SHA. QSR Management Trust and Sapphire Mauritius are required to notify and obtain the prior consent of YUM India prior to transferring the Minimum Shareholding. Further, QSR Management Trust, Sapphire Mauritius and Sumeet Subhash Narang have agreed to indemnify Yum India, *inter-alia*, for any breach of terms of the License Agreements. QSR Management Trust and Sapphire Mauritius shall always jointly have the right to control the management or policy decisions of our Company, and shall jointly have the right to nominate at least 50% of the directors on the Board such that four directors shall be nominated by Sapphire Mauritius, one director shall be nominated by QSR Management Trust, up to four directors shall be independent directors, appointed in compliance with applicable law, and one director shall be the group chief executive officer.

QSR Management Trust and Sapphire Mauritius are required at all times to vote on the resolutions to cause our Company to comply with its obligations under the License Agreements. Any change in the memorandum and articles of association of our Company pertaining to issues relating to the Board, shareholding, management which may impact our obligations under the License Agreements, may be effected only with the prior written consent of Yum India, and through a special resolution and not in the ordinary course of business.

The prior consent of Yum India would be required if any existing shareholder of our Company (other than QSR Management Trust and Sapphire Mauritius) sells, transfers or otherwise deals in any manner, in any of the Equity Shares or interest in our Company, unless such transfer is effected on the stock exchange and/or through an offer for sale mechanism. Further, our Company, QSR Management Trust and Sapphire Mauritius are required to ensure that only transferees to whom such Equity Shares are transferred meet the prescribed criteria as set out under the New Licensee SHA.

Any acquisition by a competitor, as defined under the New Licensee SHA, of Yum India of 25% or more Equity Shares or voting rights in our Company, or a change in the composition of our Board in deviation from the New Licensee SHA without prior written consent of Yum India shall constitute an event of default under the agreement and the License Agreements and entitle Yum India to terminate such agreements and exercise all rights available to it under such agreements.

***Amended and restated shareholders' agreement dated August 2, 2021 executed by and amongst our Company, Sapphire Foods Mauritius Limited, WWD Ruby Limited, Amethyst Private Limited, AAJV Investment Trust, Samara Capital Partners Fund II Limited, Edelweiss Crossover Opportunities Fund, Edelweiss Crossover***

***Opportunities Fund – Series II, QSR Management Trust, and Arinjaya (Mauritius) Limited (“SHA”), as amended by the amendment agreement to the SHA entered into amongst our Company, Sapphire Foods Mauritius Limited, WWD Ruby Limited, Amethyst Private Limited, AAJV Investment Trust, Samara Capital Partners Fund II Limited, Edelweiss Crossover Opportunities Fund, Edelweiss Crossover Opportunities Fund – Series II, QSR Management Trust, and Arinjaya (Mauritius) Limited dated August 9, 2021 (“SHA Amendment Agreement”)***

Our Company, Sapphire Foods Mauritius Limited (“**Sapphire Mauritius**”), WWD Ruby Limited (“**Ruby**”), Amethyst Private Limited (“**Amethyst**”), AAJV Investment Trust (“**AAJV**”), Samara Capital Partners Fund II Limited (“**Samara**”), Edelweiss Crossover Opportunities Fund, Edelweiss Crossover Opportunities Fund – Series II (together, with Edelweiss Crossover Opportunities Fund, “**Edelweiss**”), Arinjaya (Mauritius) Limited (“**Arinjaya**”) (Sapphire Mauritius, Ruby, Amethyst, AAJV, Arinjaya, Samara and Edelweiss are collectively known as the “**Other Shareholders**”) and QSR Management Trust entered into a shareholders’ agreement dated August 2, 2021, in order to set out the rights and obligations of the different parties in relation to the Company and its Subsidiaries, including their governance, management and operations. The SHA amended and restated the erstwhile shareholders’ agreement dated December 6, 2018, that was entered into by the Company, Ruby, Amethyst, AAJV, Edelweiss, and QSR Management Trust.

Under the SHA, prior written consent is required from any Other Shareholder, who holds 7% or more of the equity share capital of the Company, on certain reserved matters, such as, *inter alia*, any change or re-organization in the issued, subscribed or paid up equity or preference share capital of the Company, change of registered office, acquisitions of shares and business, creation of new subsidiaries, providing guarantees, listing of our Company or its Subsidiaries, divestment by the Company in any entity, and change in the terms of appointment of the directors.

In the event that the Company intends to raise additional capital through the issue of fresh securities, the Company is required to give each of the shareholders a right to participate on a pro-rated basis. Further, any shareholder who holds more than 3% of the share capital of the company also has the right to receive certain information from the Company under the SHA, including the right to access and inspect our Company’s books, accounting records, corporate, financial and other records, reports, contracts and commitments, the right of access to all of the properties and assets of our Company. Until the date of receipt of listing and trading approval for the Equity Shares of the Company on the Stock Exchanges, in accordance with the terms of the SHA and subject to certain conditions, (i) Edelweiss, Amethyst, Arinjaya and Ruby have the right to nominate a director on the Board, so long as they hold 7% or more of the equity share capital of the Company, (ii) so long as Edelweiss holds 3.75% of the equity share capital of the Company, they shall have a right to appoint an observer on the Board of the Company, and/or the board of the Subsidiaries or sub-committees, and (iii) each of Amethyst and Ruby shall have the right to nominate one observer on the Board, so long as they hold 3% of the equity share capital of the Company.

Further, in terms of the SHA, between the Red Herring Prospectus and the Prospectus, Amethyst and Ruby shall transfer by way of gift, 187,520 Equity Shares and 356,664 Equity Shares respectively, to Sapphire Mauritius, and AAJV shall transfer by way of gift, 3,795 Equity Shares to QSR Management Trust. Additionally, between the Red Herring Prospectus and the Prospectus, Ruby shall transfer by way of gift, transfer such number of Equity Shares (i.e., between 236,482 Equity Shares, and 267,804 Equity Shares) to Sapphire Mauritius, depending on the Offer Price, as provided for in the SHA. Accordingly, if such Equity Shares are transferred to QSR Management Trust and Sapphire Foods Mauritius Limited, their shareholding shall increase from 3,705,590 Equity Shares to 3,709,385 Equity Shares for QSR Management Trust, and from 28,927,588 Equity Shares to between 29,708,254 and 29,739,576 Equity Shares for Sapphire Foods Mauritius Limited.

As per the terms of the SHA, prior to the filing of this Draft Red Herring Prospectus, the Board is required to be reconstituted such that it consists of up to 10 directors, of which four directors shall be nominated by Sapphire Mauritius, one director shall be nominated by QSR Management Trust, and up to four directors shall be independent directors, appointed in compliance with applicable law, and one director shall be the group chief executive officer. Further, : (i) any acquisition of shares or assets (including by way of a merger or business transfer) of another body corporate, where the value of such acquisition exceeds ₹ 500 million, and (ii) any action undertaken, or transaction entered into by the Company which may result in breaching or terminating the requirements under the agreements that have been entered into by the Company with YUM, shall not be undertaken unless the unanimous approval of the directors of the Company present and voting at a Board meeting has been obtained. (this unanimous board approval right, along with the board nomination rights are hereinafter referred to as the “**Board Related Rights**”) Additionally,

such number of Equity Shares of Sapphire Mauritius and QSR Management Trust, together constituting 25.10% of the issued and fully paid-up share capital of the Company (“**Yum Lock-In**”), shall be locked in for a period of six years from the effective date of the SHA. Further, both QSR Management Trust and Sapphire Mauritius shall have a drag right, allowing them to require the other party to sell their shares, in the event that one of the parties sells the shares constituting the Yum Lock-In.

While the SHA shall terminate automatically on the date on which the Equity Shares of our Company are listed and traded on the Stock Exchanges, and all the special rights provided therein shall fall away, the Board Related Rights are proposed to continue post listing, subject to the approval of the Shareholders of the Company by way of special resolution, post listing. These rights are not prejudicial or adverse to the interest of the minority or the public shareholders of the Company.

Pursuant to the SHA Amendment Agreement, certain waivers have been granted by the relevant Shareholders until the date of receipt of listing and trading approval for the Equity Shares of the Company on the Stock Exchanges, in respect of tag along rights, and information rights, as well as obligations of our Company to obtain prior consent from relevant Shareholders and procedural requirements for proceedings of the Board and shareholder meetings, to the extent of actions and matters required for the facilitation of the Offer.

The SHA Amendment Agreement shall stand automatically terminated, upon the earlier of: (i) the Offer not being consummated by July 15, 2022, (ii) the date on which the Board decides not to undertake the Offer, or (iii) the date on which there is an increase or decrease in the Offer size which triggers a re-filing of the draft red herring prospectus in terms of Schedule XVI of the SEBI ICDR Regulations, or such other date as agreed to in writing.

***Shareholders’ agreement dated August 2, 2021 executed by and amongst Sapphire Foods Mauritius Limited, Schroders Capital Private Equity Asia III L.P, Schroders Capital cPI Global 2014-2016 C.V., Schroders Capital Private Equity Global LP, Celox Olympos Limited, Samara Capital Partners Fund II Limited, Samara Capital Management Limited, Karikala (Mauritius) Limited, TR Capital III Mauritius III, Newquest Asia Fund IV (Singapore) Pte. Ltd., and Pergo Company Limited (“Sapphire Mauritius SHA”)***

Sapphire Foods Mauritius Limited (“**Sapphire Mauritius**”), Schroders Capital Private Equity Asia III L.P (“**Schroder LP I**”), Schroders Capital cPI Global 2014-2016 C.V. (“**Schroder LP II**”), Schroders Capital Private Equity Global LP (“**Schroder LP III**”, together with Schroder LP I and Schroder LP II, “**Schroder LP**”), Celox Olympos Limited (“**Celox**”), Samara Capital Partners Fund II Limited (“**Samara Capital**”), Samara Capital Management Limited (“**Samara Investment Manager**”, together with Samara Capital, “**Samara**”) (together with Celox and Schroder LP, the “**Existing Shareholder**”), Karikala (Mauritius) Limited (“**Creador II**”), TR Capital III Mauritius III (“**New Investor 1**”), Newquest Asia Fund IV (Singapore) Pte. Ltd. (“**New Investor 2**”), and Pergo Company Limited (“**New Investor 3**”) entered into a shareholders’ agreement dated August 2, 2021 to record their mutual understanding with respect to, inter alia, their inter se rights and obligations with respect to Sapphire Mauritius. Pursuant to the Sapphire Mauritius SHA, certain of the shareholders are entitled to the right to nominate directors on the Board of Sapphire Mauritius, in addition to right of first offer, inspection rights, tag along rights and drag along rights. Further, Sapphire Mauritius is required to obtain the consent in writing, of the other parties to the Sapphire Mauritius SHA, prior to undertaking certain actions, such as an alteration in its constitution, changing its capital structure, the creation of any pledge on its shares, among others. Further, as per the terms of the Sapphire Mauritius SHA, Creador II shall have the right to nominate one director out of the four directors that Sapphire Mauritius is entitled to nominate on the Board of our Company, pursuant to the terms provided in the SHA.

***Share subscription agreement dated August 2, 2021 executed by and amongst our Company, QSR Management Trust, Sapphire Foods Mauritius Limited, and Edelweiss Crossover Opportunities Fund – Series II***

On August 2, 2021, our Company, QSR Management Trust, Sapphire Foods Mauritius Limited, and Edelweiss Crossover Opportunities Fund – Series II entered into a share subscription agreement, for the subscription by Edelweiss Crossover Opportunities Fund – Series II to 183,682 Equity Shares of our Company, for an aggregate consideration of ₹ 100 million.

***Share subscription agreement dated August 2, 2021 executed by and amongst our Company, QSR Management Trust, and Sapphire Foods Mauritius Limited***



On August 2, 2021, our Company, QSR Management Trust, and Sapphire Foods Mauritius Limited, entered into a share subscription agreement, for the subscription by Sapphire Foods Mauritius Limited to 4,099,286 Equity Shares of our Company, for an aggregate consideration of ₹ 2,070.67 million.

***Share subscription agreement dated August 2, 2021 executed by and amongst our Company, QSR Management Trust, Sapphire Foods Mauritius Limited, and Arinjaya (Mauritius) Limited***

On August 2, 2021, our Company, QSR Management Trust, Sapphire Foods Mauritius Limited, and Arinjaya (Mauritius) Limited entered into a share subscription agreement, for the subscription by Arinjaya (Mauritius) Limited to 5,090,503 Equity Shares of our Company, for an aggregate consideration of ₹ 2,571.37 million.

Our Company, and our Promoters confirm that apart from as disclosed in this Draft Red Herring Prospectus, in respect of the Company, (i) there are no other agreements, clauses or covenants which are material and which need to be disclosed, (ii) there are no other clauses or covenants which are adverse or pre-judicial to the interest of the public Shareholders, and (iii) that there are no other agreements, deed of assignments, acquisition agreements, shareholders' agreements, inter-se agreements, or agreements of a like nature.

**Material subsisting agreements**

Except as disclosed in “*Our Business – Relationship with Yum*” on page 170, “*History and Certain Corporate Matters - Shareholders’ agreements and share subscription agreements*” on page 194, and “*Our Management*” on page 208, there are no other material subsisting agreements, including with strategic partners, joint venture partners, and/or financial partners, that our Company has entered into, other than in the ordinary course of business.

**Holding company**

As on the date of this Draft Red Herring Prospectus, our Company does not have a holding company.

**Subsidiaries, joint ventures and associates of our Company**

As on the date of this Draft Red Herring Prospectus, our Company does not have any joint venture or associates. Currently, our Company has five Subsidiaries:

***Indian Subsidiaries:***

*Direct Subsidiary in India*

1. Gamma Pizzakraft (Overseas) Private Limited

*Indirect Subsidiary in India*

1. Gamma Pizzakraft Private Limited

***Overseas Subsidiaries:***

*Indirect Overseas Subsidiaries*

1. Gamma Pizzakraft Lanka (Private) Limited
2. Gamma Island Food Private Limited
3. French Restaurants Private Limited

The details of our Subsidiaries are as follows:

**Indian Subsidiaries:**

***Direct Subsidiary in India***

## 1. Gamma Pizzakraft (Overseas) Private Limited

### *Corporate information*

Gamma Pizzakraft (Overseas) Private Limited is a private limited company incorporated under the Companies Act, 1956 with a certificate of incorporation dated March 2, 2007 issued by the Registrar of Companies, National Capital Territory of Delhi and Haryana. Its CIN is U51101MH2007PTC365646, and its registered office is situated at 702, 7th Floor, Prism Tower, A-Wing, Mind Space, Link Road, Goregaon (West), Mumbai, Maharashtra, 400062, India. Further, our Board has, through its resolution dated February 11, 2021, accorded its consent for the merger of Gamma Pizzakraft (Overseas) Private Limited and Gamma Pizzakraft Private Limited, into our Company.

### *Nature of business*

Gamma Pizzakraft (Overseas) Private Limited is currently engaged in the business of food & beverages (outside India), through its subsidiaries, home and office delivery, catering and dispensing of pizzas, pastas, health food and other food and beverages, as authorized under the objects clause of its memorandum of association.

### *Capital structure and shareholding pattern*

The authorised share capital of Gamma Pizzakraft (Overseas) Private Limited is ₹ 185,000,000 divided into 18,500,000 equity shares of ₹ 10 each. The issued, subscribed and paid-up capital of Gamma Pizzakraft (Overseas) Private Limited is ₹ 183,500,700 divided into 18,350,070 equity shares of ₹ 10 each.

The shareholding pattern of Gamma Pizzakraft (Overseas) Private Limited is as follows:

S. No.	Name of shareholder	Number of equity shares of ₹ 10 each	Percentage of issued capital
1.	Sapphire Foods India Limited	18,350,069	100
2.	Amar Raj Singh*	1	Negligible
	<b>Total</b>	<b>18,350,070</b>	<b>100</b>

\* Nominee shareholder of our Company

There are no accumulated profits or losses of Gamma Pizzakraft (Overseas) Private Limited not accounted for by our Company.

### *Indirect Subsidiary in India*

## 1. Gamma Pizzakraft Private Limited

### *Corporate information*

Gamma Pizzakraft Private Limited is a private limited company incorporated under the Companies Act, 1956, with a certificate of incorporation issued by the National Capital Territory of Delhi and Haryana on July 19, 2005. Its CIN is U00060MH2005PTC365645 and its registered office is situated at 702, 7th Floor, Prism Tower, A-Wing, Mind Space, Link Road, Goregaon (West), Mumbai, Maharashtra, 400062, India. Further, our Board has, through its resolution dated February 11, 2021, accorded its consent for the merger of Gamma Pizzakraft (Overseas) Private Limited and Gamma Pizzakraft Private Limited, into our Company.

### *Nature of business*

Gamma Pizzakraft Private Limited is currently engaged in the business of food & beverages through restaurants, home and office delivery, catering and dispensing of pizzas, pastas, health food and other food and beverages, as authorized under the objects clause of its memorandum of association.

### *Capital structure and shareholding pattern*

The authorised share capital of Gamma Pizzakraft Private Limited is ₹ 153,300,000 divided into 15,330,000 equity shares of ₹ 10 each. The issued, subscribed and paid-up capital of Gamma Pizzakraft Private Limited is ₹ 148,742,800 divided into 14,874,280 equity shares of ₹ 10 each.

The shareholding pattern of Gamma Pizzakraft Private Limited is as follows:

S. No.	Name of shareholder	Number of equity shares of ₹ 10 each	Percentage of issued capital
1.	Gamma Pizzakraft (Overseas) Private Limited	14,874,279	100
2.	Sapphire Foods India Limited*	1	Negligible
<b>Total</b>		<b>14,874,280</b>	<b>100</b>

\* Nominee shareholder of Gamma Pizzakraft (Overseas) Private Limited

There are no accumulated profits or losses of Gamma Pizzakraft Private Limited not accounted for by our Company.

## Overseas Subsidiaries:

### Indirect Overseas Subsidiaries

#### 1. Gamma Pizzakraft Lanka (Private) Limited

##### Corporate information

Gamma Pizzakraft Lanka (Private) Limited is a private limited company, incorporated on August 18, 1975 as Colombo Restaurant Enterprises Limited, bearing registration number PVS 4285. Subsequently, the name of the company was changed to Keells Restaurants (Private) Limited on September 9, 1993 and then to Gamma Pizzakraft Lanka (Private) Limited on April 18, 2007. Gamma Pizzakraft Lanka (Private) Limited was re-registered under the Companies Act No. 7 of 2007 on September 30, 2008 bearing registration number PV 7815. Its registered office is situated No. 55/25, Vauxhall Lane, Colombo 2, Sri Lanka.

##### Nature of business

Gamma Pizzakraft Lanka (Private) Limited is engaged in the business of operating fast-food restaurants in Sri Lanka under the brand names of “Pizza Hut”, and “Taco Bell” (as the franchisee for the said brands) in Sri Lanka, as authorized under its articles of association.

##### Capital structure and shareholding pattern

The issued, subscribed and paid-up capital of Gamma Pizzakraft Lanka (Private) Limited is LKR 372, 600,504.30, divided into 8,234,500 ordinary shares.

The shareholding pattern of Gamma Pizzakraft Lanka (Private) Limited is as follows:

S. No.	Name of shareholder	Number of ordinary shares	Percentage of issued capital
1.	Gamma Pizzakraft (Overseas) Private Limited	8,234,500	100
<b>Total</b>		<b>8,234,500</b>	<b>100</b>

There are no accumulated profits or losses of Gamma Pizzakraft Lanka (Private) Limited not accounted for by our Company.

#### 2. Gamma Island Food Private Limited

##### Corporate information

Gamma Island Food Private Limited was incorporated as a private limited company, under the Act No. 10/96 at Male, Republic of Maldives on September 25, 2017. Its corporate identification number is C 0935/2017, and its registered

office is situated at G. Rehendhi 3 Sihtimaavaa Residences, Sihthimaavaa Hingun, K. Male, Republic of Maldives.

#### *Nature of business*

Gamma Island Food Private Limited is engaged in the business of operating fast-food restaurants in Maldives under the brand names of “Pizza Hut”, and “KFC” (as the franchisee for the said brands), in Maldives, as authorized under its articles of association.

#### *Capital structure and shareholding pattern*

The issued, subscribed and paid-up capital of Gamma Island Food Private Limited is MVR 20,045,985, divided into 87,157 ordinary shares.

The shareholding pattern of Gamma Island Food Private Limited is as follows:

<b>S. No.</b>	<b>Name of shareholder</b>	<b>Number of ordinary shares</b>	<b>Percentage of issued capital</b>
1.	Gamma Pizzakraft (Overseas) Private Limited	44,450	51
2.	Island Food Private Limited	42,707	49
<b>Total</b>		<b>87,157</b>	<b>100</b>

There are no accumulated profits or losses of Gamma Island Food Private Limited not accounted for by our Company.

### **3. French Restaurants Private Limited**

#### *Corporate information*

French Restaurants Private Limited was incorporated as a private limited company under the Companies Act No. 17 of 1982 and reregistered under the Companies Act No. 7 of 2007. Its corporate identification number is PV 297 (formally N (PVS) 27479) and its registered office is situated at No. 55/25, Vauxhall Lane, Colombo 2, Sri Lanka.

#### *Nature of business*

French Restaurants Private Limited was engaged in the business of operating fast-food restaurants in Sri Lanka under the brand names of “delifrance” (as the franchisee for the said brands) in Sri Lanka, as authorized under its articles of association, and has ceased its operation since 2018.

#### *Capital structure and shareholding pattern*

The issued, subscribed and paid-up capital of French Restaurants Private Limited is LKR 11,089,020.78, divided into 510,000 ordinary shares.

The shareholding pattern of French Restaurants Private Limited is as follows:

<b>S. No.</b>	<b>Name of shareholder</b>	<b>Number of ordinary shares</b>	<b>Percentage of issued capital</b>
1.	Gamma Pizzakraft (Overseas) Private Limited	510,000	100
<b>Total</b>		<b>510,000</b>	<b>100</b>

There are no accumulated profits or losses of French Restaurants Private Limited not accounted for by our Company.

### **Common Pursuits between our Subsidiaries and our Company**

There are no common pursuits between our Subsidiaries and our Company.

### **Strategic and financial partnerships**

Except as disclosed in “*Our Business – Relationship with Yum*” on page 170, our Company currently does not have any other strategic or financial partners.

### **Agreements with Key Managerial Personnel, Director, Promoter or any other employee**

There are no agreements entered into by a Key Managerial Personnel or Director or Promoter or any other employee of our Company, either by themselves or on behalf of any other person, with any Shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of our Company.

### **Guarantees given by the Promoter Selling Shareholders**

Except as disclosed below, our Promoter Selling Shareholders have not provided any guarantees to any third parties as on the date of this Draft Red Herring Prospectus:

QSR Management Trust has provided a guarantee under the Licensee SHA, for the performance of the obligations and liabilities of our Company pursuant to the License Agreements. Further, QSR Management Trust and Sapphire Mauritius have provided a guarantee under the New Licensee SHA for the due and punctual performance by our Company, of all of our Company’s obligations and liabilities under the License Agreements. For details, see “*Risk Factors - Certain matters in the licensee shareholders’ agreement entered into by our shareholders may adversely affect our business operations*” and “*History and Certain Corporate Matters - Shareholders’ Agreements*” on page 40 and 194 respectively.

## OUR MANAGEMENT

In terms of our Articles of Association, until otherwise determined by a general meeting of the Company and subject to provisions of the section 149 of the Companies Act, 2013, our Company is required to have not less than three Directors and not more than 15 Directors. Our Company currently has nine Directors on its Board, comprising of three Independent Directors including two woman Directors. For details on the strength of our Board, as permitted and required under the Articles of Association, see “*Main Provisions of Articles of Association*” on page 399.

### Our Board

The following table sets forth details regarding our Board as on the date of this Draft Red Herring Prospectus:

Name, Designation, Date of Birth, Address, Occupation, Nationality, Period of Directorship, Term and DIN	Age (years)	Other directorships
<p><b>Sanjay Purohit</b></p> <p><i>Designation:</i> Whole time Director and Group CEO</p> <p><i>Date of Birth:</i> May 14, 1965</p> <p><i>Address:</i> 1101, Signia Pearl, 11<sup>th</sup> Floor, Bandra Kurla Complex, Opp Trident Hotel, Mumbai – 400051, Maharashtra, India</p> <p><i>Occupation:</i> Service</p> <p><i>Nationality:</i> Indian</p> <p><i>Period of directorship:</i> Director since August 31, 2016</p> <p><i>Term:</i> Five years with effect from July 23, 2021</p> <p><i>DIN:</i> 00117676</p>	56	<p><b>Indian Companies</b></p> <ul style="list-style-type: none"> <li>• Paradise Food Court Private Limited</li> </ul> <p><b>Foreign companies</b></p> <p>Nil</p>
<p><b>Sunil Rewachand Chandiramani</b></p> <p><i>Designation:</i> Chairman and Independent Director</p> <p><i>Date of Birth:</i> December 24, 1968</p> <p><i>Address:</i> A-163, Sky Scraper Building, 74 Bhulabhai Desai Road, Cumballa hill Mumbai – 400026, Maharashtra, India</p> <p><i>Occupation:</i> Management Consulting</p> <p><i>Nationality:</i> Indian</p> <p><i>Period of directorship:</i> Director since August 5, 2021</p> <p><i>Term:</i> Five years with effect from August 5, 2021</p>	52	<p><b>Indian Companies</b></p> <ul style="list-style-type: none"> <li>• Ganesh Grains Limited</li> <li>• Vigyanlabs Innovations Private Limited</li> <li>• Updater Services Private Limited</li> <li>• Davadost Private Limited</li> </ul> <p><b>Foreign companies</b></p> <p>Nil</p>

Name, Designation, Date of Birth, Address, Occupation, Nationality, Period of Directorship, Term and DIN	Age (years)	Other directorships
<i>DIN:</i> 00524035		
<p><b>Sumeet Subhash Narang</b></p> <p><i>Designation:</i> Non-Executive Director*</p> <p><i>Date of Birth:</i> January 11, 1976</p> <p><i>Address:</i> Samudra Mahal CHSL, Flat No. 413 and 414, Dr. Annie Besant Road, Worli, Mumbai 400 018, Maharashtra, India</p> <p><i>Occupation:</i> Service</p> <p><i>Nationality:</i> Indian</p> <p><i>Period of directorship:</i> Director since February 9, 2015</p> <p><i>Term:</i> With effect from July 23, 2021, not liable to retire by rotation</p> <p><i>DIN:</i> 01874599</p>	45	<p><b>Indian Companies</b></p> <ul style="list-style-type: none"> <li>• Paradise Food Court Private Limited</li> <li>• Godrej Consumer Products Limited</li> <li>• ESME Consumer Private Limited</li> <li>• Samara India Advisors Private Limited</li> <li>• Oaknet Healthcare Private Limited</li> </ul> <p><b>Foreign companies</b></p> <p>Nil</p>
<p><b>Manish Mehta</b></p> <p><i>Designation:</i> Non-Executive Director*</p> <p><i>Date of Birth:</i> July 19, 1976</p> <p><i>Address:</i> Flat No. D-3205, Ashok Tower, Tower D, Dr. Babasaheb Ambedkar Road, Near ITC Grand Central, Mumbai 400 012, Maharashtra, India</p> <p><i>Occupation:</i> Service</p> <p><i>Nationality:</i> Indian</p> <p><i>Period of directorship:</i> Director since February 9, 2015</p> <p><i>Term:</i> With effect from July 23, 2021, liable to retire by rotation</p> <p><i>DIN:</i> 06442038</p>	44	<p><b>Indian Companies</b></p> <ul style="list-style-type: none"> <li>• Gamma Pizzakraft Private Limited</li> <li>• Gamma Pizzakraft (Overseas) Private Limited</li> <li>• Lotus Surgicals Private Limited</li> <li>• Samara India Advisors Private Limited</li> <li>• First Meridian Business Services Private Limited</li> </ul> <p><b>Foreign companies</b></p> <ul style="list-style-type: none"> <li>• Gamma Pizzakraft (Lanka) Private Limited</li> <li>• French Restaurants Private Limited</li> <li>• Gamma Island Foods Private Limited</li> </ul>

Name, Designation, Date of Birth, Address, Occupation, Nationality, Period of Directorship, Term and DIN	Age (years)	Other directorships
<p><b>Vikram Ranjan Agarwal</b></p> <p><i>Designation:</i> Non-Executive Director**</p> <p><i>Date of Birth:</i> September 14, 1977</p> <p><i>Address:</i> E-1301, Ashok Garden, T. J. Road, Sewri, Mumbai – 400 015, Maharashtra, India</p> <p><i>Occupation:</i> Service</p> <p><i>Nationality:</i> Indian</p> <p><i>Period of directorship:</i> Since February 9, 2015</p> <p><i>Term:</i> With effect from July 23, 2021, liable to retire by rotation</p> <p><i>DIN:</i> 03038370</p>	43	<p><b>Indian Companies</b></p> <ul style="list-style-type: none"> <li>• Lotus Surgicals Private Limited</li> <li>• Guardian Nutrition and Health Supplements Private Limited</li> <li>• KFCH Restaurants Private Limited</li> <li>• More Retail Private Limited</li> <li>• SMS Integrated Facility Services Private Limited</li> <li>• Witzig Advisory Services Private Limited</li> <li>• Positive Marts India Private Limited</li> </ul> <p><b>Foreign companies</b></p> <p>Nil</p>
<p><b>Girish Manjanath Bhat</b></p> <p><i>Designation:</i> Non-Executive Director*</p> <p><i>Date of Birth:</i> February 12, 1958</p> <p><i>Address:</i> A 19/76, Shrirang Sabde Marg, Shirke Chowk, Siddharth Nagar, Goregaon (West), Mumbai – 400104, Maharashtra, India</p> <p><i>Occupation:</i> Service</p> <p><i>Nationality:</i> Indian</p> <p><i>Period of directorship:</i> Director since March 8, 2017</p> <p><i>Term:</i> With effect from July 23, 2021, liable to retire by rotation.</p> <p><i>DIN:</i> 01691290</p>	63	<p><b>Indian Companies</b></p> <ul style="list-style-type: none"> <li>• More Retail Private Limited</li> <li>• SMS Integrated Facility Services Private Limited</li> <li>• Witzig Advisory Services Private Limited</li> </ul> <p><b>Foreign companies</b></p> <p>Nil</p>
<p><b>Kabir Thakur</b></p> <p><i>Designation:</i> Non – Executive Director*</p> <p><i>Date of Birth:</i> September 01, 1980</p> <p><i>Address:</i> 2<sup>nd</sup> Floor, Anmol, 13<sup>th</sup> Road, Khar (West), Mumbai – 400052, Maharashtra, India</p>	40	<p><b>Indian Companies</b></p> <ul style="list-style-type: none"> <li>• Cavin Kare Private Limited</li> <li>• Shriji Polymers (India) Limited</li> </ul> <p><b>Foreign companies</b></p> <p>Nil</p>



Name, Designation, Date of Birth, Address, Occupation, Nationality, Period of Directorship, Term and DIN	Age (years)	Other directorships
<p><i>Occupation:</i> Finance</p> <p><i>Nationality:</i> Indian</p> <p><i>Period of directorship:</i> Director since August 5, 2021</p> <p><i>Term:</i> With effect from August 6, 2021, liable to retire by rotation</p> <p><i>DIN:</i> 08422362</p>		
<p><b>Deepa Gopalan Wadhwa</b></p> <p><i>Designation:</i> Independent Director</p> <p><i>Date of Birth:</i> November 28, 1955</p> <p><i>Address:</i> N-35, Panchsheel Park, Malviya Nagar, New Delhi, 110017, India</p> <p><i>Occupation:</i> Indian Foreign Service (Rtd.)</p> <p><i>Nationality:</i> Indian</p> <p><i>Period of directorship:</i> Director since August 5, 2021</p> <p><i>Term:</i> Five years with effect from August 5, 2021</p> <p><i>DIN:</i> 07862942</p>	65	<p><b><i>Indian Companies</i></b></p> <ul style="list-style-type: none"> <li>• J.K. Cement Limited</li> <li>• JK Paper Limited</li> <li>• Bengal &amp; Assam Company Ltd.</li> <li>• Mindtree Limited</li> <li>• Mukund Sumi Special Steel Limited</li> <li>• ASA Corporate Catalyst India Private Limited</li> <li>• Artemis Medicare Services Limited</li> <li>• NDR Auto Components Ltd</li> </ul> <p><b><i>Foreign companies</i></b> Nil</p>
<p><b>Anu Ram Aggarwal</b></p> <p><i>Designation:</i> Independent Director</p> <p><i>Date of Birth:</i> March 31, 1972</p> <p><i>Address:</i> 11, Toscano Condominium, M. Gonsalves RD, TPS IV, Plot no. 29, CTS F/986 to 988, next to bank, Bandra (West), Mumbai 400050, Maharashtra, India</p> <p><i>Occupation:</i> Service</p> <p><i>Nationality:</i> Indian</p> <p><i>Period of directorship:</i> Director since August 5, 2021</p> <p><i>Term:</i> Five years with effect from August 5, 2021</p>	49	<p><b><i>India Companies</i></b></p> <p>Kotak Mahindra General Insurance Company Ltd</p> <p><b><i>Foreign companies</i></b> Nil</p>

Name, Designation, Date of Birth, Address, Occupation, Nationality, Period of Directorship, Term and DIN	Age (years)	Other directorships
DIN: 07301689		

\*Nominee of Sapphire Foods Mauritius Limited

\*\*Nominee of QSR Management Trust

### Brief profiles of our Directors

**Sanjay Purohit** is the Whole Time Director and Group CEO of our Company. He had pursued 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, Mobil Peevees 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.

**Sunil Rewachand Chandiramani** is the Chairman and Independent Director of our Company. He 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 as a partner from April, 1996 to March, 2001 and with Ernst & Young LLP as a partner from April, 2001 to September, 2014. He is also the founder of NYKA Advisory Services and currently manages its business affairs as the proprietor. He has experience of over 29 years and has worked in the field of accounting and advisory services.

**Sumeet Subhash Narang** is a Non-Executive Director of our Company as a nominee of Sapphire Foods Mauritius Limited. He holds a bachelor's degree of engineering in the field of mechanical engineering from University of Roorkee and has completed his master's in business administration from Harvard University and has also pursued a post graduate diploma in management from Indian Institute of Management Society, Lucknow. Further, he has been awarded the John L. Loeb Award, from the MBA Financial AID and Fellowship Board, Harvard Business School. Prior to joining our Company, he was associated with Citigroup, India, He is also the founder and managing director of Samara India Advisors Private Limited. He has over 16 of years of working experience in the field of *inter alia* banking and investments.

**Manish Mehta** is a Non-Executive Director of our Company as a nominee of Sapphire Foods Mauritius Limited. He holds a bachelor's degree of engineering in the field of civil engineering from University of Roorkee and has completed his degree of Master of Science in transportation from Massachusetts Institute of Technology. Further, he has pursued master's in business administration from Harvard University. Prior to joining our Company, he was associated with Lehman Brothers, Barclays Global Investors, N.A., and Grove Capital US Services LLC. He is also currently working as the managing director with Samara India Advisors Private Limited, and has experience of over 17 years in the field of *inter alia* investment and private equity business.

**Vikram Ranjan Agarwal** is a Non- Executive Director of our Company as a nominee of QSR Management Trust. He holds a bachelor's degree in commerce from Shri Ram College of Commerce, University of Delhi and has been granted a certificate of practice by the Institute of Chartered Accountants of India. He is also currently working as managing director and chief financial officer under dual employment with Samara India Advisors Private Limited and Samara Alternate Investment Management LLP and has an experience of over 13 years and has worked in the field of private equity.

**Girish Manjanath Bhat** is a Non- Executive Director of our Company as a nominee of Sapphire Foods Mauritius Limited. He holds a bachelor's degree in commerce from the University of Bombay and is a member of the Institute of Cost Accountants of India. He has also passed the final examination conducted by the Institute of Chartered Accountants of India, and Institute of Cost and Works Accountants of India and has completed the examinations of

the Institute of Cost and Management Accountants. Further, he is also a chartered global management accountant and a fellow of Chartered Institute of Management Accountants. He has received recognition of excellence for his contribution to corporate finance by CFO 100 India and has also received the CFO league of excellence award. Prior to joining our Company, he was associated with Cadbury India Limited, Cadbury Holdings Limited and, Gammon India Limited. He is currently working as managing director under dual employment with Samara India Advisors Private Limited and Samara Alternate Investment Management LLP. He has experience of over 27 years and has worked in the field of *inter alia* finance and operations.

**Kabir Thakur** is a Non- Executive Director of our Company as a nominee of Sapphire Food Mauritius Limited. He holds a bachelor’s degree in commerce and a degree in Master of Management Studies from University of Mumbai. Prior to joining our Company, he was associated with Chrys Capital group, and also as the managing director and co-head of Creador Advisors India LLP. He has experience of over 14 years and has worked in the field of investment and private equity.

**Deepa Gopalan Wadhwa** is an Independent Director of our Company. She 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”) from 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.

**Anu Ram Aggarwal** is an Independent Director of our Company. She had pursued Master of Management Studies from Jamnalal Bajaj Institute of Management Studies, University of Mumbai. She was recognised amongst Economic Time’s ‘women ahead’ for the year 2016. Prior to joining our Company, she was associated with Citi Bank. She is currently working as a president in the wholesale banking division of Kotak Mahindra Bank Limited and has a working experience of over 14 years in the banking sector.

#### **Relationship between Directors and KMPs**

None of our Directors are related to each other or to the KMPs.

#### **Terms of appointment of Directors**

#### **Remuneration details of our Directors**

##### **1. Remuneration details of our Whole-time and Executive Director**

Sanjay Purohit is the Whole time Director and Group CEO of our Company. He was appointed as the Group CEO of our Company on August 1, 2016, pursuant to the employment agreement dated May 5, 2016, and subsequently re-appointed by way of letter dated July 23, 2021. Pursuant to the special resolution dated July 23, 2021, he was re-appointed as the Whole time Director of the Company for a term of five years with effect from July 23, 2021, and is entitled to the following remuneration for a period of three years commencing from April 1, 2021, to March 31, 2024:

<b>Particulars</b>	<b>Remuneration</b>
Salary	<ul style="list-style-type: none"> <li>From ₹ 30 million to maximum of ₹55 million (including bonus and assuming up to 20% increase every year).</li> </ul>
Other benefits	<ul style="list-style-type: none"> <li>stock options as per the scheme(s) framed by the Company from time to time;</li> <li>Reimbursement of actual expenses including but not limited to telephone, travelling, hotel bill, conveyance, entertainment, miscellaneous expenses and incidents, incurred for or on behalf of the Company in accordance with Company’s policy, wherever applicable;</li> </ul>

	<ul style="list-style-type: none"> <li>• Perquisites and other benefits including 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 policy, wherever applicable and other benefits as may be provided from time to time.</li> </ul>
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During Fiscal 2021, our Company paid Sanjay Purohit a gross remuneration of ₹ 97.13 million\*.

\* This includes remuneration of ₹ 29.02 million and perquisite of ₹ 68.11 million with respect to exercise of stock options.

## **2. Remuneration details of our Non-executive Directors**

Pursuant to the special resolution dated August 6, 2021, and sections 197 and 198 read with Schedule V and other applicable provisions of the Companies Act, 2013, the Non-Executive Directors of the Company are entitled to the remuneration of a sum not exceeding one percent per annum of the net profits of the Company, be paid and distributed amongst the existing or future Non- Executive Directors of the Company or some or any of them (other than the Managing Director and Whole time Director, if any) in such amounts, as may be decided by the Board of Directors of the Company, for each year for a period of three years commencing from April 1, 2021. In addition to this, our Non-Executive Directors are entitled to fees payable for attending Board and committee meetings or for any purpose as maybe decided by our Board of Directors. Further, in the event of loss or inadequacy of profits in any financial year during the term mentioned above, the Non-Executive directors shall be paid remuneration by way of commission as set out above, as may be decided by the Board or shareholders of our Company, notwithstanding that it may exceed one percent of the net profits of the Company and subject to such restrictions under the applicable provisions of Companies Act, 2013.

No remuneration has been paid to our Non-executive Directors in Fiscal 2021.

### **Remuneration details of our Independent Directors**

Pursuant to the Board resolution dated August 5, 2021, and special resolution dated August 6 2021,our Chairman and Independent Director Sunil Rewachand Chandiramani is entitled to receive a remuneration of ₹ 2 million per annum and other Independent Directors namely Deepa Gopalan Wadhwa and Anu Ram Aggarwal are entitled to receive a remuneration of Rs 1.5 million per annum each, for a period of three years, which may be in excess of the prescribed limits under section 197 read with Schedule V of the Companies Act, 2013. The remuneration may be paid, either by way of fees for attending the meetings of Board and its committees, profit related commission and/ or in such other way as may be approved by the Board. Additionally, our Independent Directors are also entitled to reimbursement of expenses incurred by them to attend Board or committee meetings.

All our Independent Directors have been appointed in Fiscal 2022. Accordingly, no remuneration has been paid to our Independent Directors in Fiscal 2021.

### **Remuneration paid to our Directors by our Subsidiaries or associate companies**

No remuneration is paid/ payable to any of our directors in Fiscal 2021 by any subsidiary or associate company of the Company.

### **Bonus or profit sharing plan for the Directors**

Except as disclosed in respect of the remuneration payable to our Executive Directors under “– Remuneration details of our Directors – Remuneration details of our Whole-time Director” on page 208, our Company does not have a bonus or profit sharing plan for our Directors.

## Shareholding of our Directors in our Company

Our Articles do not require the Directors to hold any qualification shares.

Details of our Directors who hold Equity Shares in our Company as on the date of this Draft Red Herring Prospectus are as follows:

Name*	No. of Equity Shares	Percentage of pre-Offer Equity Share capital (%)
Sanjay Purohit	180,511	0.29

\* Sanjay Purohit holds 861,156 stock options in the Company, respectively.

## Service contracts with Directors

Except as provided in their respective employment agreements, there are no service contracts entered into with any of our Directors which provide for benefits upon termination of employment.

## Interest of our Directors

All of our Directors may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration, bonus and reimbursement of expenses, if any, payable to them.

Certain of our Directors may also be regarded as interested to the extent of Equity Shares, if any, held by them and to the extent of any dividend payable to them and other distributions in respect of these Equity Shares and to the extent of Equity Shares held by the entities in which they are associated as promoters, directors, partners, proprietors or trustees or held by their relatives. Further, certain Directors may also be deemed to be interested in Equity Shares that may, pursuant to this Offer, be subscribed by or allotted to them, their relatives, or to the companies, firms, trusts, in which they are interested as directors, members, partners, trustees and promoters. Sanjay Purohit may be deemed to be interested to the extent of stock options granted to him. For details, see “*Capital Structure – Employee Stock Option Scheme*” on page 101.

## Contingent and deferred compensation payable to our Directors

There is no contingent or deferred compensation accrued for Fiscal 2021 payable to our Directors, which does not form part of their remuneration.

## Interest in promotion or formation of our Company

Except for Girish Manjanath Bhat, Kabir Thakur, Manish Mehta, Sumeet Subhash Narang, who are nominees of our Promoter Sapphire Foods Mauritius Limited and Vikram Ranjan Agarwal who is a nominee of our Promoter QSR Management Trust, none of our Directors have any interest in the promotion of our Company as of the date of this Draft Red Herring Prospectus.

## Interest in property

Our Directors have no interest in any property acquired or proposed to be acquired by or of our Company.

## Business interest

Except as stated in “*Related Party Transactions*” on page 232, and as disclosed in this section, our Directors do not have any other interest in our business.

## Confirmations

None of our Directors have been identified as Wilful Defaulters.

Our Directors are not, and have not, during the five years preceding the date of this Draft Red Herring Prospectus, been on the board of any listed company whose shares have been or were suspended from being traded on any stock exchanges during their term of directorship in such company.

Except as stated below, none of our Directors have been or are directors on the board of listed companies which have been or were delisted from any stock exchange(s) during their term of directorship in such company:

Name of the director	Girish Manjanath Bhat
Name of the company	Mondelez India Foods Private Limited (earlier known as Cadbury India Limited)
Name of the stock exchange(s) on which the company was listed	<ul style="list-style-type: none"> <li>• Bombay Stock Exchange (BSE)</li> <li>• National Stock Exchange of India Limited (NSE)</li> </ul>
Date of delisting on stock exchange	<ul style="list-style-type: none"> <li>• BSE – January 20, 2003</li> <li>• NSE – February 7, 2003</li> </ul>
Whether the delisting was compulsory or voluntary delisting	<ul style="list-style-type: none"> <li>• BSE – Compulsory Delisting</li> <li>• NSE – Voluntary Delisting</li> </ul>
Reasons for delisting	<ul style="list-style-type: none"> <li>• BSE - Non-compliance with clause 21(3)(a) of the SEBI (SAST) Regulations, 1997</li> <li>• NSE – Voluntary Delisting</li> </ul>
Whether the company has been relisted	No
Date of relisting, in the event the company is relisting	Not applicable
Name of the stock exchange(s) on which the company was relisted	Not applicable
Term of directorship (along with relevant dates) in the company	From June 7, 1999 till April 1, 2008

No consideration, either in cash or shares or in any other form have been paid or agreed to be paid to any of our Directors or to the firms, trusts or companies in which they have an interest in, by any person, either to induce them to become or to help them qualify as a Director, or otherwise for services rendered by our Directors or by the firm, trust or company in which they are interested, in connection with the promotion or formation of our Company.

### Changes in our Board during the last three years

The changes in our Board during the three years immediately preceding the date of this Draft Red Herring Prospectus are as follows:

Name of Director	Date of change	Reasons
Pranav Vipinchandra Parikh	December 17, 2018	Appointment as Additional Director
Pranav Vipinchandra Parikh	December 18, 2018	Change of designation to Nominee Director
Snehal Singhania	February 11, 2021	Appointment as Additional Director
Ankur Vidyasagar Gulati	February 11, 2021	Appointment as Additional Director
Niladri Mukhopadhyay	April 7, 2021	Resignation as Nominee Director
Somwrita Biswas	April 30, 2021	Appointment as Additional Director
Ankur Vidyasagar Gulati	June 16, 2021	Resignation as Additional Director (Nominee Director)
Somwrita Biswas	June 16, 2021	Resignation as Additional Director (Nominee Director)
Sumeet Subhash Narang	July 22, 2021	Resignation as Non- Executive Director
Manish Mehta	July 22, 2021	Resignation as Non- Executive

<b>Name of Director</b>	<b>Date of change</b>	<b>Reasons</b>
		Director
Girish Manjanath Bhat	July 22, 2021	Resignation as Non- Executive Director
Vikram Ranjan Agarwal	July 22, 2021	Resignation as Non – Executive Director
Sumeet Subhash Narang	July 22, 2021	Appointment as Additional Director (Nominee of Sapphire Foods Mauritius Limited)
Manish Mehta	July 22, 2021	Appointment as Additional Director (Nominee of Sapphire Foods Mauritius Limited)
Girish Manjanath Bhat	July 22, 2021	Appointment as Additional Director (Nominee of Sapphire Foods Mauritius Limited)
Vikram Ranjan Agarwal	July 22, 2021	Appointment as Additional Director (Nominee of QSR Management Trust)
Sanjay Purohit	July 23, 2021	Re-appointment as Whole Time Director
Sumeet Subhash Narang	July 23, 2021	Regularisation as Non-Executive Director (Nominee of Sapphire Foods Mauritius Limited)
Manish Mehta	July 23, 2021	Regularisation as Non-Executive Director (Nominee of Sapphire Foods Mauritius Limited)
Girish Manjanath Bhat	July 23, 2021	Regularisation as Non-Executive Director (Nominee of Sapphire Foods Mauritius Limited)
Vikram Ranjan Agarwal	July 23, 2021	Regularisation as Non-Executive Director (Nominee of QSR Management Trust)
Pranav Vipinchandra Parikh	August 5, 2021	Resignation as Nominee Director
Amar Raj Singh	August 5, 2021	Resignation as Director
Debobroto Das	August 5, 2021	Resignation as Director
Tarun Khanna	August 5, 2021	Resignation as Nominee Director
Julien Roland Kinic	August 5, 2021	Resignation as Nominee Director
Snehal Singhania	August 5, 2021	Resignation as Additional Director
Sunil Rewachand Chandiramani	August 5, 2021	Appointment as Chairman and Additional Director (Independent)
Kabir Thakur	August 5, 2021	Appointment as Additional Director (Nominee of Sapphire Foods Mauritius Limited)
Deepa Gopalan Wadhwa	August 5, 2021	Appointment as Additional Director (Independent)
Anu Ram Aggarwal	August 5, 2021	Appointment as Additional Director (Independent Director)
Sunil Rewachand Chandiramani	August 6, 2021	Appointment as Chairman and Independent Director
Deepa Gopalan Wadhwa	August 6, 2021	Appointment as Independent Director
Kabir Thakur	August 6, 2021	Regularisation as Non-Executive Director (Nominee of Sapphire Foods Mauritius Limited)
Anu Ram Aggarwal	August 6, 2021	Appointment as Independent Director

### **Borrowing Powers**

Pursuant to a board resolution dated July 8, 2021, our Company has been authorised to create security over the assets of the Company, to secure any borrowings, debentures, financial assistance or financial indebtedness availed by our Company or any third party from time to time, provided that the maximum extent of such borrowings, debentures, financial assistance or financial indebtedness secured by the assets of the Company does not exceed the overall borrowing limits fixed pursuant to section 180(1)(c) of the Companies Act, 2013.

### **Corporate Governance**

In addition to the Companies Act, 2013, provisions of the SEBI Listing Regulations will also be applicable to our Company immediately upon the listing of the Equity Shares on the Stock Exchanges.

Our Company currently has nine Directors of which one is Executive Director, five are Non-executive Directors and three are Independent Directors. We also have two woman directors on our Board. Our Company is in compliance with corporate governance norms prescribed under SEBI Listing Regulations and the Companies Act, 2013, particularly, in relation to composition of our Board of Directors and constitution of board level committees.

Our Company undertakes to take all necessary steps to continue to comply with all the requirements under SEBI Listing Regulations and the Companies Act, 2013.

#### ***Board-level committees***

In terms of the SEBI Listing Regulations and the provisions of the Companies Act, 2013, our Company has constituted the following Board-level committees:

- (a) Audit committee;
- (b) Nomination and Remuneration committee;
- (c) Stakeholders' Relationship committee;
- (d) Corporate Social Responsibility committee;

The details of the committees required to be constituted by our Company under the Companies Act, 2013 and the SEBI Listing Regulations are as follows:

#### ***Audit Committee***

The Audit Committee currently consists of:

<b>Name</b>	<b>Position in the committee</b>	<b>Designation</b>
Mr. Sunil Rewachand Chandiramani	Chairperson	Independent Director
Mr. Vikram Ranjan Agarwal	Member	Non-executive Director
Ms. Anu Ram Aggarwal	Member	Independent Director

Our Audit Committee was constituted by a resolution of our Board dated November 18, 2015, and was last reconstituted on August 5, 2021, in compliance with section 177 of the Companies Act, 2013 and SEBI Listing Regulations. The terms of reference of the Audit Committee include the following:

The role of the Audit Committee shall include the following:

1. oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. recommendation for appointment, re-appointment, replacement, remuneration and terms of appointment of auditors of the Company and fixation of the audit fee;
3. approval of payment to statutory auditors for any other services rendered by the statutory auditors;



4. reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - (a) matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
  - (b) changes, if any, in accounting policies and practices and reasons for the same;
  - (c) major accounting entries involving estimates based on the exercise of judgment by management;
  - (d) significant adjustments made in the financial statements arising out of audit findings;
  - (e) compliance with listing and other legal requirements relating to financial statements;
  - (f) disclosure of any related party transactions; and
  - (g) modified opinion(s) in the draft audit report;
5. reviewing, with the management, the quarterly financial statements before submission to the board for approval; reviewing, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
6. reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
7. approval or any subsequent modification of transactions of the Company with related parties;
8. scrutiny of inter-corporate loans and investments;
9. valuation of undertakings or assets of the Company, wherever it is necessary;
10. evaluation of internal financial controls and risk management systems;
11. reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
12. reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
13. discussion with internal auditors of any significant findings and follow up there on;
14. reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
15. discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
16. to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
17. to review the functioning of the whistle blower mechanism;

18. approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
19. Carrying out any other function as is mentioned in the terms of reference of the audit committee;
20. Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the company and its shareholders,;
21. reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision;
22. Framing suitable policies and systems to ensure that there is no violation, as amended from time to time, of any securities laws or any other applicable laws in India or overseas, including:
  - (a) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended; and
  - (b) The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003, as amended; and
23. Carrying out any other function as is mandated/delegated by the Board from time to time and / or enforced/mandated by any statutory notification, amendment or modification, as may be applicable;

The Audit Committee shall mandatorily review the following information:

1. management discussion and analysis of financial condition and results of operations;
2. statement of significant related party transactions (as defined by the audit committee), submitted by management;
3. management letters / letters of internal control weaknesses issued by the statutory auditors;
4. internal audit reports relating to internal control weaknesses; and
5. the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
6. statement of deviations:
  - (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1); and
  - (b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

The powers of the Audit Committee shall include the following:

- (a) to investigate any activity within its terms of reference;
- (b) to seek information from any employee of the Company;
- (c) to obtain outside legal or other professional advice; and
- (d) to secure attendance of outsiders with relevant expertise, if it considers necessary.

### ***Nomination and Remuneration Committee***

The Nomination and Remuneration Committee currently consists of:

<b>Name</b>	<b>Position in the committee</b>	<b>Designation</b>
Ms. Anu Ram Aggarwal	Chairperson	Independent Director
Mr. Sumeet Subhash Narang	Member	Non-Executive Director
Ms. Deepa Gopalan Wadhwa	Member	Independent Director

Our Nomination and Remuneration Committee was constituted as ESOP Committee by a resolution of our Board dated November 18, 2015. The name of the ESOP Committee was changed to Nomination and Remuneration Committee vide resolution of our Board dated February 11, 2021. Our Nomination and Remuneration Committee was reconstituted on August 5, 2021, in compliance with section 178 of the Companies Act, 2013. The terms of reference of the Nomination and Remuneration Committee include the following:

The terms of reference/role of the Nomination and Remuneration Committee shall be 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 Stakeholders’ Relationship Committee currently comprises of:

<b>Name</b>	<b>Position in the committee</b>	<b>Designation</b>
Mr. Vikram Ranjan Agarwal	Chairperson	Non-Executive Director
Mr. Manish Mehta	Member	Non-Executive Director
Mr. Kabir Thakur	Member	Non- Executive Director
Mr. Sunil Rewachand Chandiramani	Member	Independent Director

Our Stakeholders’ Relationship Committee was constituted by a resolution of our Board dated August 5, 2021. The terms of reference of the Stakeholders’ Relationship Committee include the following:

The terms of reference/powers of the Stakeholders Relationship Committee shall be 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; and
5. Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.
6. Carrying out any other function as is mandated/delegated by the Board from time to time and / or enforced/mandated by any statutory notification, amendment or modification, as may be applicable.

### **Corporate Social Responsibility Committee (“CSR Committee”)**

The CSR Committee currently comprises of:

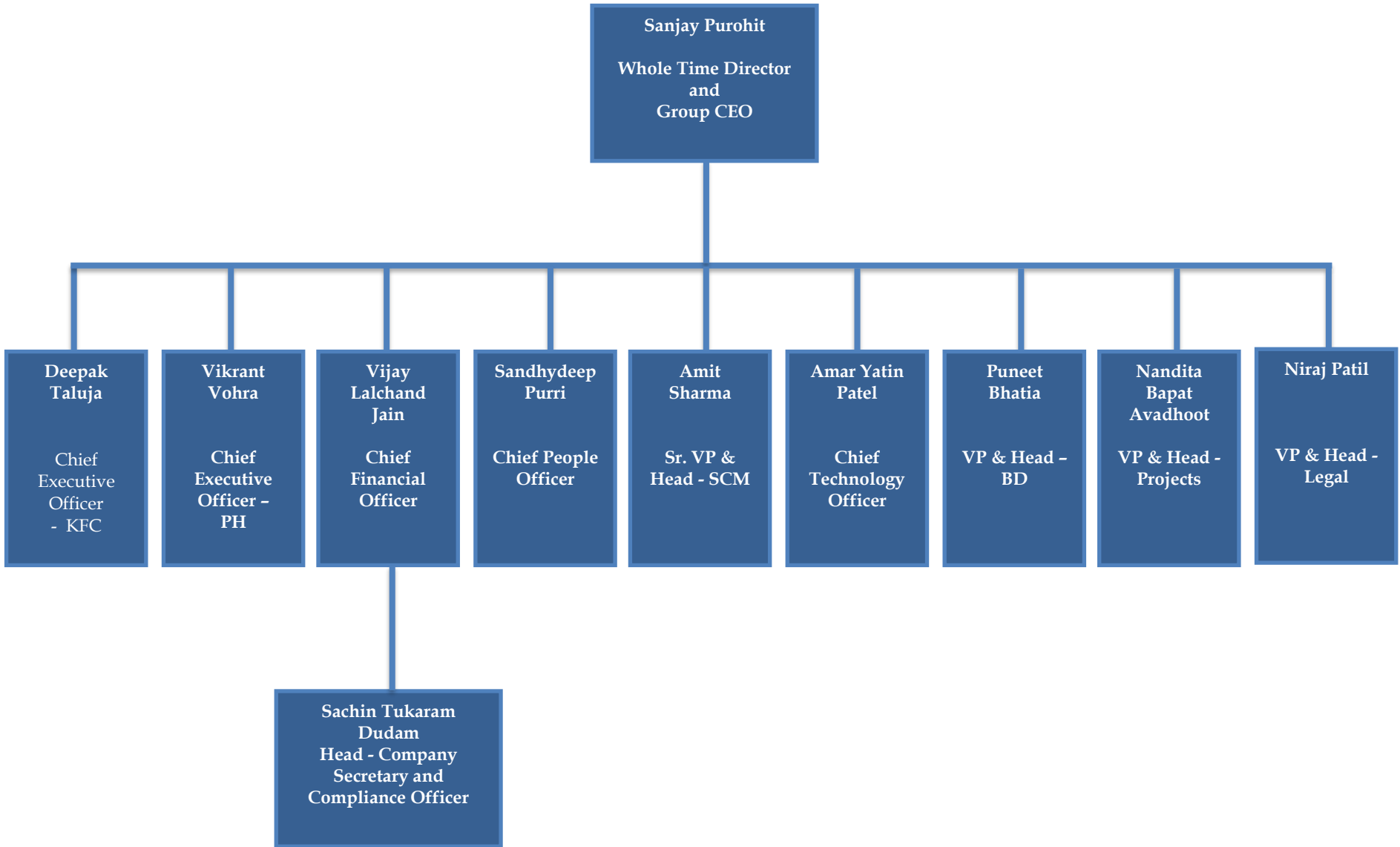
<b>Name</b>	<b>Position in the committee</b>	<b>Designation</b>
Ms. Deepa Gopalan Wadhwa	Chairperson	Independent Director
Mr. Sanjay Purohit	Member	Whole Time Director and Group CEO
Mr. Sumeet Subhash Narang	Member	Non-executive Director
Mr. Manish Mehta	Member	Non-executive Director

The CSR Committee was constituted by a resolution of our Board dated March 7, 2018, and last reconstituted on August 5, 2021.

The terms of reference of the CSR Committee include the following:

1. 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;
2. To review and recommend the amount of expenditure to be incurred on the activities referred to in (1);
3. To monitor the Corporate Social Responsibility Policy of the company and its implementation from time to time;
4. To do such other acts, deeds and things as may be required to comply with the applicable laws; and
5. 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.

## Management Organisation Structure



## Key Management Personnel

In addition to Sanjay Purohit who is the Whole Time Director and Group CEO of the Company, following persons are our Key Management Personnel:

1. Vijay Lalchand Jain, Chief Financial Officer;
2. Sachin Tukaram Dudam, Head - Company Secretary and Compliance Officer
3. Deepak Taluja, Chief executive officer - KFC;
4. Vikrant Vohra, Chief executive officer- PH;
5. Sandhydeep Purri, Chief people officer;
6. Amit Sharma, Senior vice president and head - SCM;
7. Amar Yatin Patel, Chief technology officer ;
8. Puneet Bhatia, Vice president and head - business development (BD);
9. Nandita Bapat Avadhoot, Vice president and head - projects
10. Niraj Patil, –Vice president and head - legal

All the Key Management Personnel are permanent employees of our Company.

## Brief profiles of our Key Management Personnel

For a brief profile of Sanjay Purohit, see “*Our Management- Brief Profiles of our Directors*” on page 207.

The details of our other Key Management Personnel as of the date of this Draft Red Herring Prospectus are set forth below:

**Vijay Lalchand Jain** is the Chief Financial Officer of our Company. He joined our Company on August 6, 2018. He holds a bachelor’s degree in commerce from University of Mumbai and is an associate of the Institute of Chartered Accountants of India. Prior to joining our Company, he was associated with Shoppers Stop Limited, Hypercity Retail (India) Limited, Nicholas Piramal India Limited and Indian Rayon and Industries Limited. He has experience of over 18 years in the field of finance. During the financial year 2021, he was paid a gross remuneration of ₹ 12.57 million.

**Sachin Tukaram Dudam** is the Head – Company Secretary and Compliance Officer of our Company. He joined our Company on July 15, 2019. He holds a bachelor’s degree in commerce, an LL.B. degree and LL.M. degree from University of Mumbai. He has also passed the professional program examination conducted by the Institute of Company Secretaries of India. Prior to joining our Company, he was associated with RBL Bank Limited, Zensar Technologies Limited, Sutlej Textiles and Industries Limited and Raheja Universal (Private) Limited. He has over 11 years of experience in secretarial work. During the financial year 2021, he was paid a gross remuneration of ₹ 1.57 million.

**Deepak Taluja** is the chief executive officer of KFC. He joined our Company on September 8, 2016. He holds a bachelor’s degree in commerce from University of Delhi and holds a diploma in hotel management from Bhartiya Vidya Bhavan, New Delhi. Prior to joining our Company, he worked at Café Coffee Day, Domino’s Pizza India Limited, and Fun Multiplex Private Limited and has over 24 years of experience in operational functions. During the financial year 2021, he was paid a gross remuneration of ₹ 10.65 million.

**Vikrant Vohra** is the chief executive officer of Pizza Hut. He joined our Company on October 1, 2015. He holds a diploma in hotel management and catering technology from National Council for Hotel Management and Catering Technology, New Delhi. Prior to joining our Company, he was associated with Pune Marriott Hotel and Convention Centre, Park group hotels, Hyatt Regency, Yum Restaurants (India) Private Limited, Indian Hotels Co Limited and has experience of over 19 years. During the financial year 2021, he was paid a gross remuneration of ₹ 6.88 million.

**Sandhydeep Purri** is the chief people officer of our Company. She joined our Company on March 6, 2017. She holds a post-graduate diploma in management from the Indian Institute of Planning and Management, New Delhi. Prior to joining our Company, she had worked in Denso Haryana Private. Limited, Climate Systems India Limited, Mudra Communication Private. Limited, Aditya Birla Retail Limited., Turner Morrison Limited, Satyam

Computer Services Limited and Deloitte Touche Tohmatsu India LLP. She has over 23 years of experience in the human resource department. During the financial year 2021, she was paid a gross remuneration of ₹ 6.08 million.

**Amit Sharma** is the senior vice president and head of SCM. He joined our company on April 09, 2021. He holds a bachelor's degree in instrumentation engineering from Punjab Technical University and a diploma in instrumentation & process control from Sant Longowal Institute of Engineering & Technology, Longowal (Punjab). Prior to joining our company, he was associated with Hindustan Coca-Cola Beverages Private Limited, Graviss Foods Private Limited (Baskin Robbins), Vita Sana Foods Private Limited., Coca-Cola India Private Limited., Reckitt Benckiser (India) Limited, Pepsico India Holdings Private Limited, Wockhardt Life Sciences Limited, Ludhiana Beverages Private Limited and has over 17 years of experience. Since he was appointed in our Company w.e.f. April 09, 2021, no remuneration was paid to him during the financial year 2021.

**Amar Yatin Patel** is the chief technology officer in the Company. He joined our Company on June 19, 2019. He holds a bachelor's degree in science in computing from University of Sunderland. Prior to joining our Company, he was associated with Hewlett-Packard Services UK, Mondelez India Foods Limited, HCL Technologies Limited, The Printers (Mysore) Private Limited and Human Factors International Private Limited. He has over 19 years of experience in the information technology sector. During the financial year 2021, he was paid a gross remuneration of ₹ 4.75 million.

**Puneet Bhatia** is the vice president and head of business development in the Company. He joined our Company on August 19, 2019. He holds a bachelor's degree in arts from University of Delhi, a diploma in business management from the Institute of Chartered Financial Analysts of India University, Tripura., a diploma in hotel management and catering technology from National Council for Hotel Management and Catering Technology and has completed the accelerated development program from Wharton School of University of Pennsylvania. Prior to joining our Company, he was associated with Pizza Corner India Private Limited, Domino's Pizza India Limited, Adidas India Marketing Private Limited, Shopper's Stop Limited, Pantaloon Retail (India) Limited, Turning Points Estate Private Limited, Knight Frank (India) Private Limited, Cushman and Wakefield (India) Private Limited, The Latitude Company and Spark Mall and Parking Private Limited and has an experience of over 19 years. During the financial year 2021, he was paid a gross remuneration of ₹ 4.76 million.

**Nandita Bapat Avadhoot** is vice president and head of projects in our Company. She joined our Company on June 1, 2017. She holds a bachelor's degree in architecture from Rajiv Gandhi Proudhyogiki Vishwavidyalaya, Bhopal. Prior to joining our Company, she was associated with Horizon Interiors Private Limited, Design Consultants Arch Private Limited, VLCC Health Care Limited, Barista Coffee Company Limited and Café Coffee Day. She has experience of over 17 years of experience in the field of architecture. During the financial year 2021, she was paid a gross remuneration of ₹ 4.42 million.

**Niraj Patil** is vice president and head of legal of our Company. He joined our Company on March 1, 2017. He holds a bachelor's degree in arts from the North Maharashtra University, Jalgaon, and LL.B. degree from Symbiosis Society's Law College, Pune. Prior to joining our Company, he was associated with Sahara India, Shoppers Stop Limited, Tata Communications Internet Services Limited, Aditya Birla Retail Limited and Bharti Airtel Limited and has work experience of over 15 years in the field of legal, regulatory and finance. During the financial year 2021, he was paid a gross remuneration of ₹ 3.72 million.

#### **Relationship among Key Management Personnel**

Our Key Management Personnel are neither related to each other nor related to any of the Directors.

#### **Bonus or profit sharing plan for the Key Management Personnel**

There is no profit sharing plan for the Key Management Personnel of our Company. Our Company, on a discretionary basis, makes bonus/incentive payments to the Key Management Personnel at the end of every Fiscal Year.

#### **Shareholding of Key Management Personnel**

Our Key Management Personnel, other than the Whole Time Director who hold Equity Shares as on the date of



this Draft Red Herring Prospectus, do not hold any Equity Shares in the Company.

### Service Contracts with Key Management Personnel

Except statutory benefits and leave encashment which can be availed as per Company's HR policy upon termination of their employment in our Company or superannuation, no officer of our Company, including Directors or Key Management Personnel, have entered into any service contract with the Company, pursuant to which they are entitled to any benefit upon termination of employment or superannuation.

### Interest of Key Management Personnel

None of our Key Management Personnel have any interest in our Company except to the extent of their shareholding in our Company and its Subsidiaries, remuneration from our Company and its Subsidiaries, and benefits including ESOPs and reimbursement of expenses incurred by them in the ordinary course of business. For details of stock options granted to Key Management Personnel, see "*Capital Structure – Employee Stock Option Scheme*" on page 101.

No loans have been availed from our Company by our Key Management Personnel.

### Contingent and deferred compensation payable to Key Management Personnel

There is no contingent or deferred compensation accrued for the year payable to our Key Management Personnel, even if the compensation is payable at a later date.

### Changes in Key Management Personnel during the last three years

Changes in our Key Management Personnel during the three years immediately preceding the date of this Draft Red Herring Prospectus are set forth below:

Name	Designation	Date of change	Reason
Vijay Lalchand Jain	Chief Financial Officer	September 5, 2018	Appointment
Jayashree Rajput	Company Secretary	December 13, 2018	Resignation
Punit Jhunjunwala	Financial controller and Company Secretary	June 6, 2019	Appointment as Company Secretary
Puneet Bhatia	Vice president & head – business development	August 19, 2019	Appointment
Anand Balasubramanian	Vice president business development	August 31, 2019	Resignation
Punit Jhunjunwala	Financial controller and Company Secretary	September 30, 2019	Resignation as Company Secretary
Sachin Tukaram Dudam	Company Secretary	October 1, 2019	Appointment
Deepak Taluja	Chief executive officer – KFC	October 1, 2019	Change in designation from chief executive officer – PH to chief executive officer – KFC
Deba Prasad Adhya	Chief executive officer – KFC business	November 22, 2019	Resignation
Nandita Bapat Avadhoot	Vice president and head – projects	August 25, 2020	Change in designation from general manager- projects to vice president and head – projects
Niraj Patil	Vice president and head – legal	August 25, 2020	Change in designation from head- legal and liaison to

<b>Name</b>	<b>Designation</b>	<b>Date of change</b>	<b>Reason</b>
			vice president and head – legal
Sachin Tukaram Dudam	Head – Company Secretary	August 25, 2020	Change in designation from Company Secretary to Head – Company Secretary
Amit Sharma	Senior vice president and head of SCM	April 09, 2021	Appointment
Vikrant Vohra	Chief executive officer – PH	May 25, 2021	Change in designation from chief operations officer – PH to chief executive officer – PH
Sohel Nalwalla	Senior vice president and head of SCM	June 30, 2021	Resignation
Amar Yatin Patel	Chief technology officer	August 1, 2021	Change in designation from vice president and head – IT to chief technology officer
Sachin Tukaram Dudam	Head – Company Secretary and Compliance Officer	August 6, 2021	Appointment as Compliance Officer

#### **Payment of non-salary related benefits to officers of our Company**

Except as disclosed in “– *Remuneration details of our Directors – Remuneration details of our Whole-time Director*” on page 208 and except for Vikrant Vohra and Niraj Patil, who were allocated ₹ 0.94 million and ₹0.74 million, respectively, pursuant to their participation in performance linked long term incentive plan (PLTIP), and Puneet Bhatia and Amar Patel who were paid ₹ 0.20 million and ₹ 0.075 million as joining bonus, respectively, no amount or benefit has been paid or given to any officers of our Company within the two years preceding the date of filing of this Draft Red Herring Prospectus or is intended to be paid or given, other than in the ordinary course of their employment as Directors, officers or employees of our Company

#### **Arrangements and understanding with major shareholders, customers, suppliers or others**

Except for our directors namely Sumeet Subhash Narang, Manish Mehta, Girish Manjanath Bhat, Kabir Thakur and Vikram Ranjan Agarwal, none of our Directors or Key Management Personnel has been appointed or selected as a Director or a member of senior management pursuant to any arrangement or understanding with our major shareholders, customers, suppliers or others. For more details, please refer to “*History and Certain Corporate Matters – Shareholders’ agreements and share subscription agreements*” at page no. 194.

#### **Employee stock option and stock purchase schemes**

For details of employee stock option(s) and stock purchase schemes of our Company, see “*Capital Structure – Employee Stock Option Scheme*” on page 101.

## OUR PROMOTERS AND PROMOTER GROUP

### Our Promoters

Sapphire Foods Mauritius Limited, and QSR Management Trust are the Promoters of our Company. As on the date of this Draft Red Herring Prospectus, Sapphire Foods Mauritius Limited holds 28,927,588 Equity Shares of our Company, constituting 46.53%, and QSR Management Trust holds 3,705,590 Equity Shares of our Company, constituting 5.96%, of the issued, subscribed and paid-up equity share capital of our Company. Our Promoters, in aggregate, hold 32,633,178 Equity Shares, equivalent to 52.50 % of the issued, subscribed and paid-up equity share capital of our Company.\*

*\* In terms of the SHA, between the Red Herring Prospectus and the Prospectus, Amethyst Private Limited and WWD Ruby Limited shall transfer, by way of gift, 187,520 Equity Shares and 356,664 Equity Shares respectively, to Sapphire Foods Mauritius Limited, and AAJV Investment Trust shall transfer, by way of gift, 3,795 Equity Shares to QSR Management Trust. Further, between the Red Herring Prospectus and the Prospectus, WWD Ruby shall transfer, by way of gift, such number of Equity Shares (i.e., between 236,482 Equity Shares, and 267,804 Equity Shares) to Sapphire Foods Mauritius Limited, depending on the Offer Price, as provided for in the SHA. Accordingly, if such Equity Shares are transferred to QSR Management Trust and Sapphire Foods Mauritius Limited, their shareholding shall increase from 3,705,590 Equity Shares to 3,709,385 Equity Shares for QSR Management Trust, and from 28,927,588 Equity Shares to between 29,708,254 and 29,739,576 Equity Shares for Sapphire Foods Mauritius Limited. For further details, please see "History and Certain Corporate Matters - Shareholders' agreements and share subscription agreements" on page 196.*

For details of the build-up of the Promoters' shareholding in our Company, see "*Capital Structure - History of the Equity Share capital held by our Promoters*", on page 93.

### Details of our Promoters

#### 1. Sapphire Foods Mauritius Limited

##### *Corporate Information*

Sapphire Foods Mauritius Limited was incorporated on December 18, 2014 at Port Louis, Mauritius, as a private company limited by shares under Section 24 of the Companies Act. The registered office of Sapphire Foods Mauritius Limited is located at Sanne House, Bank Street, Twenty-Eight, Cybercity, Ebene 72201, Mauritius.

The company number of Sapphire Foods Mauritius Limited is 127150 C1/GBL.

The main objects of Sapphire Foods Mauritius Limited are, inter alia, to acquire, sell, vary or dispose of securities in the target company, as per the discretion of the board and the investment manager. Sapphire Foods Mauritius Limited is currently involved in activities for long term capital appreciation through investments in Companies in India.

##### *Board of directors of Sapphire Foods Mauritius Limited*

The board of directors of Sapphire Foods Mauritius Limited comprises of the following:

1. Resmah Bibi Mandary – Additional Director
2. Gulshan Raj Ramgoolam – Additional Director
3. Imrith Ramtohul – Independent Director
4. Tai Mai – Additional Director

##### *Shareholding pattern of Sapphire Foods Mauritius Limited*

The shareholding pattern of Sapphire Foods Mauritius Limited as on the date of this Draft Red Herring Prospectus is as follows:

<b>Name of shareholder</b>	<b>Number of class A series shares</b>	<b>Percentage of class A series shares</b>
SCHRODERS CAPITAL PRIVATE EQUITY ASIA III L.P.	300.00	3.42
SCHRODERS CAPITAL PI GLOBAL 2014-2016	300.00	3.42
SCHRODERS CAPITAL PRIVATE EQUITY GLOBAL L.P.	300.00	3.42
CELOX OLYMPOS LIMITED	500.00	5.70
CELOX OLYMPOS LIMITED	21.71	0.25
SAMARA CAPITAL PARTNERS FUND II LIMITED	1,600.00	19.32
SAMARA CAPITAL PARTNERS FUND II LIMITED	159.30	1.92
SAMARA CAPITAL MANAGEMENT LIMITED	751.00	8.83
KARIKALA (MAURITIUS) LTD	1,700.00	18.48
KARIKALA (MAURITIUS) LTD	382.386	2.92
PERGO COMPANY LIMITED	78.429	0.92
TR CAPITAL III MAURITIUS III	1,333.30	15.70
NEWQUEST ASIA FUND IV (SINGAPORE) PTE. LTD.	1,333.30	15.70
<b>Total</b>		<b>100%</b>

*Note: Samara Capital Management Limited has 1 Class B share, which has 100% voting rights and no economic rights.*

#### *Promoters of Sapphire Foods Mauritius Limited*

The promoter of Sapphire Foods Mauritius Limited is Samara Capital Management Limited. Samara Capital Management Limited is a private company, limited by shares, incorporated on November 9, 2006, under the Mauritian Companies Act 2001. Samara Capital Management Limited is authorised to act as investment manager to specific private equity funds incorporated in Mauritius as public companies limited by shares.

The board of directors of Samara Capital Management Limited comprise of the following:

1. Dilshaad Rajabalee - Additional Director
2. Sateeta Jee woolall-Jessoo - Additional Director
3. Mudit Verma - Shareholder Director
4. Moussa Taujoo - Independent Director
5. Fredrik Stenmo - Independent Director

#### *Change in control of Sapphire Foods Mauritius Limited*

There has been no change in control of Sapphire Foods Mauritius Limited in the last three years preceding the date of this Draft Red Herring Prospectus.

Our Company confirms that the permanent account number, bank account number(s), company number and the address of the registrar of companies where Sapphire Foods Mauritius Limited is registered, shall be submitted to the Stock Exchanges at the time of filing this Draft Red Herring Prospectus.

## **2. QSR Management Trust**

QSR Management Trust was formed pursuant to a trust deed dated February 9, 2015, amended through an amendment deed dated September 3, 2015. The settlor of QSR Management Trust is Ashwini Kumar, and the trustee of QSR Management Trust is Sagista Realty Advisors Private Limited. The registered office of QSR Management Trust is located at Level 18, Birla Aurora, Dr. Annie Besant Road, Century Bazaar, Prabhadevi, Mumbai 400030 India. The beneficiaries of QSR Management Trust are Shivani Narang, Gautam Gode, Manish Mehta, Paurush Roy, Vikram Ranjan Agarwal, Raj Halve, Sanjay Bhargava, Abhishek Kabra, Anchit Gupta, Deepak Mittal, Pratik Nowlakha and Sapna Kalantri.

The overall objective of QSR Management Trust is to, *inter alia*, hold directly or indirectly, any equity securities, debt securities and other rights and interests in any business, enterprise, undertaking, company, partnership, association or other entity, and to provide for and/or apply the profits and capital of the trust for the benefit of the beneficiaries.

Our Company confirms that the permanent account number and bank account number(s) of QSR Management Trust shall be submitted to the Stock Exchanges at the time of filing this Draft Red Herring Prospectus.

### **Changes in control and management**

There has been no change in the control or management of our Company in the five years immediately preceding the date of this Draft Red Herring Prospectus. For details in relation to the build-up of shareholding of our Promoters, see “*Capital Structure*” on page 93.

### **Interest of Promoters**

#### *Interest of Promoters in the promotion of our Company*

Our Promoters are interested in our Company to the extent that they have promoted our Company; to the extent of their respective shareholdings in our Company; in any other distributions in respect of the Equity Shares held by them; and of its right to nominate a Director on the Board. For further details, see “*Capital Structure*”, and “*History and Certain Corporate Matters*” on pages 89, and 190, respectively.

No sum has been paid or agreed to be paid to any of our Promoters or to any firm or company in which our Promoters are interested, in cash or shares or otherwise by any person either to induce them to become, or to qualify them as directors or promoters or otherwise for services rendered by such Promoter(s) or by such firm or company, in connection with the promotion or formation of our Company.

#### *Interest of Promoters in the property of our Company*

Our Promoters do not have any interest in any property acquired by our Company within three years preceding the date of this Draft Red Herring Prospectus or proposed to be acquired by our Company as on the date of this Draft Red Herring Prospectus or in any transaction for acquisition of land, construction of buildings and supply of machinery etc.

#### *Interest of Promoters in our Company other than as Promoters*

Except as stated in the sections titled “*Our Business*”, “*History and Certain Corporate Matters*”, “*Our Management*” and “*Related Party Transactions*” on pages 159, 190, 203 and 232, respectively, our Promoters do not have any interest in our Company other than as promoters.

### **Payment of amounts or benefits to our Promoters or Promoter Group during the last two years**

Except as stated in “*Related Party Transactions*” on page 232, no amount or benefit has been paid by our Company to our Promoters or the members of our Promoter Group during the two years preceding the date of this Draft Red Herring Prospectus, nor is intended to be paid or given to our Promoters or the members of the Promoter Group as on the date of this Draft Red Herring Prospectus.

### **Material guarantees given by our Promoters with respect to the Equity Shares**

There are no material guarantees given by our Promoters to third parties with respect to the Equity Shares of our Company.

### **Disassociation by Promoters in the last three years**

Our Promoters have not disassociated themselves from any companies or firms during the three years preceding the date of filing of this Draft Red Herring Prospectus.

### **Promoter Group**

The companies and entities that form part of our Promoter Group are as follows:

<b>S. No.</b>	<b>Name of Promoter Group Entity</b>
1.	Samara Capital Management Limited
2.	Samara Capital Partners Fund II Limited
3.	Sagista Realty Advisor Private Limited
4.	KFCH Restaurants Private Limited
5.	Karikala (Mauritius) Limited
6.	Arinjaya (Mauritius) Limited

## OUR GROUP COMPANIES

As per the SEBI ICDR Regulations and the applicable accounting standards, for the purposes of identification of group companies, our Company has considered companies (other than the Promoters and Subsidiaries of our Company) with which there are related party transactions as per Ind AS 24 as disclosed in the Restated Financial Statements and such other companies considered material by the Board for the purposes of disclosure as a group company in connection with the Offer, as identified in accordance with the Materiality Policy. In accordance with our Materiality Policy, a company shall be considered material if a company is a member of the promoter group in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations, and has entered into one or more transactions with the Company in the most recent financial year (in respect of which Restated Financial Statements are included in the offer documents) that cumulatively exceed 10.00% of the total revenue of the Company, as per the Restated Financial Statements of the Company.

As per our Materiality Policy adopted by our Board on August 6, 2021 for determining group companies, our Board has identified the following as Group Companies:

1. KFCH Restaurants Private Limited;
2. Samara India Advisors Private Limited; and
3. WWD Ruby Limited

### Details of our Group Companies

In accordance with the SEBI ICDR Regulations, given below are the details of KFCH Restaurants Private Limited, Samara India Advisors Private Limited and WWD Ruby Limited.

#### 1. **KFCH Restaurants Private Limited**

##### *Corporate Information*

KFCH Restaurants Private Limited was incorporated on June 22, 2009 as a private limited company under the Companies Act, 1956. The corporate identification number of KFCH Restaurants Private Limited is U55101MH2009PTC193461.

##### *Nature of Activities*

KFCH Restaurants Private Limited is authorized to engage in the business of, *inter-alia*, accommodation and food service activities.

##### *Financial Performance*

The financial information derived from the audited financial results (standalone) of KFCH Restaurants Private Limited for the Fiscals ended 2020, 2019 and 2018 is set forth below:

Particulars	Financial Year ended March 31,		
	2020	2019	2018
Equity capital	2,792.90	2792.90	2,792.90
Reserves and surplus (excluding revaluation reserves and including fund balance)	(2,776.75)	(2,778.01)	(2,780.40)
Sales	87.26	82.24	69.56
Profit/(Loss) after tax	1.25	2.40	(3.18)
Earnings per share (Basic) (face value of ₹ 10)	0.00	0.01	(0.01)
Earnings per share (Diluted) (face value of ₹ 10)	0.00	0.01	(0.01)
Net asset value per share	16.15	14.90	12.50

*(In ₹ million except per share data)*

**Significant notes (qualifications/modifications) of auditors of KFCH Restaurants Private Limited for the last three Financial Years**

In the standalone financial statements of KFCH Restaurants Private Limited for the year ended March 31, 2020, there is a modification in the report of the auditors of KFCH Restaurants Private Limited, and they have drawn attention to a note in the standalone financial statements which explains the management's assessment of the financial impact due to the lock-down and other restrictions and conditions related to the COVID -19 pandemic, for which a definitive assessment of the impact in the subsequent period is highly dependent upon circumstances as they evolve. The opinion of the auditors of KFCH Restaurants Private Limited was not modified in respect of this matter.

**2. Samara India Advisors Private Limited**

**Corporate Information**

Samara India Advisors Private Limited was incorporated on December 14, 2006, as a private limited company under the Companies Act, 1956. The corporate identification number of Samara India Advisors Private Limited is U74140MH2006PTC332070.

**Nature of Activities**

Samara India Advisors Private Limited is authorized to engage in the business of, *inter-alia*, advisory services.

**Financial Performance**

The financial information derived from the audited financial results (standalone) of Samara India Advisors Private Limited for the Fiscals ended 2020, 2019 and 2018 is set forth below:

*(In ₹ million except per share data)*

Particulars	Financial Year ended March 31,		
	2020	2019	2018
Equity capital	10.10	10.10	10.10
Reserves and surplus (excluding revaluation reserves and including fund balance)	292.63	294.39	254.91
Sales	211.79	312.21	313.41
Profit/(Loss) after tax	(1.76)	39.48	40.27
Earnings per share (Basic) (face value of ₹ 10)	(1.74)	39.87	39.87
Earnings per share (Diluted) (face value of ₹ 10)	(1.74)	39.87	39.87
Net asset value per share	NA	NA	NA

**Significant notes (qualifications/modifications) of auditors of Samara India Advisors Private Limited for the last three Financial Years**

There are no significant notes of the auditors of Samara India Advisors Private Limited for the last three Financial Years.

**3. WWD Ruby Limited**

**Corporate Information**

WWD Ruby Limited was incorporated on February 21, 2008. The corporate identification number of WWD Ruby Limited is 078105.

**Nature of Activities**

WWD Ruby Limited is authorized to engage in the business of investment holding.



## Financial Performance

The financial information derived from the audited financial results (standalone) of WWD Ruby Limited for the Fiscals ended 2020, 2019 and 2018 is set forth below:

*(In \$ million except per share data)*

Particulars	Financial Year ended March 31,		
	2020	2019	2018
Equity capital	55.11	52.11	45.11
Reserves and surplus (excluding revaluation reserves and including fund balance)	(8.42)	7.97	11.79
Sales	(15.54)	(2.83)	17.37
Profit/(Loss) after tax	(16.39)	(3.82)	14.04
Earnings per share of face value \$1 each (basic) (in \$)	(0.30)	(0.07)	0.31
Earnings per share of face value \$1 each (diluted) (in \$)	(0.30)	(0.07)	0.31
Net asset value per share	0.85	1.15	1.26

### Significant notes (qualifications/modifications) of auditors of WWD Ruby Limited for the last three Financial Years

There are no significant notes of the auditors of WWD Ruby Limited for the last three Financial Years.

### Loss making Group Companies

Samara India Advisors Private Limited and WWD Ruby Limited have incurred a loss in the immediately preceding financial year.

The details of the profit/losses made by Samara India Advisors Private Limited for the immediately three preceding financial years is as follow:

*(In ₹ million)*

Name of Group Company	Profit/(Loss) after tax as at and for the Financial Year ended March 31,		
	2020	2019	2018
Samara India Advisors Private Limited	(1.76)	39.48	40.27

The details of the profit/losses made by WWD Ruby Limited, for the immediately three preceding financial years is as follow:

*(In \$ million)*

Name of Group Company	Profit/(Loss) after tax as at and for the Financial Year ended March 31,		
	2020	2019	2018
WWD Ruby Limited	(16.39)	(3.82)	14.04

### Nature and extent of interest of our Group Companies

#### (a) In the promotion of our Company

Our Group Companies do not have any interest in the promotion of our Company.

#### (b) In the properties acquired by our Company or proposed to be acquired by our Company in the preceding three years before filing this Prospectus

Our Group Companies do not have any interest in any property acquired by our Company in the three years preceding the date of filing this Draft Red Herring Prospectus or proposed to be acquired by it as on date of this Draft Red Herring Prospectus.

#### (c) In transactions for acquisition of land, construction of building and supply of machinery

Our Group Companies are not interested in any transactions for the acquisition of land, construction of

building or supply of machinery.

### **Defunct Group Companies**

Our Group Companies are not defunct, and no applications have been made to the relevant registrar of companies for striking off their names during the five years preceding the date of filing this Prospectus with SEBI.

### **Group Companies which are sick industrial companies or are under winding up/ insolvency proceedings**

Our Group Companies do not fall under the definition of sick companies under the erstwhile Sick Industrial Companies (Special Provisions) Act, 1985 and is not under any winding up or insolvency proceedings.

### **Common pursuits between our Group Companies, Subsidiaries and our Company**

KFCH Restaurants Private Limited runs one KFC restaurant, for which it has the franchise rights. However, our Company currently does not consider this as a conflict of interest, and any future possible conflict of interest will be dealt with in accordance with applicable law.

Apart from KFCH Restaurants Private Limited as disclosed above, our Group Companies are not in the same line of business as our Company and there are no common pursuits between our Group Companies, our Company and our Subsidiaries.

### **Related business transactions with the Group Companies and significance on the financial performance of our Company**

Other than the transactions disclosed in the section “*Related Party Transactions*” on page 232, there are no other related business transactions between our Group Companies and our Company. There is also no significant influence of such transactions on the financial performance of our Company.

### **Business interest of our Group Companies in our Company**

Except as disclosed in “*Related Party Transactions*” on page 232, our Group Companies do not have, and do not propose to have any business interest in our Company.

### **Litigation involving our Group Companies which has a material impact on our Company**

Our Group Companies are not party to any pending litigation which will have a material impact on our Company.

### **Other confirmations**

The equity shares of our Group Companies are not listed on any stock exchange.

## RELATED PARTY TRANSACTIONS

During the financial years 2021, 2020 and 2019, the arithmetic aggregate absolute total of such related party transactions pre-elimination (income and expense) was ₹ 265.46 million, ₹ 164.32 million and ₹ 171.79 million, respectively, representing 2.6%, 1.2% and 1.4%, of our revenue from operations, respectively. As of March 31, 2021, 2020 and 2019, the arithmetic aggregate absolute total of related party transactions pre-elimination (assets and liabilities) was ₹ 549.63 million, ₹ 2,634.13 million and ₹ 2,500.43 million, respectively, representing 4.1%, 19.1% and 16.0% of our total assets, respectively.

### Summary of Related Party Transactions (as per Ind AS 24 read with SEBI ICDR Regulations)

	Fiscal Year ended March 31, 2021  (₹ in million)	Fiscal Year ended March 31, 2020  (₹ in million)	Fiscal Year ended March 31, 2019  (₹ in million)
<b>Issuance of Compulsory Convertible Debentures</b>			
Sagista Realty Advisors Private Limited, Trustee of QSR Management Trust (Company having Significant Influence)	-	-	169.49
<b>Issuance of Equity Shares (including securities premium)</b>			
Sapphire Foods Mauritius Limited (Company having Significant Influence)	121.14	-	14.32
WWD Ruby Limited (Company having Significant Influence)	210.00	425.14	0.02
Edelweiss Crossover Opportunities Fund (Company having Significant Influence)	37.50	1,389.29	0.05
Edelweiss Crossover Opportunities Fund – Series II (Company having Significant Influence)	39.87	463.10	0.02
Sagista Realty Advisors Private Limited, Trustee of QSR Management Trust (Company having Significant Influence)	33.92	171.59	-
Gamma Pizzakraft (Overseas) Private Limited#	10.00	-	26.00
Sanjay Purohit	64.02	-	-
<b>Issuance of Preference Shares</b>			
WWD Ruby Limited (Company having Significant Influence)	-	-	419.98
Edelweiss Crossover Opportunities Fund (Company having Significant Influence)	-	-	1,372.45
Edelweiss Crossover Opportunities Fund – Series II (Company having Significant Influence)	-	-	457.48
<b>Sale of material</b>			
KFCH Restaurants Private Limited (Entities under Common Control)	14.41	22.84	19.72
Gamma Island Foods (Pvt) Limited#	1.49	-	-
<b>Call Centre Charges (inclusive of taxes)</b>			
KFCH Restaurants Private Limited (Entities under Common Control)	4.67	4.12	5.86

	<b>Fiscal Year ended March 31, 2021</b> (₹ in million)	<b>Fiscal Year ended March 31, 2020</b> (₹ in million)	<b>Fiscal Year ended March 31, 2019</b> (₹ in million)
<b>Reimbursement of expenses</b>			
Amar Raj Singh (Key Managerial personnel and their relatives)	-	0.44	0.63
KFCH Restaurants Private Limited (Entities under Common Control)	0.05	0.06	5.06
Gamma Pizzakraft Private Limited#	0.10	0.25	0.34
Gamma Pizzakraft Lanka Private Limited#	0.12	2.80	13.02
<b>Reimbursement of expenses incurred on behalf</b>			
Samara India Advisors Private Limited (Enterprises under Significant Influence)	0.33	0.05	-
Gamma Island Foods (Pvt) Limited#	-	2.79	12.40
French Restaurants (Pvt) Limited#	0.12	0.01	0.01
<b>Contribution to employee fund</b>			
Gamma Life Line (Enterprises under Significant Influence)	6.98	6.66	7.03
<b>Purchase of Equity Shares of Gamma Pizzakraft (Overseas ) Private Limited</b>			
Mr. Amar Raj Singh (Key Managerial personnel and their relatives)	21.53	172.67	-
<b>Settlement of liabilities on behalf of the entity</b>			
KFCH Restaurants Private Limited (Entities under Common Control)	1.65	1.34	6.62
<b>Interest Income on Inter-Corporate Deposits</b>			
Gamma Pizzakraft (Overseas) Private Limited#	2.28	1.64	0.03
<b>Inter-Corporate Deposits given</b>			
Gamma Pizzakraft (Overseas) Private Limited** #	-	11.00	8.00
<b>Management fee income</b>			
Gamma Pizzakraft Private Limited#	0.42	0.45	-
Gamma Island Foods (Pvt) Limited#	2.13	4.14	4.97
<b>Interest income on loans and advances</b>			
Gamma Pizzakraft Private Limited#	-	-	1.00
<b>Investment in equity</b>			
Gamma Pizzakraft Private Limited#	10.00	-	26.00
<b>Management fee expenses</b>			
Gamma Pizzakraft (Overseas) Private Limited#	0.50	0.53	-

	<b>Fiscal Year ended March 31, 2021</b> (₹ in million)	<b>Fiscal Year ended March 31, 2020</b> (₹ in million)	<b>Fiscal Year ended March 31, 2019</b> (₹ in million)
Gamma Pizzakraft Lanka Private Limited#	2.13	4.14	4.97
<b>Interest expenses on loans and advances</b>			
Gamma Pizzakraft (Overseas) Private Limited#	-	-	1.00
<b>Purchase of material</b>			
Gamma Pizzakraft Lanka Private Limited#	1.49	-	-
<b>Remuneration to Key Managerial Personnel *</b>			
Short Term Employee Benefits (Key Managerial personnel)	131.39	68.84	59.61
Share based payments (Key Managerial personnel)	96.85	44.56	36.14

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

\*\* The Company has given inter corporate deposit at the rate of 12% p.a. for a period of 3 years.

# Transaction eliminated on consolidation

Note:

Pursuant to the scheme of arrangement under section 230 and 232 of the Companies Act 2013 between our Company and KFCH Restaurants Private Limited (KFCH) sanctioned by NCLT by virtue of order dated 25.01.2018, 13 stores of KFCH ('Demerged Undertaking') got demerged and merged with the Company on a going concern basis from the appointed date of the scheme i.e. 1 April 2016. While the demerger was being operationalized, customers of the Demerged Undertaking of KFCH continued to remit the payments to the KFCH on behalf of the Company and vice versa. During the year ended March 31, 2021 net payable amount out of collections received by Sapphire Foods India Private Limited (SFIPL) on behalf of KFCH is 13.55 million (March 31, 2020: Rs. 20.82 million; March 31, 2019: Rs.Nil) and net payable amount out of collections received by KFCH on behalf of SFIPL is Rs Nil (March 31, 2020: Rs Nil; March 31, 2019: 284.11 million). Our Company is of the view that these transaction do not fall within the purview of IND AS 24 and hence excluded from related party disclosures noted above.

Further, we confirm that all related party transactions of the Company have been undertaken at an arm's length basis during the Fiscals 2019, 2020 and 2021. Further, we confirm that the related party transactions during the Financial Years ended March 31, 2019, March 31, 2020 and March 31, 2021 (all on a consolidated basis) were in compliance with the Companies Act, 2013, applicable laws and relevant accounting standards.

For details of the related party transactions during Fiscals 2021, 2020 and 2019, as per the requirements under Ind AS 24 read with SEBI ICDR Regulations, see "Restated Financial Statements – Annexure VII – Note 37" on page 291.

## DIVIDEND POLICY

As on the date of this Draft Red Herring Prospectus, our Company does not have a formal dividend policy. The declaration and payment of dividends, if any, will be recommended by our Board and approved by our Shareholders, at their discretion, in accordance with provisions of our Articles of Association and applicable law, including the Companies Act (together with applicable rules issued thereunder). Any future determination as to the declaration and payment of dividends will be at the discretion of our Board and will depend on factors that our Board deems relevant, including among others, our contractual obligations, applicable legal restrictions, results of operations, financial condition, revenues, profits, financial requirements including business expansion plans, capital requirements and business prospects.

In addition, our ability to pay dividends may be impacted by a number of other factors, including restrictive covenants under the loan or financing documents, our Company is currently a party to or may enter into from time to time.

Our Company has not declared any dividend on the Equity Shares for Fiscal 2019, Fiscal 2020 or Fiscal 2021. Further, our Company has not declared any dividend on the Equity Shares from April 1, 2021 till the date of this Draft Red Herring Prospectus.

Our Company shall pay dividends, if declared, to the Shareholders in accordance with the provisions of the Companies Act, the Articles of Association and provisions of the SEBI Listing Regulations and other applicable laws. Our Company may pay dividend by cheque, electronic clearance service, as will be approved by our Board in the future. Our Company may also, from time to time, pay interim dividends.

The past trend in relation to our payment of dividends is not necessarily indicative of our dividend trend or dividend policy, if any, in the future, and there is no guarantee that any dividends will be declared or paid in the future. For details, see *“Risk Factors –Our ability to pay dividends in the future will depend on our earnings, financial condition, working capital requirements, capital expenditures and restrictive covenants of our financing arrangements.”* on page 64.

**SECTION V – FINANCIAL INFORMATION**

**RESTATED FINANCIAL STATEMENTS**

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**Independent Auditors' Examination Report on the restated Ind AS consolidated summary statements of assets and liabilities as at March 31, 2021, 2020 and 2019, restated Ind AS consolidated summary statement of profits and losses (including other comprehensive income/loss), restated Ind AS consolidated summary statement of cash flows and changes in equity for each of the years ended March 31, 2021, 2020 and 2019, summary statement of significant accounting policies and other explanatory information of Sapphire Foods India Limited (collectively, the "Restated Ind AS Consolidated Summary Statements").**

To  
The Board of Directors  
Sapphire Foods India Limited  
(Formerly known as Sapphire Foods India Private Limited)  
702, A wing, Prism Tower  
Link Road, Mindspace, Goregaon West  
Mumbai, Maharashtra (400062)

Dear Sirs:

1. We S R B C & CO LLP, Chartered Accountants ("we" or "us" or "SRBC") have examined the attached Restated Ind AS Consolidated Summary Statements of Sapphire Foods India Limited (the "Company") and its subsidiaries (the Company together with its subsidiaries hereinafter referred to as "the Group") annexed to this report and prepared by the Company for the purpose of inclusion in the Draft Red Herring Prospectus ("DRHP") in connection with its proposed Initial Public Offer ("IPO"). The Restated Ind AS Consolidated Summary Statements, which have been approved by the Board of Directors of the Company at their meeting held on August 06, 2021, have been prepared in accordance with the requirements of:
  - a) Section 26 of Part I of Chapter III of the Companies Act 2013 (the "Act");
  - b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations"); and
  - c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) (as amended) issued by the Institute of Chartered Accountants of India ("ICAI"), (the "Guidance Note").

**Management's Responsibility for the Restated Consolidated Summary Statements**

2. The preparation of the Restated Ind AS Consolidated Summary Statements, which are to be included in the DRHP is the responsibility of the Management of the Company. The Restated Ind AS Consolidated Summary Statements have been prepared by the Management of the Company on the basis of preparation, as stated in note 2.1 of Annexure [V] to the Restated Ind AS Consolidated Summary Statements. The Management's responsibility includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Ind AS Consolidated Summary Statements. The Management is also responsible for identifying and ensuring that the Group complies with the Act, ICDR Regulations and the Guidance Note.

**Auditors' Responsibilities**

3. We have examined such Restated Ind AS Consolidated Summary Statements taking into consideration:
  - a) the terms of reference and terms of our engagement agreed with you vide our engagement letter dated December 28, 2020, requesting us to carry out the assignment, in connection with the IPO of the Company;



- b) the Guidance Note. The Guidance Note also requires that we comply with ethical requirements of the Code of Ethics Issued by ICAI.
- c) concepts of test checks and materiality to obtain reasonable assurance based on the verification of evidence supporting the Restated Consolidated Summary Statements; and
- d) The requirements of Section 26 of the Act and the ICDR Regulations.

Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act and the ICDR Regulations in connection with the proposed IPO.

#### **Restated Ind AS Consolidated Summary Statements**

4. These Restated Ind AS Consolidated Summary Statements have been compiled by the management of the Company from:
- a) Audited Ind AS consolidated financial statements of the Group as at and for the year ended March 31, 2021, March 31, 2020 and March 31, 2019 which were prepared in accordance with the Indian Accounting Standard (referred to as “Ind AS”) as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meeting held on June 11, 2021, September 25, 2020 and August 28, 2019, respectively.
  - b) The audited consolidated financial statement of the Group referred to in paragraph 4(a) above has been compiled from the audited consolidated financial statements and other financial information of the Company and its subsidiary Gamma Pizzakraft (Overseas) Private Limited (“subsidiary company”). The consolidated financial statements of the subsidiary company have been audited by Krishnan Rakesh & Co (“Subsidiary Auditor”) as at and for the year ended March 31, 2021, March 31, 2020 and March 31, 2019.
  - c) The financial statements and other financial information in relation to the Company’s step down subsidiaries, as listed below were audited by Other Auditors (other than S R B C & CO LLP) and included in the consolidated financial statement of the subsidiary company as at and for the year ended March 31, 2019, March 31, 2020 and March 31, 2021:

<b>Name of the Entity</b>	<b>Relationship</b>	<b>Period audited by Other Auditors</b>
Gamma Pizzakraft Private Limited	Subsidiary of Gamma Pizzakraft (Overseas) Private Limited	For the year ended March 31, 2019, 2020 and 2021
Gamma Pizzakraft (Lanka) Private Limited	Subsidiary of Gamma Pizzakraft (Overseas) Private Limited	For the year ended March 31, 2019, 2020 and 2021
French Restaurants Private Limited	Subsidiary of Gamma Pizzakraft (Overseas) Private Limited	For the year ended March 31, 2019, 2020 and 2021
Gamma Island Food Private Limited	Subsidiary of Gamma Pizzakraft (Overseas) Private Limited	For the year ended March 31, 2019, 2020 and 2021

#### **Auditors Report**

5. For the purpose of our examination, we have relied on:
- a) Auditors’ reports issued by us, dated August 28, 2019, September 25, 2020 and June 11, 2021 on the consolidated financial statements of the Group as at and for each the years ended March 31, 2019, March 31, 2020 and March 31, 2021 as referred in Paragraph 4 (a) above.
  - b) As indicated in Paragraph 4 (b) above, we did not audit the consolidated financial statements of Gamma Pizzakraft (Overseas) Private Limited as at and for the years ended March 31, 2019, March 31, 2020 and March 31, 2021 whose financial statements reflect total assets, total

revenues and net cash inflows / (outflows), as tabulated below and included in the Restated Consolidated Summary Statements:

(₹. In mio)

As at and for the year ended	Total assets of subsidiaries	Total revenue of subsidiaries	Net cash inflow/ (outflow) of subsidiaries
March 31, 2019	1,408.41	2,339.70	(7.90)
March 31, 2020	1,880.23	2,368.46	15.92
March 31, 2021	1,770.87	2,144.45	85.66

These consolidated financial statements have been audited by the Subsidiary Auditor as listed in Para 4(b) above, whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in the financial statements referred to in Para 4(a) above are based solely on the report of the Subsidiary Auditor.

- c) As indicated in Paragraph 4 (c) above, the Subsidiary Auditor did not audit the financial statements of Gamma Pizzakraft (Lanka) Private Limited, French Restaurants Private Limited and Gamma Island Food Private Limited and have obtained reports from the other firms of chartered accountants as listed in para 4 (c) above , whose reports have been furnished to him and his opinion in so far as it relates to the amounts included in the financial statements referred to in Para 4 (c) above are based solely on the report of other auditors.
6. The auditors of the subsidiary company have provided to us an examination report on the Restated Consolidated summary statements of Gamma Pizzakraft (Overseas) Private Limited and its subsidiaries for each of the financial years ended March 31, 2019, March 31, 2020 and March 31, 2021. The Subsidiary Auditor has confirmed that the 2019 Restated Summary Statements, 2020 Restated Summary Statements and the 2021 Restated Summary Statements:
- (i) have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications retrospectively in the financial years ended March 31, 2019, March 31, 2020 and March 31, 2021 to reflect the same accounting treatment as per the Group accounting policies and grouping/classifications followed for the year ended March 31, 2021;
  - (ii) does not contain any qualifications requiring adjustments;
  - (iii) have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.
7. The audit reports on consolidated financial statements of the Group as at and for the years ended March 31, 2020 referred to in paragraph 5(a) above included an Emphasis of Matter paragraph as follows:
- For the year ended March 31, 2020
- We draw attention to Note 45 to the Consolidated Ind AS Financial Statements which explains the group management’s assessment of the financial impact due to the lock-down and other restrictions and conditions related to the COVID-19 pandemic situation for holding company and its subsidiaries, for which a definitive assessment of the impact in the subsequent period is highly dependent upon circumstances as they evolve. Our opinion is not modified in respect of the matter.
8. Based on our examination and according to the information and explanations given to us and also as per the reliance placed on the examination report submitted by Subsidiary Auditor as at and for the years ended March 31, 2019, March 31, 2020 and March 31, 2021 in respect of the Company’s subsidiaries, we report that Restated Consolidated Summary Statements of the Group:

- i. have been prepared after incorporating adjustments for the changes in accounting policies and regrouping/reclassifications retrospectively in the financial years ended March 31, 2019 and 2020 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the year ended March 31, 2021;
  - ii. there are no material errors which require adjustments for each of the financial years ended March 31, 2019, 2020 and 2021.
  - iii. there are no qualifications in the auditors' reports on the consolidated audited financial statements of the Company as at March 31, 2019, 2020 and 2021 which require any adjustments to the Restated Consolidated Summary Statements. Qualifications in the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of sub section (11) of section 143 of the Act, which do not require any corrective adjustments in the Restated Ind AS Summary Statements have been disclosed in Annexure VI: Part B to the Restated Ind AS Summary Statements
  - iv. have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.
9. We have not audited any financial statements of the Group as of any date or for any period subsequent to March 31, 2021. Accordingly, we express no opinion on the financial position, results of operations, cash flows and statement of changes in equity of the Group as of any date or for any period subsequent to March 31, 2021.
  10. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us, nor should this report be construed as a new opinion on any of the financial statements referred to herein.
  11. The Restated Ind AS Consolidated Summary Statements do not reflect the effects of events that occurred subsequent to the audited financial statements mentioned in paragraph 4(a) above.
  12. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
  13. Our report is intended solely for use of the Board of Directors for inclusion in the DRHP to be filed with Securities and Exchange Board of India, National Stock Exchange of India Limited and BSE Limited in connection with the proposed IPO. Our report should not be used, referred to, or distributed for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come.

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

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per Vikram Mehta  
Partner  
Membership Number: 105938  
UDIN: 21105938AAAAFM5963  
Place of Signature: Mumbai  
Date: August 06, 2021

Sapphire Foods India Limited (formerly known as "Sapphire Foods India Private Limited")  
(Amount in INR millions, unless otherwise stated)

Annexure I  
Restated Consolidated Ind AS Summary Statement of assets and liabilities

Particulars	Annexure VII - Notes	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	1	3,931.65	4,346.12	3,885.79
Capital work-in-progress	1	213.04	183.77	206.34
Right of use assets	2	4,739.45	4,952.92	4,858.54
Goodwill	3	1,621.59	1,621.59	2,539.35
Other Intangible assets	3	550.96	687.90	766.71
Intangibles under development	3	91.40	30.90	3.78
Financial assets				
Loans: Deposits	4	629.99	614.23	514.61
Other financial assets	5	92.13	7.36	7.57
Other non-current assets	7	139.66	156.96	251.46
Income tax assets (net)		43.79	37.90	23.29
<b>Total non-current assets</b>		<b>12,053.66</b>	<b>12,639.65</b>	<b>13,057.44</b>
<b>Current assets</b>				
Inventories	8	473.91	443.84	380.79
Financial assets				
Investments	6	267.41	155.21	-
Loans: Deposits	4	31.38	19.16	28.88
Trade receivables	9	77.75	46.05	224.46
Cash and cash equivalents	10	450.50	221.00	222.14
Bank balances other than cash and cash equivalents	11	49.70	170.58	1,642.40
Other financial assets	5	13.97	35.07	46.55
Other current assets	12	71.09	76.08	72.06
<b>Total current assets</b>		<b>1,435.71</b>	<b>1,166.99</b>	<b>2,617.28</b>
<b>Total Assets</b>		<b>13,489.37</b>	<b>13,806.64</b>	<b>15,674.72</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital	13	527.90	502.44	431.08
Other equity	14	4,271.13	4,742.28	3,584.75
<b>Total shareholders' equity</b>		<b>4,799.03</b>	<b>5,244.72</b>	<b>4,015.83</b>
Non-controlling interests		(11.71)	2.50	10.77
<b>Total equity</b>		<b>4,787.32</b>	<b>5,247.22</b>	<b>4,026.60</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Financial liabilities				
Borrowings	15	489.91	540.02	651.23
Lease liabilities	17	4,905.02	5,025.13	4,837.17
Deferred tax liabilities (net)	16	106.73	117.27	155.72
Provisions	21	98.84	88.14	68.58
<b>Total non-current liabilities</b>		<b>5,600.50</b>	<b>5,770.56</b>	<b>5,712.70</b>
<b>Current liabilities</b>				
Financial liabilities				
Borrowings	15	30.34	51.48	201.82
Lease liabilities	17	787.19	718.56	618.15
Trade payables	18			
(a) total outstanding dues of micro enterprises and small enterprises		16.02	80.69	85.16
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		1,423.68	1,225.99	1,056.37
Other financial liabilities	19	622.07	490.49	3,736.73
Other current liabilities	20	157.87	159.18	158.71
Provisions	21	64.38	62.47	78.48
<b>Total current liabilities</b>		<b>3,101.55</b>	<b>2,788.86</b>	<b>5,935.42</b>
<b>Total Equity and Liabilities</b>		<b>13,489.37</b>	<b>13,806.64</b>	<b>15,674.72</b>

The above statement should be read with Significant Accounting Policies forming part of the Restated Consolidated Ind AS Summary Statement in Annexure V, Statement of Restated Adjustment to Audited Ind AS Consolidated Financial Statements in Annexure VI.

As per our report of even date

For S R B C & CO LLP  
Chartered Accountants  
ICAI Registration No : 324982E/ E300003

For and on behalf of the Board of Directors  
of Sapphire Foods India Limited (formerly known as "Sapphire Foods  
India Private Limited)

Sunil Chandiramani  
Director  
DIN: 00524035

Sanjay Purohit  
Whole time Director  
DIN : 00117676

per Vikram Mehta  
Partner  
Membership No. : 105938  
Place: Mumbai  
Date: August 06, 2021

Sachin Dudam  
Company Secretary  
Membership No. : A31812  
Place: Mumbai  
Date: August 06, 2021

Vijay Jain  
Chief Financial Officer

Sapphire Foods India Limited (formerly known as "Sapphire Foods India Private Limited")  
(Amount in INR millions, unless otherwise stated)

Annexure II  
Restated Consolidated Ind AS Summary Statement of profit and loss

Particulars	Annexure VII - Notes	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
<b>Income</b>				
Revenue from operations	22	10,196.19	13,404.12	11,938.22
Other income	23	616.16	113.24	124.60
<b>Total income</b>		<b>10,812.35</b>	<b>13,517.36</b>	<b>12,062.82</b>
<b>Expenses</b>				
Cost of materials consumed	24	3,099.26	4,316.71	3,946.43
Employee benefits expense	25	1,956.00	2,288.11	2,062.59
Finance costs	26	755.65	721.93	720.05
Depreciation, impairment and amortisation expense	27	2,091.45	1,913.11	1,547.31
Other expenses	28	3,896.93	4,943.42	4,469.48
<b>Total expenses</b>		<b>11,799.29</b>	<b>14,183.28</b>	<b>12,745.86</b>
<b>Restated loss before exceptional items and tax</b>		<b>(986.94)</b>	<b>(665.92)</b>	<b>(683.04)</b>
<b>Exceptional Items</b>	29	-	943.91	-
<b>Restated loss before tax</b>		<b>(986.94)</b>	<b>(1,609.83)</b>	<b>(683.04)</b>
<b>Tax expense</b>				
Current tax				
Current year	16	23.40	13.02	17.31
Adjustment of tax relating to earlier periods	16	0.44	(0.21)	4.23
Deferred tax				
Current year	16	(11.81)	(30.17)	(10.54)
<b>Total tax expenses</b>		<b>12.03</b>	<b>(17.36)</b>	<b>11.00</b>
<b>Restated loss for the year after tax</b>		<b>(998.97)</b>	<b>(1,592.47)</b>	<b>(694.04)</b>
<b>Restated other comprehensive income/ (loss)</b>				
Items that will not be reclassified to profit or loss in subsequent periods				
Remeasurements losses of net defined benefit plan		(5.57)	(9.69)	(2.98)
Tax effect on remeasurements losses of net defined benefit plan	16	(1.27)	1.87	-
Items that will be reclassified to profit or loss in subsequent periods				
Exchange difference on translation of foreign operations		(35.69)	(41.34)	5.90
<b>Restated other comprehensive income/ (loss) for the year, net of tax</b>		<b>(42.53)</b>	<b>(49.16)</b>	<b>2.92</b>
<b>Restated total comprehensive loss for the year, net of tax</b>		<b>(1,041.50)</b>	<b>(1,641.63)</b>	<b>(691.12)</b>
<b>Restated loss for the year</b>				
Attributable to:				
Equity holders of the parent		(984.63)	(1,575.41)	(680.21)
Non-controlling interests		(14.34)	(17.06)	(13.83)
<b>Restated other comprehensive income/ (loss) for the year</b>				
Attributable to:				
Equity holders of the parent		(42.66)	(51.76)	1.33
Non-controlling interests		0.13	2.60	1.59
<b>Restated total comprehensive loss for the year</b>				
Attributable to:				
Equity holders of the parent		(1,027.29)	(1,627.17)	(678.88)
Non-controlling interests		(14.21)	(14.46)	(12.24)
<b>Restated earnings per equity share of INR 10 each, attributable to equity holders of the parent:</b>				
Basic and diluted earnings per share (INR)	30	(19.04)	(31.36)	(14.95)

The above statement should be read with Significant Accounting Policies forming part of the Restated Consolidated Ind AS Summary Statement in Annexure V, Statement of Restated Adjustment to Audited Ind AS Consolidated Financial Statements in Annexure VI.

As per our report of even date

For S R B C & CO LLP  
Chartered Accountants  
ICAI Registration No : 324982E/ E300003

For and on behalf of the Board of Directors  
of Sapphire Foods India Limited (formerly know as "Sapphire Foods India Private Limited")

Sunil Chandiramani  
Director  
DIN: 00524035

Sanjay Purohit  
Whole time Director  
DIN : 00117676

per Vikram Mehta  
Partner  
Membership No : 105938  
Place: Mumbai  
Date: August 06, 2021

Sachin Dudam  
Company Secretary  
Membership No. : A31812  
Place: Mumbai  
Date: August 06, 2021

Vijay Jain  
Chief Financial Officer

Sapphire Foods India Limited (formerly known as "Sapphire Foods India Private Limited")  
(Amount in INR millions, unless otherwise stated)

Annexure III

Restated Consolidated Ind AS Summary Statement of changes in equity

A. Equity Share Capital

Equity shares of INR 10 each issued, subscribed and fully paid

Particulars	No. of Shares	Amount
<b>As at April 1, 2018</b>	<b>4,16,75,367</b>	<b>416.75</b>
Equity shares issued during the year	14,32,507	14.33
<b>As at March 31, 2019</b>	<b>4,31,07,874</b>	<b>431.08</b>
Conversion of Compulsorily Convertible Preference Shares (CCPS) and Compulsorily Convertible Debentures (CCDs) during the year ( Refer Note 19)	71,36,094	71.36
<b>As at March 31, 2020</b>	<b>5,02,43,968</b>	<b>502.44</b>
Equity shares issued during the year	25,46,441	25.46
<b>As at March 31, 2021</b>	<b>5,27,90,409</b>	<b>527.90</b>

B. Other Equity

Particulars	Attributable to the equity holders of the parent						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 options outstanding account			
<b>As at April 1, 2018</b>	356.10	4.50	6,388.27	(2,406.14)	14.32	-	4,357.05	(5.96)	4,351.09
Effect of adoption of Ind AS 116 Leases (net) (Note 44)	-	-	-	(470.83)	-	-	(470.83)	-	(470.83)
Issue of equity shares during the year	-	-	0.09	-	(14.32)	-	(14.23)	-	(14.23)
Loss for the year	-	-	-	(680.21)	-	-	(680.21)	(13.83)	(694.04)
Other comprehensive income/(loss) for the year	-	5.90	-	(4.57)	-	-	1.33	1.59	2.92
Recognition of share based payment (Note 42)	-	-	-	-	-	66.83	66.83	-	66.83
<b>Non-controlling interest put option classified as financial liability :</b>									
- Shares issued during the year	-	-	-	32.71	-	-	32.71	37.87	70.58
- Non-controlling interests share of loss for the year	-	-	-	7.31	-	-	7.31	(7.31)	-
- Non-controlling interests share of other comprehensive income	-	-	-	1.59	-	-	1.59	(1.59)	-
- Fair valuation of put option liability	-	-	-	283.20	-	-	283.20	-	283.20
<b>As at March 31, 2019</b>	<b>356.10</b>	<b>10.40</b>	<b>6,388.36</b>	<b>(3,236.94)</b>	<b>-</b>	<b>66.83</b>	<b>3,584.75</b>	<b>10.77</b>	<b>3,595.52</b>
Ind AS 116 transition impact (refer annexure VI, part A)	-	-	-	32.35	-	-	32.35	6.19	38.54
Issue of equity shares during the year	-	-	2,377.75	-	-	-	2,377.75	-	2,377.75
Loss for the year	-	-	-	(1,575.41)	-	-	(1,575.41)	(17.06)	(1,592.47)
Other comprehensive income/(loss) for the year	-	(43.94)	-	(7.82)	-	-	(51.76)	2.60	(49.16)
Recognition of share based payment (Note 42)	-	-	-	-	-	44.22	44.22	-	44.22
<b>Non-controlling interest put option classified as financial liability :</b>									
- Gain on settlement of non-controlling interest put options	-	-	-	330.38	-	-	330.38	-	330.38
<b>As at March 31, 2020</b>	<b>356.10</b>	<b>(33.54)</b>	<b>8,766.11</b>	<b>(4,457.44)</b>	<b>-</b>	<b>111.05</b>	<b>4,742.28</b>	<b>2.50</b>	<b>4,744.78</b>
Issue of equity shares during the year	-	-	418.77	-	-	-	418.77	-	418.77
Loss for the year	-	-	-	(984.63)	-	-	(984.63)	(14.34)	(998.97)
Other comprehensive income/(loss) for the year	-	(35.82)	-	(6.84)	-	-	(42.66)	0.13	(42.53)
Recognition of share based payment (Note 42)	-	-	-	-	-	137.78	137.78	-	137.78
Exercise of stock options	-	-	62.21	-	-	(62.21)	-	-	-
Share issue expenses	-	-	(0.41)	-	-	-	(0.41)	-	(0.41)
<b>As at March 31, 2021</b>	<b>356.10</b>	<b>(69.36)</b>	<b>9,246.68</b>	<b>(5,448.91)</b>	<b>-</b>	<b>186.62</b>	<b>4,271.13</b>	<b>(11.71)</b>	<b>4,259.42</b>

The above statement should be read with Significant Accounting Policies forming part of the Restated Consolidated Ind AS Summary Statement in Annexure V, Statement of Restated Adjustment to Audited Ind AS Consolidated Financial Statements in Annexure VI.

For S R B C & CO LLP  
Chartered Accountants  
ICAI Registration No : 324982E/ E300003

For and on behalf of the Board of Directors  
of Sapphire Foods India Limited (formerly know as "Sapphire Foods India Private Limited")

Sunil Chandiramani  
Director  
DIN: 00524035

Sanjay Purohit  
Whole time Director  
DIN : 00117676

per Vikram Mehta  
Partner  
Membership No : 105938  
Place: Mumbai  
Date: August 06, 2021

Sachin Dudam  
Company Secretary  
Membership No. : A31812  
Place: Mumbai  
Date: August 06, 2021

Vijay Jain  
Chief Financial Officer

Sapphire Foods India Limited (formerly known as "Sapphire Foods India Private Limited")  
(Amount in INR millions, unless otherwise stated)

Annexure IV

Restated Consolidated Ind AS Summary Statement of cash flows

Particulars	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
<b>Cash flow from operating activities</b>			
Restated loss before tax	(986.94)	(1,609.83)	(683.04)
Adjustments for:			
Depreciation, impairment and amortisation expense	2,091.45	1,913.11	1,547.31
Finance cost	755.65	721.93	720.05
Interest income	(58.81)	(102.08)	(93.39)
Expenses on employee stock option scheme	146.24	46.45	66.83
Impairment loss on goodwill of Pizza Hut CGU	-	917.76	-
Provision no longer required written back	(3.69)	(1.42)	(0.15)
Fair valuation of financial liabilities	-	29.71	21.99
Provision for doubtful deposits	19.04	2.27	7.36
Provision for slow moving inventories	4.08	29.81	1.59
Gain on fair value/sale of mutual funds	(9.83)	(7.83)	-
Allowance for credit losses/ provision for advances	-	29.07	20.68
Loss on sale/discard of property, plant and equipment	9.29	6.58	2.92
Gain on termination of lease contract	(53.94)	(0.12)	(27.10)
Rent waiver due to COVID	(489.46)	-	-
<b>Operating profit before working capital changes</b>	<b>1,423.08</b>	<b>1,975.41</b>	<b>1,585.05</b>
<b>Changes in working capital</b>			
Increase in trade payables	133.03	165.19	10.03
Increase/(Decrease) in other financial and non-financial liabilities	40.19	(2.11)	15.52
Increase/ (Decrease) in provisions	7.06	(6.14)	10.85
Increase in inventories	(34.14)	(92.85)	(50.46)
(Increase)/ Decrease in trade receivables	(28.01)	179.47	(176.54)
(Increase)/Decrease in financial and other assets	29.25	(61.08)	144.45
<b>Cash generated from operations</b>	<b>1,570.46</b>	<b>2,157.89</b>	<b>1,538.90</b>
Income tax paid (net of refunds)	(29.72)	(27.43)	(38.11)
<b>Net cash generated from operating activities (A)</b>	<b>1,540.74</b>	<b>2,130.46</b>	<b>1,500.79</b>
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment and other intangible assets	(739.82)	(1,429.66)	(1,752.39)
Acquisition of business ( refer Note 35)	-	(1.80)	(43.20)
Sale of property, plant and equipment	5.86	14.19	8.89
Purchase of Current Investments	(102.37)	(403.73)	-
Sale of Current Investments	-	256.34	-
Interest received	9.36	83.90	20.51
Fixed/restricted deposits with banks (placed)/realised	47.73	1,460.27	(1,585.07)
<b>Net cash used in investing activities (B)</b>	<b>(779.24)</b>	<b>(20.49)</b>	<b>(3,351.26)</b>
<b>Cash flow from financing activities</b>			
Proceeds from issuance of equity share capital (including securities premium) (net of share issue expenses)	443.82	-	0.09
Proceeds from issuance of Compulsorily Convertible Preference Shares (CCPS)	-	-	2,249.91
Equity contribution from non-controlling interest	-	-	70.58
Acquisition of non-controlling interests	(21.53)	(561.09)	-
Proceeds from long-term borrowings	627.46	5.67	735.85
Repayment of long-term borrowings	(561.71)	(102.86)	(15.08)
Repayment of short-term borrowings	(4.42)	(120.58)	(325.00)
Proceeds from short-term borrowings	-	-	250.00
Payment of principal portion of lease liabilities (refer Note 44)	(241.11)	(603.91)	(489.64)
Interest paid on lease liabilities (refer Note 44)	(635.63)	(605.25)	(544.88)
Finance cost paid	(122.16)	(93.33)	(164.40)
<b>Net cash (used in) / from financing activities (C)</b>	<b>(515.28)</b>	<b>(2,081.35)</b>	<b>1,767.43</b>
<b>Net increase/ (decrease) in cash and cash equivalents (A+B+C)</b>	<b>246.22</b>	<b>28.62</b>	<b>(83.04)</b>
Cash and cash equivalents at the beginning of the year	173.94	145.32	228.36
Cash and cash equivalents at the end of the year	<b>420.16</b>	<b>173.94</b>	<b>145.32</b>
<b>Cash and cash equivalents comprise</b>			
Balances with banks (Note 10)			
In current accounts	400.99	180.80	150.18
Term deposits with maturity of less than 3 months (Note 10)	12.12	10.12	6.00
Cash on hand (Note 10)	37.39	30.08	65.96
Bank Overdraft (Note 15)	(30.34)	(47.06)	(76.82)
<b>Total cash and cash equivalents for the purpose of Restated Consolidated Ind AS summary statement of cash flows</b>	<b>420.16</b>	<b>173.94</b>	<b>145.32</b>

**Non-cash investment and financing activities:**

- 1) Significant non cash movement in financing activities includes lease liabilities arising due to implementation of Ind AS 116 amounting to INR 955.08 million in 31st March, 2021 (INR 969.97 million in 31st March, 2020 & INR 1,240.58 million in 31st March, 2019)(Refer Note 44).
- 2) Conversion of Compulsorily Convertible Preference Shares (CCPS) and Compulsorily Convertible Debentures (CCDs) into equity shares amounting to INR 2,249.91 million and INR 169.49 million for the year ended 31st March, 2020 (Refer note 19).

The above statement should be read with Significant Accounting Policies forming part of the Restated Consolidated Ind AS Summary Statement in Annexure V, Statement of Restated Adjustment to Audited Ind AS Consolidated Financial Statements in Annexure VI.

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

Chartered Accountants  
ICAI Registration No : 324982E/ E300003

**per Vikram Mehta**

Partner  
Membership No : 105938  
Place: Mumbai  
Date: August 06, 2021

**For and on behalf of the Board of Directors  
of Sapphire Foods India Limited (formerly know as "Sapphire Foods India  
Private Limited")**

**Sunil Chandiramani**  
Director  
DIN: 00524035

**Sanjay Purohit**  
Whole time Director  
DIN : 00117676

**Sachin Dudam**  
Company Secretary  
Membership No. : A31812  
Place: Mumbai  
Date: August 06, 2021

**Vijay Jain**  
Chief Financial Officer

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

### **Annexure V- Significant Accounting Policies to Restated Consolidated Ind AS Summary Statements**

#### **1. Corporate information**

Sapphire Foods India Limited (formerly known as Sapphire Foods India Private Limited) ('the Company') is a company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India.

The Restated consolidated Ind AS Summary Statements comprise of restated Ind AS financial statements of Sapphire Foods India Limited ('the Company' 'the parent' or 'the Holding Company') and its subsidiaries (collectively, 'the Group').

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 Company has converted from a Private Limited Company to a Public Limited Company, pursuant to a special resolution passed in the extraordinary general meeting of the Shareholders of our Company held on 15 June 2021 and consequently the name of the Company has changed to Sapphire Foods India Limited pursuant to a fresh certificate of incorporation issued by the Registrar of Companies, Mumbai on 8 July 2021.

The registered office of the Company is located at 702, Prism Tower, A Wing, Mindspace, Link Road, Goregaon (West), Mumbai – 400062. As on March 31, 2021, the Company had Company-operated 231 restaurants of Pizza Hut, 204 restaurants of KFC and 2 restaurant of Taco Bell.

The restated consolidated Ind AS Summary statements were approved for issue in accordance with a resolution of the board of directors on August 06, 2021.

#### **2. Significant accounting policies**

##### **2.1 Basis of preparation**

The Restated Consolidated Ind AS Summary Statements of the Group comprises the Restated Consolidated Ind AS Summary Statement of Assets and Liabilities as at March 31, 2021, March 31, 2020, March 31, 2019 and the Restated Consolidated Ind AS Summary Statement of Profit & Loss (including other comprehensive income), Restated Consolidated Ind AS Summary Statement of Changes in Equity, Restated Consolidated Ind AS Summary Statement of Cash Flows for the years ended March 31, 2021, March 31, 2020 and March 31, 2019 and the summary statement of significant accounting policies and other explanatory information (hereinafter collectively referred to as "Restated Consolidated Ind AS Summary Statements") have been prepared specifically for inclusion in the Offer Document to be filed by the Company with the Securities and Exchange Board of India ("SEBI") in connection with proposed Initial Public Offering ("IPO") through Offer for sale by selling shareholders, in accordance with the requirements of:

- a) Section 26 of part I Chapter III of the Companies Act 2013 (the "Act");
- b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations"); and
- c) Guidance Note on Reports in company prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ('ICAI') (referred to as the Guidance Note).

The Restated Consolidated Ind AS Summary Statements has been compiled:

- a) from the audited Ind AS consolidated financial statements of the Group as at and for the years ended March 31, 2021, March 31, 2020 and March 31, 2019 which have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended from time to time, other accounting principles generally accepted in India and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable, which have



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been approved by the Board of Directors at their meeting held on 11 June 2021, 25 September 2020 and 28 August 2019 respectively.

- b) The accounting policies have been consistently applied by the Group in preparation of the Restated Consolidated Ind AS Summary Statements and are consistent with those adopted in the preparation of consolidated financial statements for the year ended 31 March 2021. These Restated Consolidated Ind AS Summary Statements do not reflect the effects of events that occurred subsequent to the respective dates of board meeting on the audited consolidated financial statements mentioned above. These audited consolidated financial statements have been prepared on a going concern basis.

**2.2 Basis of measurement**

The Restated Consolidated Ind AS Summary Statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Certain financial assets and financial liabilities measured at fair value (refer accounting policy regarding financial instruments)
- Contingent consideration,
- Defined Benefit Plans- Plan assets measured at fair value.

The Restated Consolidated Ind AS Summary Statements are presented in Indian Rupees "INR" and all values are stated as INR Millions, except when otherwise indicated.

**2.3 Basis of consolidation**

The list of subsidiaries considered for consolidation together with the proportion of shareholding held by the Group is as follows:

Sr no	Entity name	Country of Incorporation/ Place of business	Nature of relationship	% Holding as at March 31, 2021	% Holding as at March 31, 2020	% Holding as at March 31, 2019
01	Gamma Pizzakraft Overseas Private Limited	India	Subsidiary	100%	99%	73%
02	Gamma Pizzakraft Private Limited	India	Subsidiary	100%	100%	100%
03	Gamma Pizzakraft Lanka Private Limited	Sri Lanka	Subsidiary	100%	100%	100%
04	French Restaurants Private Limited	Sri Lanka	Subsidiary	100%	100%	100%
05	Gamma Island Food Private Limited	Maldives	Subsidiary	51%	51%	51%

Control is achieved when the group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the group controls an investee if and only if the group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and

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

### **Annexure V- Significant Accounting Policies to Restated Consolidated Ind AS Summary Statements**

- 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 restated consolidated Ind AS Summary statements from the date the group gains control until the date the group ceases to control the subsidiary.

Restated Consolidated Ind AS Summary 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 31<sup>st</sup>. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional restated financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the restated financial information of the subsidiary, unless it is impracticable to do so.

#### **Consolidation procedure:**

- a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
- c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Put options held by non-controlling interests in the Group's subsidiaries entitle the non-controlling interest to sell its interest in the subsidiary to the Group at pre-determined values and on contracted dates. In such cases the Group consolidates the non-controlling interest's share of the equity in the

subsidiary and recognises the fair value of the non-controlling interest's put option, being the present value of the estimated future purchase price, as a financial liability in the restated consolidated Ind AS Summary statements. In raising this liability, the non-controlling interest is derecognised, and any excess or shortfall is charged or realised directly in retained earnings in the statement of changes in equity

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non—controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the group had directly disposed of the related assets or liabilities

## **2.4 Summary of significant accounting policies**

### **a. Business combinations and goodwill**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.
- Potential tax effects of temporary differences and carry forwards of an acquiree that exist at the acquisition date or arise as a result of the acquisition are accounted in accordance with Ind AS 12.
- Liabilities or equity instruments related to share based payment arrangements of the acquiree or share – based payments arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date.
- Assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.
- Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

Business combinations under common control are accounted in accordance with Appendix C of IND AS 103 as per the pooling of interest method and the Ind AS Transition Facilitation Group Clarification Bulletin 9 (ITFG 9). ITFG 9 clarifies that, the carrying values of assets and liabilities as appearing in the standalone financial statements of the entities being combined shall be recognised by the combined entity.

As per Appendix C, Business Combinations of Entities under Common Control of Ind AS 103, Business Combinations, in case of common control business combinations, the assets and liabilities of the combining entities are reflected at their carrying amounts.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 Financial Instruments, is measured at fair value with changes in fair value recognised in profit or loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

**b. Current versus non-current classification**

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

**c. Foreign currencies**

**Functional and presentation currency**

The functional currency of the Company and its subsidiaries is determined on the basis of the primary economic environment in which it operates. The functional currency of the Company is Indian National Rupee (INR). The functional currency of the subsidiaries are Indian Rupees (INR), Sri Lankan Rupee (LKR) and Maldivian Rufiyaa (MVR).

The Group's consolidated financial statements are presented in INR, which is also the parent company's functional currency.

**Transactions and balances**

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Group uses average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of the following:

- Exchange differences arising on monetary items that forms part of a reporting entity's net investment in a foreign operation are recognised in profit or loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the financial statements that include the foreign operation and the reporting, such exchange differences are recognised initially in OCI. These exchange differences are reclassified from equity to profit or loss on disposal of the net investment.
- Exchange differences arising on monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss.

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- Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

On consolidation, the assets and liabilities of foreign operations are translated into INR at the rate of exchange prevailing at the reporting date and their statements of profit and loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit and loss.

Any goodwill arising in the acquisition/ business combination of a foreign operation on or after 1 April 2016 and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Any goodwill or fair value adjustments arising in business combinations/ acquisitions, which occurred before the date of transition to Ind AS (1 April 2016), are treated as assets and liabilities of the entity rather than as assets and liabilities of the foreign operation. Therefore, those assets and liabilities are non-monetary items already expressed in the functional currency of the parent and no further translation differences occur.

Gain or loss on a subsequent disposal of any foreign operation excludes translation differences that arose before the date of transition but includes only translation differences arising after the transition date.

**d. Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

- Financial assets include cash and cash equivalents, trade receivables, unbilled revenues, finance lease receivables, security deposits, investments in equity and debt securities;

- Financial liabilities include long-term and short-term loans and borrowings, lease liabilities, derivative financial liabilities, bank overdrafts and trade payables

**Financial assets:**

**Initial recognition and measurement**

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through OCI, or fair value through profit or loss.

Initially, a financial instrument is recognized at its fair value. Transaction costs directly attributable to the acquisition or issue of financial instruments are recognized in determining the carrying amount, if it is not classified as at fair value through profit or loss and transactions costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Subsequently, financial instruments are measured according to the category in which they are classified.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

#### **Subsequent measurement**

The subsequent measurement of financial assets depends on their classification as follows:

##### **i) Financial assets at amortised cost:**

A financial asset is classified as "financial asset at amortised cost" (amortised cost) under IND AS 109 Financial Instruments if it meets both the following criteria:

(1) The asset is held within a business model whose objective is to hold the financial asset in order to collect contractual cash flows, and

(2) The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified date (the 'SPPI' contractual cash flow characteristics test).

This category is the most relevant to the Group. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

##### **ii) Financial assets at fair value through other comprehensive income (FVTOCI):**

All equity investment in scope of IND AS 109 Financial Instruments are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which IND AS 103 Business Combinations applies are classified as fair value through profit or loss. For all other equity instruments, the Group may make irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument-to-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument through fair value through other comprehensive income (FVTOCI), then all fair value changes in the instruments excluding dividends, are recognised in OCI and is never recycled to statement of profit and loss, even on sale of the instrument.

Dividends are recognised as other income in the statement of profit and loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI

##### **iii) Financial assets at fair value through profit or loss (FVTPL)**

Financial assets at fair value through profit or loss include financial assets held for trading, e.g., derivative instruments, financial assets designated upon initial recognition at fair value through profit or loss, e.g., debt or equity instruments, or financial assets mandatorily required to be measured at fair value, i.e., where they fail the SPPI test. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that do not pass the SPPI test are required to be classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

#### **De-recognition of financial assets**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired

Or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through 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 liabilities at 'FVTPL' or 'other financial liabilities'.

#### **Initial recognition and measurement**



Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

#### **Subsequent measurement**

The subsequent measurement of financial liabilities depends on their classification as follows:

**i) Financial liabilities measured at amortized cost**

After initial recognition, financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

**ii) Financial liabilities at fair value through profit or loss (FVTPL)**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. Gains or losses on liabilities held for trading are recognized in statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ losses are not subsequently transferred to P&L. However, the group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss.

#### **De-recognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

#### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset with the net amount reported in the balance sheet only if there is a current enforceable legal right to offset the recognised amounts and there is an intent to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

#### **Impairment of financial assets**

The group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables, deposits and contract assets, the group applies a simplified approach in calculating ECLs. Therefore, the group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

**e. Revenue recognition**

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

However, sales tax/ value added tax (VAT)/ Goods and Service (GST) is not received by the Group on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

No element of financing is deemed present as the majority of sales are on cash basis and credit sales are made with normal credit period consistent with market practice.

The following specific recognition criteria must also be met before revenue is recognised:

**Sale of goods**

The Company recognises revenue from sale of food through Company's owned stores and are recognised when the items are delivered to or carried out by customers.

**Income from trading sales**

Revenue from sale of goods is recognised when the goods are delivered to customers, all significant contractual obligations have been satisfied and the collection of the resulting receivable is reasonably expected. Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of customer returns, trade allowance, rebates, goods and services tax and amount collected on behalf of third parties.

Gift vouchers sales are recognised when the vouchers are redeemed and goods are sold to the customer.

**Income from sale of service**

Revenue from sale of services is recognized in accordance with the terms of the relevant agreements and is net of goods and service tax (GST), where applicable as accepted and agreed with the customers.

The group recognise revenue from alliance income (marketing support services) when the service is performed.

**Scrap sale**

Sale of scrap is recognised upon transfer of control of products to the customers which coincides with their delivery to customer.

**Interest income**

Interest income on financial assets at amortised cost is recognised using the effective interest method. Effective interest is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in other income in the statement of profit and loss.

**Dividend income**

Dividend income is recognised when the Group's right to receive the payment is established by the reporting date.

**Contract balances-**

**Trade receivables**

A receivable is recognised if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in point (d) above.

**Contract liabilities**

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the group transfers the related goods or services. Contract liabilities are recognised as revenue when the group performs under the contract (i.e., transfers control of the related goods or services to the customer).

**f. Taxes**

Tax expense comprises of current tax and deferred tax.

**Current income tax**

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in India where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

**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.

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. comprises of purchase price and all costs incurred to bring the assets to their current location and condition for its intended use. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly Any subsequent cost incurred is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in statement of profit and loss as incurred.

Capital work in progress comprises cost of property, plant and equipment (including related expenses), that are not yet ready for their intended use at the reporting date and it is carried at cost less accumulated impairment losses

Gains or losses arising from de-recognition of property, plant and equipment are measured as the difference between the net disposal proceeds and carrying amount of the assets and are recognised in the statement of profit and loss when the asset is derecognised.

On transition to IND AS, the group has elected to continue with the carrying value of all its property, plant and equipment measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

**Depreciation on Property, plant and equipment**

Depreciation is calculated on the straight line basis over the estimated useful lives of the assets. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. The Group has used the following life to provide depreciation on its property, plant and equipment.

The rates of depreciation are based on technical evaluation of the economic life of assets by the management, which are given below and are equal to the corresponding rates prescribed in Schedule II to the Companies Act, 2013:

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

## Annexure V- Significant Accounting Policies to Restated Consolidated Ind AS Summary Statements

Class of asset	Useful lives estimated by the management (years)
Plant and machinery	15 years
Building	4-20 years
Office equipment	5 years
Computers	3 years
Furniture and fixtures	8 years
Vehicles	10 years
Leasehold improvements	Over the lease term or estimated useful life whichever is shorter

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

**h. Intangible Assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

On transition to IND AS, the group has elected to continue with the carrying value of all its Intangible Assets measured as per the previous GAAP and use that carrying value as the deemed cost of the Intangible Assets.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

**Amortisation of intangible assets**

Amortisation is calculated on the straight-line basis over the estimated useful lives of the assets. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. The Group has used the following life to provide amortisation on its intangible assets.

Class of asset	Useful lives estimated by the management (years)
License fees	Over the period of license (upto 10 years)
Software	3 years
Franchisee fees	10 years

There are no intangible assets with indefinite useful lives.

**i. Leases**

The group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Group as a lessee**

The Group's lease asset classes primarily consist of leases for buildings, Plant and Equipment and Computers. The group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets.

**Right-of-use assets**

The group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Buildings and motor vehicle - Over the shorter of the lease term and the estimated useful lives of the assets

**Lease Liabilities**

At the commencement date of the lease, the group recognises lease liabilities measured at the present value of the future lease payments. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

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

**Annexure V- Significant Accounting Policies to Restated Consolidated Ind AS Summary Statements**

The Company has elected not to separate lease and non-lease components in a lease contract where lease payments are inclusive of non-lease component.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note k Impairment of non-financial assets.

**Short-term leases and leases of low-value assets**

The group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as an operating expense in the statement of profit and loss.

**Transition to Ind AS 116**

The Company has followed the same accounting policy choices (transition options as per Ind AS 116) as adopted on April 01, 2019 for transition to Ind AS 116, while preparing the Restated Consolidated Ind AS Summary Statements for each of the year ended March 31, 2021, March 31, 2020 and March 31, 2019. As specified in the Guidance Note, the equity balance computed under Restated Consolidated Ind AS Summary Statements for the year ended March 31, 2019 and equity balance computed on transition (using modified retrospective approach) to Ind AS 116 on April 01, 2019, differs due to restatement adjustments made for the year ended March 31, 2019. Accordingly, the closing equity balance as at March 31, 2019 of the Restated Consolidated Ind AS Summary Statements has not been carried forward to opening Balance sheet as at April 01, 2019.

The following is the summary of practical expedients elected on initial application:

- a. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.
- b. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
- c. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- d. Not to separate lease and non-lease components in a lease contract where lease payments are inclusive of non-lease component.

**Amendments to Ind AS 116: Covid-19-Related Rent Concessions**

The MCA issued amendments to Ind AS 116, "Leases", provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. The amendments allowed the expedient to be applied to COVID-19-related rent concessions to payments originally due on or before June 30, 2021

and also require disclosure of the amount recognized in profit or loss to reflect changes in lease payments that arise from COVID-19-related rent concessions. Group has adopted this w.e.f April 01, 2020 and the impact has been recognized in Other Income (Note 23) and corresponding impact has been recognized in Lease liabilities (Note 44). This amendment does not have any effect in earlier periods.

**j. Inventories**

**Basis of valuation**

Inventories other than scrap materials are valued at lower of cost and net realizable value. The comparison of cost and net realizable value is made on an item-by-item basis.

**Method of valuation**

Cost of raw materials and traded goods are determined by using weighted average method and comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

**k. Impairment of Non-financial assets**

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss.



For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

**l. Compulsorily Convertible Debentures (CCDs) and Compulsorily Convertible Preference Shares (CCPSs)**

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

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

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

**m. Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset, if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**n. Retirement and other employee benefits**

**Defined benefit plan**

In accordance with applicable laws in India, the Group provides for gratuity, a defined benefit retirement plan ("the Gratuity Plan") for every employee who has completed 5 years or more of service on departure at 15 days salary (last drawn salary) for each completed year of service. The Gratuity Plan provides for a lump sum payment to eligible employees at retirement, death, incapacitation or termination of employment based on last drawn salary and tenure of employment with the Group. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation on the reporting date using projected unit credit method.

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

### **Annexure V- Significant Accounting Policies to Restated Consolidated Ind AS Summary Statements**

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the group recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The group recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

#### **Defined contribution plan**

The Group makes contributions to the Provident Fund scheme, a defined contribution benefit scheme. These contributions are deposited with Government administered fund and recognised as an expense in the period in which the related service is performed. There is no further obligation on the Group on this defined contribution plan.

#### **Compensated absences**

Accumulated leave, is expected to be utilized within the next 12 months, and are treated as short-term employee benefit. The Company treats the entire leave as current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date. It is measured on the basis of an actuarial valuation done by an independent actuary on the projected unit credit method at the end of each financial year.

#### **o. Share-based payments**

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

#### **Equity-settled transactions**

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised in employee benefit expenses, together with a corresponding increase in retained earnings in equity, over the period in which the service conditions and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but

without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions. No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When an award is modified, at minimum the cost of the original award is recognised as if it had not been modified (i.e. at the original grant date fair value, spread over the original vesting period, and subject to the original vesting conditions). This applies unless the award does not vest because of failure to satisfy a vesting condition (other than a market condition) that was specified at grant date.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where a modification is made after the original vesting period has expired, and is subject to no further vesting conditions, any incremental fair value is recognised immediately.

If the modification decreases the fair value of the equity instruments granted (e.g. by increasing the exercise price or reducing the exercise period), the decrease in value is effectively ignored and the entity continues to recognise a cost for services as if the awards had not been modified. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

#### **Cash-settled transactions**

A liability is recognised for the fair value of cash-settled transactions. The fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognised in employee welfare expenses (see Note 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, further details of which are given in Note 42. The approach used to account for vesting conditions when measuring equity-settled transactions also applies to cash-settled transactions.

#### **p. Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

#### **q. Contingencies**

A contingent liability is:

A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or a present obligation that arises from past events but is not recognised because:

- (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- (ii) The amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are recognised when virtually certain on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations arising from past events and which the fair values can be reliably determined.

#### Contingent liabilities recognised in a business combination

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions or the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the requirements for revenue recognition.

#### **r. Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders of the parent by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit/(loss) attributable to ordinary equity holders of the parent using the weighted-average number of equity shares considered for deriving basic earnings per share and weighted average number of dilutive equivalent shares outstanding during the period, except where the results would be anti-dilutive. Dilutive potential shares are deemed converted at the beginning of the period, unless issued at later date.

Ordinary shares that will be issued upon the conversion of mandatorily convertible instruments are included in the calculation of basic earnings per share from the date the contract is entered into.

#### **s. Fair value measurement**

The fair value of the financial instruments is included at the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Management of the Group have assessed that the fair values of cash and cash equivalents, restricted cash, trade receivables (not subject to provisional pricing), trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

There have been no transfers between fair value levels during the reporting period.

**t. Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker being Managing Director of the Group. The Managing Director assesses the financial performance and position of the Group as a whole, and makes strategic decisions.

**u. Cash Flow**

Ind AS 7 requires to exclude non-cash transaction relating to investing and financing activities from the statement of cash flow. However, such transactions should be disclosed elsewhere in the financial statements.

Cash and cash equivalents consist of cash on hand and balances with banks which are unrestricted for withdrawal and usage.

**v. Exceptional Items**

Exceptional items are those items that management considers, by virtue of their size or incidence (including but not limited to impairment charges and acquisition and restructuring related costs), should be disclosed separately to ensure that the financial information allows an understanding of the underlying performance of the business in the year, so as to facilitate comparison with prior periods. Such items are material by nature or amount to the year's result and require separate disclosure in accordance with Ind AS.

**w. Recent accounting pronouncements**

The Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable to the Group from 01 April 2021.

Sapphire Foods India Limited (formerly known as "Sapphire Foods India Private Limited")  
(Amount in INR millions, unless otherwise stated)

Annexure VI

Part A : Statement of Restated Adjustments to Audited Ind AS Consolidated Financial Statements

The summary of results of restatement made in the audited Ind AS consolidated financial statements for the respective year and its impact on the loss of the Group is as follows:

Particulars	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
<b>Loss after tax (as per audited consolidated financial statements)</b>	(998.97)	(1,592.47)	(446.57)
<b>Restatement adjustments</b>			
<u>Impact of Ind AS 116</u>			
Increase/ (decrease) in other income (refer note a)	-	-	27.10
(Increase)/ decrease in total expenses			
Depreciation on Right-of-use assets (refer note b)	-	-	(803.79)
Finance cost (interest) on lease liability (refer note c)	-	-	(544.88)
Decrease in other expenses (refer note d)	-	-	1,074.08
<b>Total restatement adjustments</b>	-	-	<b>(247.49)</b>
<b>Restated Loss before tax</b>	<b>(998.97)</b>	<b>(1,592.47)</b>	<b>(694.06)</b>
Tax adjustments (refer note e)	-	-	-
<b>Restated Loss after tax</b>	<b>(998.97)</b>	<b>(1,592.47)</b>	<b>(694.06)</b>

**Notes :-**

(a) It represents the termination gain on lease termination during FY 18-19.

(b) It represents depreciation on Right-of-Use Assets, pertaining to lease arrangements recognised pursuant to implementation of Ind AS 116. The Right-of-Use assets are depreciated over the 'lease term' as defined under Ind AS 116 or estimated useful life, whichever is lower.

(c) It represents interest element recognised on lease liabilities pursuant to implementation of Ind AS 116. Interest is measured using incremental borrowing rate.

(d) Lease rentals pertaining to lease arrangements accounted in accordance to erstwhile Ind AS 17, now reversed.

(e) There is no tax impact recognised on account of implementation of Ind AS 116.

Sapphire Foods India Limited (formerly known as "Sapphire Foods India Private Limited")

(Amount in INR millions, unless otherwise stated)

Annexure VI

Part A : Statement of Restated Adjustments to Audited Ind AS Consolidated Financial Statements

IND AS 116 – “Leases” the new Accounting Standard came into effect from April 1, 2019. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise leases on the balance sheet.

The Group adopted Ind AS 116 using the modified retrospective method of adoption. Further, as per option available under Ind AS 116, the Group has opted to disclose lease liability as a separate line item on the face of balance sheet.

The new Accounting Standard had the following major impact :

- No economic impact on the business;
- Accounting shifted from operating lease model (off balance sheet) to on balance sheet lease model
- “Right-of-Use” (“RoU”) asset is recognised as present value of future fixed rentals and corresponding “Lease liability”
- Amortisation of Right-of-use assets on a straight-line basis over the lease period;
- Operating lease expense (fixed lease payment excluding taxes on the same) will be replaced by depreciation and finance cost.
- Taxes on fixed lease payment is not covered under definition of fixed lease payments under Ind AS 116, hence it is not considered for calculation of Right-of-Use and reported as part of rent expenses in restated consolidated statement of profit & loss
- Fixed lease payments is apportioned between finance cost and reduction of the lease liability
- It represents the termination gain on lease termination during FY 18-19.

Statement showing impact of restatement adjustments on Ind AS consolidated statement of assets and liabilities

Foot notes	As at March 31, 2021			As at March 31, 2020			As at March 31, 2019			
	As per audited Ind AS consolidated financial statements	Restatement adjustments	As per restated Ind AS consolidated financial statements	As per audited Ind AS consolidated financial statements	Restatement adjustments	As per restated Ind AS consolidated financial statements	As per audited Ind AS consolidated financial statements	Restatement adjustments	As per restated Ind AS consolidated financial statements	
	INR million	INR million	INR million	INR million	INR million	INR million	INR million	INR million	INR million	
<b>Assets</b>										
<b>Non-current assets</b>										
Right of use assets	a	4,739.45	-	4,739.45	4,952.92	-	4,952.92	-	4,858.54	4,858.54
Deposits	b	629.99	-	629.99	614.23	-	614.23	514.61	-	514.61
Other non-current assets	b	139.66	-	139.66	156.96	-	156.96	375.91	(124.45)	251.46
Other current assets	b	71.09	-	71.09	76.08	-	76.08	83.39	(11.33)	72.06
<b>Equity and Liabilities</b>										
<b>Equity</b>										
Other equity	d	4,271.13	-	4,271.13	4,742.28	-	4,742.28	4,289.08	(704.33)	3,584.75
Non-controlling interest	d	(11.71)	-	(11.71)	2.50	-	2.50	24.75	(13.98)	10.77
<b>Non-current liabilities</b>										
Lease Liabilities	c	4,905.02	-	4,905.02	5,025.13	-	5,025.13	-	4,837.17	4,837.17
Deferred tax liabilities (net)	i	106.73	-	106.73	117.27	-	117.27	169.98	(14.26)	155.72
<b>Current liabilities</b>										
Lease Liabilities	c	787.19	-	787.19	718.56	-	718.56	-	618.15	618.15

(Amount in INR millions, unless otherwise stated)

Sapphire Foods India Limited (formerly known as "Sapphire Foods India Private Limited")

(Amount in INR millions, unless otherwise stated)

Statement showing impact of restatement adjustments on Ind AS consolidated statement of profit and loss

Foot notes	For the year ended March 31, 2021			For the year ended March 31, 2020			For the year ended March 31, 2019		
	As per audited Ind AS consolidated financial statements	Restatement adjustments	As per restated Ind AS consolidated financial statements	As per audited Ind AS consolidated financial statements	Restatement adjustments	As per restated Ind AS consolidated financial statements	As per audited Ind AS consolidated financial statements	Restatement adjustments	As per restated Ind AS consolidated financial statements
<b>Income</b>									
Revenue from contract with customers	10,196.19	-	10,196.19	13,404.12	-	13,404.12	11,938.22	-	11,938.22
Other income	616.16	-	616.16	113.24	-	113.24	97.50	27.10	124.60
<b>Total Income</b>	<b>10,812.35</b>	<b>-</b>	<b>10,812.35</b>	<b>13,517.36</b>	<b>-</b>	<b>13,517.36</b>	<b>12,035.72</b>	<b>27.10</b>	<b>12,062.82</b>
<b>Expenses</b>									
Cost of materials consumed	3,099.26	-	3,099.26	4,316.71	-	4,316.71	3,946.43	-	3,946.43
Employee benefits expenses	1,956.00	-	1,956.00	2,288.11	-	2,288.11	2,062.59	-	2,062.59
Finance costs	755.65	-	755.65	721.93	-	721.93	175.17	544.88	720.05
Depreciation, impairment and amortisation expense	2,091.45	-	2,091.45	1,913.11	-	1,913.11	743.52	803.79	1,547.31
Other expenses*	3,896.93	-	3,896.93	4,943.42	-	4,943.42	5,543.56	(1,074.08)	4,469.48
<b>Total Expenses</b>	<b>11,799.29</b>	<b>-</b>	<b>11,799.29</b>	<b>14,183.28</b>	<b>-</b>	<b>14,183.28</b>	<b>12,471.27</b>	<b>274.59</b>	<b>12,745.86</b>
<b>Loss for the year</b>	<b>(986.94)</b>		<b>(986.94)</b>	<b>(665.92)</b>	<b>-</b>	<b>(665.92)</b>	<b>(435.55)</b>	<b>(247.49)</b>	<b>(683.04)</b>

\*Details of restatement adjustments on other expenses is as follows:

Rent	-	-	624.18
Deferred prepaid rent on security deposits	-	-	395.61
Vehicle hire charges	-	-	54.29
	<u>-</u>	<u>-</u>	<u>1,074.08</u>

Statement showing impact of restatement adjustments on Ind AS consolidated statement of cash flows

	For the year ended March 31, 2021			For the year ended March 31, 2020			For the year ended March 31, 2019		
Cash flow from operating activities	1,540.74	-	1,540.74	2,130.46	-	2,130.46	466.26	1,034.53	1,500.79
Cash flow from financing activities	(515.28)	-	(515.28)	(2,081.35)	-	(2,081.35)	2,801.96	(1,034.53)	1,767.43



**Sapphire Foods India Limited (formerly known as "Sapphire Foods India Private Limited")**  
**(Amount in INR millions, unless otherwise stated)**

**Annexure VI**

**Part A : Statement of Restated Adjustments to Audited Ind AS Consolidated Financial Statements**

**Footnotes to Impact of Restatement Adjustments**

- (a) Right-of-use asset are recognised and presented separately in the Restated Consolidated Ind AS Summary Statement of Assets and Liabilities.
- (b) Deferred lease payments related to leases/deposits are reclassified to Right-of-Use assets.
- (c) Lease liabilities are recognised in accordance with Ind AS 116 and shown as financial liabilities in the Restated Consolidated Ind AS Summary Statement of Assets and Liabilities.
- (d) Impact of Ind AS 116 adjustments have been adjusted to equity.
- (e) It represents interest element recognised on lease liabilities pursuant to implementation of Ind AS 116. Interest is measured using incremental borrowing rate.
- (f) It represents depreciation on Right-of-Use Assets, pertaining to lease arrangements recognised pursuant to implementation of Ind AS 116. The Right-of-Use assets are depreciated over the 'lease term' as defined under Ind AS 116 or economic life, whichever is lower.
- (g) Lease rentals pertaining to lease arrangements accounted in accordance to erstwhile Ind AS 17, now reversed.
- (h) It represents the termination gain on lease termination during FY 18-19.
- (i) Deferred tax impact on differences between book base and tax base.

**Reconciliation of total equity as per audited Ind AS consolidated financial statements with total equity as per Restated Consolidated Ind AS Summary Statements as at March 31, 2019**

The Group has followed the same accounting policy choices (transition options as per Ind AS 116) as adopted on April 01, 2019 for transition to Ind AS 116, while preparing the Restated Consolidated Ind AS Summary Statements for each of the year ended March 31, 2021, March 31, 2020 and March 31, 2019. As specified in the Guidance Note, the equity balance computed under Restated Consolidated Ind AS summary statements for the year ended March 31, 2019 and equity balance computed on transition (using modified retrospective approach) to Ind AS 116 on April 01, 2019, differs due to restatement adjustments made for the year ended March 31, 2019. Accordingly, the closing equity balance as at March 31, 2019 has not been carried forward to opening Balance sheet as at April 01, 2019 of the Restated Consolidated Ind AS Summary Statements. The reconciliation of the same is as follows :

Particulars	Retained earnings	Non-controlling interests
Restated balance as at March 31, 2019	<b>(3,236.94)</b>	<b>10.77</b>
Add: Adjustment on account of transition to Ind AS 116 (including corresponding deferred tax)	32.35	6.19
Balance as at April 01, 2019 as per audited Ind AS consolidated financial statements for year ended March 31, 2020	<b>(3,204.59)</b>	<b>16.96</b>

**Sapphire Foods India Limited (formerly known as "Sapphire Foods India Private Limited")**  
(Amount in INR millions, unless otherwise stated)

**Annexure VI**

**Part B : Non adjusting items**

Emphasis of matter included in the Auditors' reports on the audited consolidated financial statements of March 2020 and other audit qualifications included in the Annexure to the auditors' reports issued under Companies (Auditor's Report) Order, 2016, on the audited standalone financial statements of March 2021, 2020, 2019 which do not require any corrective adjustment in the Restated Consolidated Ind AS Summary Statements are as follows:

**As at and for the year ended March 31, 2021**

**Companies (Auditor's Report) Order, 2016**

- a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, value added tax, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities except for provident fund, employees' state insurance and professional tax where there have been serious delays in large number of cases.
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, service tax, sales-tax, value added tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable except provident fund, employees state insurance, Labour Welfare and professional tax as follows:

Name of the Statute	Nature of the Dues	Amount (INR)	Period to which the amount relates
Employees' Provident Funds and Miscellaneous Provident Act	Provident Fund	49,78,581	2018-19, 2019-20 and 2020-21
Professional Tax Act	Professional Tax	19,41,872	2018-19 and 2020-21
Employees State Insurance Act	Employees State Insurance	15,391	2018-19
Maharashtra Labour Welfare Fund Act	Labour Welfare Fund	24,651	2018-19, 2019-20 and 2020-21

**As at and for the year ended March 31, 2020**

**Emphasis of Matter**

We draw attention to Note 45 to the Financial Statements which explains the management's assessment of the financial impact due to the lock-down and other restrictions and conditions related to the COVID - 19 pandemic situation, for which a definitive assessment of the impact in the subsequent period is highly dependent upon circumstances as they evolve. Our opinion is not modified in respect of this matter.

**Companies (Auditor's Report) Order, 2016**

- (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, value added tax, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities except for Provident Fund and Professional Tax where there have been serious delays in few cases. The provision of excise duty and custom duty is not applicable to the Company. Further the payment of Goods and Services Tax amounting to INR 37.05 million for the month of March 2020 has been paid subsequent to due date with interest in accordance to Notification Nos.31/2020 and 32/2020 dated April 03, 2020 issued by the Govt. of India, Ministry of Revenue (Department of Revenue), Central Board of Indirect Taxes and Customs and the payment of tax deducted at source amounting to INR 17.32 million for the month of March 2020 has been paid subsequent to due date with interest in accordance to Notification No.35/2020 dated June 24, 2020 issued by the Govt. of India, Ministry of Revenue (Department of Revenue), Central Board of Direct Taxes.

- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, service tax, sales-tax, value added tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable except provident fund, employees state insurance, Labour Welfare and professional tax as follows:

Name of the Statute	Nature of the Dues	Amount (INR)	Period to which the amount relates
Employees' Provident Funds and Miscellaneous Provident Act	Provident Fund	47,31,709	2018-19 and 2019-20
Professional Tax Act	Professional Tax	21,27,748	2018-19 and 2019-20
Employees State Insurance Act	Employees State Insurance	15,391	2018-19
Maharashtra Labour Welfare Fund Act	Labour Welfare Fund	73,106	2018-19

**As at and for the year ended March 31, 2019**

**Companies (Auditor's Report) Order, 2016**

- (a) Undisputed statutory dues including provident fund, income-tax, sales-tax, service tax, value added tax, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities except for Provident Fund, employees' state insurance and Goods and Service Tax where there have been serious delays in few cases. The provision of excise duty and custom duty is not applicable to the Company.

- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, value added tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable except goods and service tax as follows

Name of the Statute	Nature of the Dues	Amount (INR)	Period to which the amount relates
Goods and Service Tax Act	Goods and Service Tax	40,88,574	2017-18 and 2018-19

**Part C : Regroupings**

Appropriate regroupings have been made in the Restated Consolidated Ind AS summary statements of assets and liabilities, profit and loss and cash flows, wherever required, by reclassification of the corresponding items of income, expenses, assets, liabilities and cash flows, in order to bring them in line with the accounting policies and classification as per the Restated Consolidated Ind AS financial information of the Company for the year ended March 31, 2021 prepared in accordance with Schedule III of Companies Act, 2013, requirements of Ind AS 1 - 'Presentation of financial statements' and other applicable Ind AS principles and the requirements of the Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations, 2018, as amended.

Sapphire Foods India Limited (formerly known as "Sapphire Foods India Private Limited")  
(Amount in INR millions, unless otherwise stated)

Annexure VII

Restated Consolidated Ind AS Summary Statement of notes to financial statements

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

Particulars	Freehold land	Building	Plant and machinery	Furniture and fixtures	Vehicles	Office equipments	Computers	Leasehold improvements	Total
<b>Gross carrying amount</b>									
<b>As at April 01, 2018</b>	12.04	54.66	1,660.21	186.27	40.91	107.49	194.86	1,804.98	<b>4,061.42</b>
Acquisition of business (Note 35)	-	-	3.53	0.04	-	0.16	0.13	-	3.86
Additions	-	176.48	588.91	55.75	9.35	52.74	107.51	477.65	1,468.39
Disposals	-	(2.59)	(18.37)	(0.30)	(1.36)	(0.40)	(2.48)	(35.39)	(60.89)
<b>As at March 31, 2019</b>	<b>12.04</b>	<b>228.55</b>	<b>2,234.28</b>	<b>241.76</b>	<b>48.90</b>	<b>159.99</b>	<b>300.02</b>	<b>2,247.24</b>	<b>5,472.78</b>
Additions	-	91.92	552.04	44.19	7.48	48.25	146.31	483.80	1,373.99
Disposals	-	(0.80)	(124.89)	(11.81)	(3.67)	(8.27)	(54.31)	(19.81)	(223.56)
Translation Difference	(0.65)	(18.89)	(24.87)	(2.50)	0.23	(4.40)	(5.07)	-	(56.15)
<b>As at March 31, 2020</b>	<b>11.39</b>	<b>300.78</b>	<b>2,636.56</b>	<b>271.64</b>	<b>52.94</b>	<b>195.57</b>	<b>386.95</b>	<b>2,711.23</b>	<b>6,567.06</b>
Additions	-	32.98	243.28	21.51	2.14	27.35	81.88	206.71	615.85
Disposals	-	(12.02)	(81.72)	(8.91)	(1.19)	(3.62)	(2.49)	(71.09)	(181.04)
Translation Difference	(0.47)	(37.26)	(39.01)	(4.24)	(0.17)	(7.73)	(7.64)	-	(96.52)
<b>As at March 31, 2021</b>	<b>10.92</b>	<b>284.48</b>	<b>2,759.11</b>	<b>280.00</b>	<b>53.72</b>	<b>211.57</b>	<b>458.70</b>	<b>2,846.85</b>	<b>6,905.35</b>
<b>Accumulated depreciation</b>									
<b>As at April 01, 2018</b>	-	5.55	283.30	27.31	8.38	51.49	103.01	556.70	<b>1,035.74</b>
Charge for the year	-	42.22	209.28	31.78	6.18	26.70	63.07	224.93	604.16
Disposals	-	(2.15)	(12.14)	(0.00)	(0.69)	(0.23)	(2.32)	(35.38)	(52.91)
<b>As at March 31, 2019</b>	<b>-</b>	<b>45.62</b>	<b>480.44</b>	<b>59.09</b>	<b>13.87</b>	<b>77.96</b>	<b>163.76</b>	<b>746.25</b>	<b>1,586.99</b>
Charge for the year	-	52.17	333.64	42.73	11.45	35.43	86.87	304.49	866.78
Disposals	-	(0.50)	(114.70)	(8.68)	(3.52)	(7.32)	(53.77)	(19.72)	(208.21)
Translation Difference	-	(7.95)	(8.72)	(1.45)	(0.04)	(2.57)	(3.89)	-	(24.62)
<b>As at March 31, 2020</b>	<b>-</b>	<b>89.34</b>	<b>690.66</b>	<b>91.69</b>	<b>21.76</b>	<b>103.50</b>	<b>192.97</b>	<b>1,031.02</b>	<b>2,220.94</b>
Charge for the year	-	57.70	244.97	33.33	5.20	35.55	96.96	341.31	815.02
Disposals	-	(8.47)	(73.96)	(8.04)	(0.84)	(3.00)	(2.38)	(71.03)	(167.72)
Translation Difference	-	(14.18)	(14.25)	(1.08)	0.19	(4.21)	(6.41)	-	(39.94)
<b>As at March 31, 2021</b>	<b>-</b>	<b>124.39</b>	<b>847.42</b>	<b>115.90</b>	<b>26.31</b>	<b>131.84</b>	<b>281.14</b>	<b>1,301.30</b>	<b>2,828.30</b>
<b>Accumulated impairment</b>									
<b>As at April 01, 2018</b>	-	-	-	-	-	-	-	-	-
Impairment loss for the year	-	-	-	-	-	-	-	-	-
<b>As at March 31, 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Impairment loss for the year	-	-	-	-	-	-	-	-	-
<b>As at March 31, 2020</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Impairment loss for the year (refer note below)	-	-	133.92	1.01	0.48	0.46	1.43	8.10	145.40
<b>As at March 31, 2021</b>	<b>-</b>	<b>-</b>	<b>133.92</b>	<b>1.01</b>	<b>0.48</b>	<b>0.46</b>	<b>1.43</b>	<b>8.10</b>	<b>145.40</b>
<b>Net Book Value</b>									
As at March 31, 2019	12.04	182.93	1,753.84	182.67	35.03	82.03	136.26	1,500.99	3,885.79
As at March 31, 2020	11.39	211.44	1,945.90	179.95	31.18	92.07	193.98	1,680.21	4,346.12
As at March 31, 2021	10.92	160.09	1,777.77	163.09	26.93	79.27	176.13	1,537.45	3,931.65
<b>Capital work-in-progress*</b>									
As at March 31, 2019	-	-	-	-	-	-	-	-	206.34
As at March 31, 2020	-	-	-	-	-	-	-	-	183.77
As at March 31, 2021	-	-	-	-	-	-	-	-	213.04

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

Note: The impairment for the year ended March 31, 2021 of INR 145.40 million has been included in "Depreciation, impairment and amortisation expenses" in the restated consolidated Ind AS summary of statement of profit and loss (Note 27).

The above statement should be read with Significant Accounting Policies forming part of the Restated Consolidated Ind AS Summary Statement in Annexure V, Statement of Restated Adjustment to Audited Ind AS Consolidated Financial Statements in Annexure VI.

Annexure VII

Restated Consolidated Ind AS Summary Statement of notes to financial statements

2 Right-of-use Assets

Particulars	Leasehold Restaurants	Vehicles	Total
<b>Gross carrying amount</b>			
<b>At April 1, 2018</b>	4,476.83	6.69	4,483.52
Additions	1,242.34	10.09	1,252.43
Disposals	(73.62)	-	(73.62)
Translation difference	(1.67)	(0.67)	(2.34)
<b>At March 31, 2019</b>	<b>5,643.88</b>	<b>16.11</b>	<b>5,659.99</b>
Ind AS 116 transition adjustment	(841.35)	(4.29)	(845.64)
Additions	1,025.26	9.10	1,034.36
Disposals	(0.46)	-	(0.46)
Translation difference	0.12	0.03	0.15
<b>At March 31, 2020</b>	<b>5,827.45</b>	<b>20.95</b>	<b>5,848.40</b>
Additions	983.73	-	983.73
Disposals	(196.85)	(4.49)	(201.34)
Translation difference	(42.76)	(1.44)	(44.20)
<b>At March 31, 2021</b>	<b>6,571.57</b>	<b>15.02</b>	<b>6,586.59</b>
<b>Accumulated depreciation</b>			
<b>At April 1, 2018</b>			
Charge for the year	799.29	4.50	803.79
Disposals	-	-	-
Translation difference	(2.21)	(0.13)	(2.34)
<b>At March 31, 2019</b>	<b>797.08</b>	<b>4.37</b>	<b>801.45</b>
Ind AS 116 transition adjustment	(797.08)	(4.37)	(801.45)
Charge for the year	876.60	17.93	894.53
Disposals	(0.46)	-	(0.46)
Translation difference	0.80	0.61	1.41
<b>At March 31, 2020</b>	<b>876.94</b>	<b>18.54</b>	<b>895.48</b>
Charge for the year	972.39	8.92	981.31
Disposals	(12.65)	(4.40)	(17.05)
Translation difference	(11.94)	(0.66)	(12.60)
<b>At March 31, 2021</b>	<b>1,824.74</b>	<b>22.40</b>	<b>1,847.14</b>
<b>Net Book Value</b>			
As at March 31, 2019	<b>4,846.80</b>	<b>11.74</b>	<b>4,858.54</b>
As at March 31, 2020	<b>4,950.51</b>	<b>2.41</b>	<b>4,952.92</b>
As at March 31, 2021	<b>4,746.83</b>	<b>(7.38)</b>	<b>4,739.45</b>

The above statement should be read with Significant Accounting Policies forming part of the Restated Consolidated Ind AS Summary Statement in Annexure V, Statement of Restated Adjustment to Audited Ind AS Consolidated Financial Statements in Annexure VI.

Sapphire Foods India Limited (formerly known as "Sapphire Foods India Private Limited")  
(Amount in INR millions, unless otherwise stated)

Annexure VII

Restated Consolidated Ind AS Summary Statement of notes to financial statements

3 Intangible assets and Intangible assets under development

Particulars	Computer softwares	License fees	Franchisee fees	Total	Goodwill
<b>Gross carrying amount</b>					
<b>As at April 01, 2018</b>	73.88	1.22	972.23	1,047.33	2,500.60
Acquisition of business (Note 35)	-	-	2.26	2.26	38.75
Additions	34.34	15.03	103.31	152.68	-
Translation difference	(0.05)	-	(14.39)	(14.44)	-
<b>As at March 31, 2019</b>	<b>108.17</b>	<b>16.25</b>	<b>1,063.41</b>	<b>1,187.83</b>	<b>2,539.35</b>
Additions	29.11	16.02	36.07	81.20	-
Disposals	(0.47)	(0.34)	(7.16)	(7.97)	-
Translation difference	(1.09)	-	(6.22)	(7.31)	-
<b>As at March 31, 2020</b>	<b>135.72</b>	<b>31.93</b>	<b>1,086.10</b>	<b>1,253.75</b>	<b>2,539.35</b>
Additions	3.10	6.16	9.95	19.21	-
Disposals	(1.92)	(1.14)	(8.44)	(11.50)	-
Translation difference	(1.35)	-	(8.05)	(9.40)	-
<b>As at March 31, 2021</b>	<b>135.55</b>	<b>36.95</b>	<b>1,079.56</b>	<b>1,252.06</b>	<b>2,539.35</b>
<b>Accumulated amortisation</b>					
<b>As at April 01, 2018</b>	52.37	-	240.02	292.39	-
Charge for the year	20.33	2.79	116.24	139.36	-
Disposals	(0.02)	-	(10.61)	(10.63)	-
<b>As at March 31, 2019</b>	<b>72.68</b>	<b>2.79</b>	<b>345.65</b>	<b>421.12</b>	-
Charge for the year	26.29	8.00	117.51	151.80	-
Disposals	(0.47)	(0.34)	(3.38)	(4.19)	-
Translation difference	(0.85)	-	(2.03)	(2.88)	-
<b>As at March 31, 2020</b>	<b>97.65</b>	<b>10.45</b>	<b>457.75</b>	<b>565.85</b>	-
Charge for the year	22.50	10.95	116.27	149.72	-
Disposals	(1.91)	(1.14)	(6.62)	(9.67)	-
Translation difference	(0.90)	-	(3.90)	(4.80)	-
<b>As at March 31, 2021</b>	<b>117.34</b>	<b>20.26</b>	<b>563.50</b>	<b>701.10</b>	-
<b>Accumulated impairment</b>					
<b>As at April 01, 2018</b>	-	-	-	-	-
Impairment loss for the year (Refer Note a below)	-	-	-	-	-
<b>As at March 31, 2019</b>	-	-	-	-	-
Impairment loss for the year (Refer Note a below)	-	-	-	-	917.76
<b>As at March 31, 2020</b>	-	-	-	-	<b>917.76</b>
Impairment loss for the year (Refer Note a below)	-	-	-	-	-
<b>As at March 31, 2021</b>	-	-	-	-	<b>917.76</b>
<b>Net Book Value</b>					
As at March 31, 2019	35.49	13.46	717.76	766.71	2,539.35
As at March 31, 2020	38.07	21.48	628.35	687.90	1,621.59
As at March 31, 2021	18.21	16.69	516.06	550.96	1,621.59
<b>Intangible assets under development (computer software)</b>					
As at March 31, 2019				3.78	
As at March 31, 2020				30.90	
As at March 31, 2021				91.40	

- a) The recoverable amount as at each balance sheet date has been determined based on a value in use calculation using cash flow projections from financial budgets approved by the management covering a four-year period. The projected cash flows have been updated to reflect the decreased demand for products and services in the current pandemic situation for March 31, 2020 and 2021. The pre-tax discount rate applied to cash flow projections for impairment testing for respective year INR and cash flows beyond the four-year period are extrapolated using a growth rate that is the same as the long-term average growth rate for the quick service restaurant industry. It was concluded that the fair value less costs of disposal exceed the carrying value. As a result of this analysis, no impairment charge recorded in the year ended March 31, 2021 (March 2020: INR 917.76 million, March 2019: Nil). The impairment charge is recorded in the restated consolidated Ind AS statement of profit and loss as an exceptional item (Refer Note 29 and 34).
- b) The above statement should be read with Significant Accounting Policies forming part of the Restated Consolidated Ind AS Summary Statement in Annexure V, Statement of Restated Adjustment to Audited Ind AS Consolidated Financial Statements in Annexure VI.

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4 Loans: Deposits (unsecured)

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Non-current</b>			
<b>Security Deposits</b>			
Considered good	629.99	614.23	514.61
Credit impaired	22.83	3.80	48.96
Less: Allowance for expected credit losses	(22.83)	(3.80)	(48.96)
	<u>629.99</u>	<u>614.23</u>	<u>514.61</u>
<b>Total deposits</b>	<b>629.99</b>	<b>614.23</b>	<b>514.61</b>
<b>Current</b>			
Security deposits considered good	31.38	19.16	28.88
	<u>31.38</u>	<u>19.16</u>	<u>28.88</u>
<b>Total deposits</b>	<b>31.38</b>	<b>19.16</b>	<b>28.88</b>

The above statement should be read with Significant Accounting Policies forming part of the Restated Consolidated Ind AS Summary Statement in Annexure V, Statement of Restated Adjustment to Audited Ind AS Consolidated Financial Statements in Annexure VI.

5 Other financial assets (unsecured)

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Non-current</b>			
Margin money/security deposits with banks (placed as security with government body and banks)*	85.42	-	-
Term deposits with maturity of more than 12 months	-	0.12	0.23
Loans to employees			
Unsecured, considered good	6.71	7.24	7.34
	<u>92.13</u>	<u>7.36</u>	<u>7.57</u>
<b>Total</b>	<b>92.13</b>	<b>7.36</b>	<b>7.57</b>
<b>Current</b>			
Claims and other receivables	1.91	1.05	1.21
Margin money/security deposits with banks (placed as security with government body and banks)*	-	12.14	0.48
Interest accrued on fixed deposits	1.71	2.55	27.07
Other receivables			
Considered good			
- Related party (Note 37)	-	-	2.80
- Others	10.35	19.33	14.99
Credit impaired	-	3.65	3.65
	<u>10.35</u>	<u>22.98</u>	<u>21.44</u>
Less: Allowance for expected credit losses	-	(3.65)	(3.65)
	<u>10.35</u>	<u>19.33</u>	<u>17.79</u>
<b>Total</b>	<b>13.97</b>	<b>35.07</b>	<b>46.55</b>

\* Amount includes INR 50.27 million (March 31, 2020: Nil; Mar 31, 2019: Nil) is restricted balance in current account and hence, restricted from current use by the Group.

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

	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Balance as at the beginning of the year	7.45	52.61	68.67
Charge/(release) during the year	19.04	2.27	(16.06)
Utilised during the year	(3.66)	(47.43)	-
<b>Balance at the end of the year</b>	<b>22.83</b>	<b>7.45</b>	<b>52.61</b>

For explanation on the credit risk management process, refer Note 41 (b)

The above statement should be read with Significant Accounting Policies forming part of the Restated Consolidated Ind AS Summary Statement in Annexure V, Statement of Restated Adjustment to Audited Ind AS Consolidated Financial Statements in Annexure VI.

6 Current Investments

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Unquoted mutual fund</b>			
Investment in Mutual Fund measured at fair value through profit or loss (FVTPL) (Refer Note (a))	267.41	155.21	-
<b>Total investments</b>	<b>267.41</b>	<b>155.21</b>	<b>-</b>

Note (a) Investment in unquoted mutual fund

The Group has 17,15,795.26 outstanding debt mutual fund units as at March 31, 2021 consists of HDFC, ICICI overnight fund and ICICI liquid fund (March 31, 2020 : 39,729.38 HDFC liquid fund, March 31, 2019: Nil)

The above statement should be read with Significant Accounting Policies forming part of the Restated Consolidated Ind AS Summary Statement in Annexure V, Statement of Restated Adjustment to Audited Ind AS Consolidated Financial Statements in Annexure VI.

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7 Other non-current assets (unsecured)

Particulars	As at	As at	As at
	March 31, 2021	March 31, 2020	March 31, 2019
Capital advances			
Considered good	50.59	47.52	88.22
Considered doubtful	28.66	28.66	-
Less: Allowance for expected credit losses	(28.66)	(28.66)	-
	50.59	47.52	88.22
Prepaid expenses	0.20	0.38	-
Balances with government authorities			
Considered good	88.87	109.06	163.24
Considered doubtful	26.90	28.65	28.24
Less: Allowance for expected credit losses	(26.90)	(28.65)	(28.24)
	88.87	109.06	163.24
<b>Total other non-current assets</b>	<b>139.66</b>	<b>156.96</b>	<b>251.46</b>

The above statement should be read with Significant Accounting Policies forming part of the Restated Consolidated Ind AS Summary Statement in Annexure V, Statement of Restated Adjustment to Audited Ind AS Consolidated Financial Statements in Annexure VI.

8 Inventories

Particulars	As at	As at	As at
	March 31, 2021	March 31, 2020	March 31, 2019
(At lower of cost or net realisable value)			
Raw materials	307.69	336.47	240.02
Packing material	38.03	47.39	35.42
Small wares, cleaning, uniform and operating supplies	102.52	89.79	80.24
Less: Provision for slow moving inventories	(4.08)	(29.81)	(1.59)
Goods in transit			
- Raw Materials	29.75	-	23.34
- Packing Materials	-	-	3.36
<b>Total inventories</b>	<b>473.91</b>	<b>443.84</b>	<b>380.79</b>

Amount of write down of inventories in the restated consolidated Ind AS statement of profit and loss as an expense for the period ended March 31, 2021 is INR 4.08 million (March 2020: INR 29.81 million, March 2019: INR 1.59 million).

The above statement should be read with Significant Accounting Policies forming part of the Restated Consolidated Ind AS Summary Statement in Annexure V, Statement of Restated Adjustment to Audited Ind AS Consolidated Financial Statements in Annexure VI.

9 Trade receivables

Particulars	As at	As at	As at
	March 31, 2021	March 31, 2020	March 31, 2019
Unsecured, considered good	77.75	46.05	224.46
Unsecured, credit impaired	0.10	3.98	28.70
Less : Allowance for expected credit losses	(0.10)	(3.98)	(28.70)
<b>Total Trade receivables</b>	<b>77.75</b>	<b>46.05</b>	<b>224.46</b>

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

Particulars	Year ended	Year ended	Year ended
	March 31, 2021	March 31, 2020	March 31, 2019
Balance as at the beginning of the year	3.98	28.70	113.07
Charge/(release) during the year	(0.39)	(10.49)	(84.37)
Utilised during the year	(3.49)	(14.23)	-
<b>Balance at the end of the year</b>	<b>0.10</b>	<b>3.98</b>	<b>28.70</b>

- Trade Receivables are non interest bearing and are generally on terms of 7 - 30 days.  
- For explanation on the credit risk management process, refer Note 41 (b).

- No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

The above statement should be read with Significant Accounting Policies forming part of the Restated Consolidated Ind AS Summary Statement in Annexure V, Statement of Restated Adjustment to Audited Ind AS Consolidated Financial Statements in Annexure VI.

10 Cash and cash equivalents

Particulars	As at	As at	As at
	March 31, 2021	March 31, 2020	March 31, 2019
Balances with banks			
In current accounts	400.99	180.80	150.18
Cash on hand	37.39	30.08	65.96
Term deposits with original maturity of less than three months	12.12	10.12	6.00
<b>Total cash and cash equivalents</b>	<b>450.50</b>	<b>221.00</b>	<b>222.14</b>

The above statement should be read with Significant Accounting Policies forming part of the Restated Consolidated Ind AS Summary Statement in Annexure V, Statement of Restated Adjustment to Audited Ind AS Consolidated Financial Statements in Annexure VI.

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**11 Bank balances other than cash and cash equivalents**

Particulars	As at	As at	As at
	March 31, 2021	March 31, 2020	March 31, 2019
Term deposits with maturity more than 3 months but less than 12 months	49.50	169.88	1,582.91
Margin money deposit (placed as security with government body)	0.20	0.70	59.49
<b>Total bank balances other than cash and cash equivalents</b>	<b>49.70</b>	<b>170.58</b>	<b>1,642.40</b>

The above statement should be read with Significant Accounting Policies forming part of the Restated Consolidated Ind AS Summary Statement in Annexure V, Statement of Restated Adjustment to Audited Ind AS Consolidated Financial Statements in Annexure VI.

**12 Other current assets (unsecured)**

Particulars	As at	As at	As at
	March 31, 2021	March 31, 2020	March 31, 2019
Balance with government authorities	1.78	10.23	8.33
Employee advances	3.73	2.37	4.59
<b>Advances to suppliers:</b>			
Considered good	35.50	48.80	45.89
Credit impaired	0.77	0.77	14.17
Less : Allowance for expected credit losses	(0.77)	(0.77)	(14.17)
	35.50	48.80	45.89
Prepaid expenses	30.08	14.68	13.25
<b>Total other current assets</b>	<b>71.09</b>	<b>76.08</b>	<b>72.06</b>

The above statement should be read with Significant Accounting Policies forming part of the Restated Consolidated Ind AS Summary Statement in Annexure V, Statement of Restated Adjustment to Audited Ind AS Consolidated Financial Statements in Annexure VI.

**13 Share capital**

Particulars	As at	As at	As at
	March 31, 2021	March 31, 2020	March 31, 2019
<b>a. Authorised share capital:</b>			
18,30,90,000 Equity shares of INR 10 each for each respective year	1,830.90	1,830.90	1,830.90
250,000 8% Compulsorily Convertible Preference Shares of INR 100 each for each respective year	25.00	25.00	25.00
68,00,000 0.001% Compulsorily Convertible Preference Shares of INR 361.90 each for each respective year	2,460.92	2,460.92	2,460.92
	<b>4,316.82</b>	<b>4,316.82</b>	<b>4,316.82</b>

Note: Subsequent to the year end, the authorised capital of the Company is changed as 43,16,82,000 equity shares of face value Rs.10 each aggregating to Rs. 4,316.82 million.

**b. Issued, subscribed and fully paid-up shares:**

5,27,90,409 (March 31, 2020: 5,02,43,968 ;March 31, 2019: 4,31,07,874) Equity shares of INR 10 each fully paid up	527.90	502.44	431.08
	<b>527.90</b>	<b>502.44</b>	<b>431.08</b>

**c. Reconciliation of number of shares outstanding at the beginning and end of the year :**

<b>Equity shares</b>			
Outstanding at the beginning of the year	5,02,43,968	4,31,07,874	4,16,75,367
Issued during the year	25,46,441	-	14,32,507
Converted during the year (Note e, g(iii) and h)	-	71,36,094	-
<b>Outstanding at the end of the year</b>	<b>5,27,90,409</b>	<b>5,02,43,968</b>	<b>4,31,07,874</b>

**d. Rights, preferences and restrictions attached to Equity shares**

The Company has one class of equity share having par value of INR 10 each. Each holder of equity share is eligible to one vote per share. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the company, the holders of the equity shares will be entitled to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

**e. Rights, preferences and restrictions attached to preference shares**

Subject to applicable Law, the holders of Compulsorily convertible preference Shares (CCPS's) shall be entitled to such voting rights as are exercisable by Persons holding equity shares in the Company, as if such CCPS have been fully converted into equity shares, and shall be treated pari passu with the equity shares on all voting matters. Upon conversion of the CCPS, the equity shares received shall rank pari passu to the existing Equity Shares of the Company and shall have full and complete rights of an equity shareholder including but not limited to the ability to designate and vote for directors to be elected by the holders of equity shares. Each equity share shall carry one vote.

The holders of CCPS shall be entitled to receive non-cumulative dividends on the CCPS in preference to any dividend on all other Securities at the rate of 0.001% (Zero point Zero Zero One Percent) of the original subscription price per annum for the CCPS, if, when and as declared by the Board. For any other dividends or distributions, the holders of the CCPS shall also be entitled to participate pro rata in any dividends paid on the equity shares on an as if converted basis adjusted for any par value changes, on a cumulative basis (refer note h below)

**f. Shareholders holding more than 5% shares in the Company**

Particulars	As at March 31, 2021		As at March 31, 2020		As at March 31, 2019	
	% holding	No. of Shares	% holding	No. of Shares	% holding	No. of Shares
<b>Equity shares</b>						
Sapphire Foods Mauritius Limited	33.10%	1,74,71,576	33.48%	1,68,23,779	39.03%	1,68,23,779
WWD Rubv Limited	31.60%	1,66,79,505	30.96%	1,55,56,510	33.21%	1,43,17,718
Amethyst Private Limited	16.62%	87,71,411	17.46%	87,71,411	20.35%	87,71,411
QSR Management Trust through trustee Sagista Realty Advisors Private Limited	7.01%	36,98,869	7.00%	35,17,459	7.00%	30,17,500
Edelweiss Crossover Opportunities Fund	8.05%	42,48,730	8.06%	40,48,195	-	-

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.

The Company has not declared any dividend during the current year or previous years.



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**g. Shares reserved for issue under options**

- (i) Shareholders of the Company have the right to make further subscription to the equity shares in the Company, exercisable at any time prior to June 30, 2019, whether in single tranche or multiple tranches, but, in the aggregate not exceeding INR equivalent of USD 50,000,000 at a price per share which would provide a 20% IRR to the issue price. Since, these options are exercisable at a fixed/ determinable INR price i.e. issue price + 20% IRR with no variability in consideration per share, these options have been classified as Equity in accordance with Ind AS 32 - Financial Instruments: Presentation. These options have expired during the year ended March 31, 2020.
- (ii) Information relating to Sapphire Foods Employee Stock Option Plan 2017, including details of options granted, exercised and lapsed during the year end March 31, 2021, March 31, 2020 and March 31, 2019 and options outstanding at the end of each reporting period, is set out in note 42
- (iii) Compulsorily Convertible Debentures (CCDs) amounting to INR Nil (March 31,2020: Nil ;March 31,2019: 0.33 million) were convertible at par until the 2nd anniversary of the closing date September 9, 2015 which was extended upto November 29,2019 pursuant to approval of shareholders of the company vide resolution dated December 7, 2018. As per the terms of CCD, in event of shareholder's exercising their rights with respect to share option, CCD's would be converted such number of shares so that CCD holder's equity in the company is same as was there immediately prior to issue of shares to the other shareholders. All the CCDs not converted as above, shall automatically be converted collectively into one equity share of the Company. Considering the variability in the number of share to be issued against the CCD's, company in the previous year had classified the CCD's as financial liability in accordance with Ind AS 32. Changes in the fair value of financial liability is recorded in the Restated Consolidated Ind AS Statement of Profit and Loss (refer Note 28). On January 21,2020, these CCD's have been converted into 4,99,959 equity shares at the fair value of INR 343.20 per share and change in fair value is recorded in the Restated Consolidated Ind AS Statement of Profit and Loss (Refer Note 28).

**h. Issued and paid up share capital :**

- 68,00,000 0.001% Compulsorily convertible preference Shares (CCPS's) of INR 361.90 each amounting to INR 2,249.91 million is forming part of other financial liabilities (refer Note 19)
- On January 21,2020, these CCPS's have been converted into 66,36,135 equity shares at the fair value of INR 343.20 per share.
- During the year ended March 31, 2021, Company has issued following shares:
- Right issue of 23,65,930 shares
  - Employee stock options exercised of 1,80,511 shares

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

The above statement should be read with Significant Accounting Policies forming part of the Restated Consolidated Ind AS Summary Statement in Annexure V, Statement of Restated Adjustment to Audited Ind AS Consolidated Financial Statements in Annexure VI.

**14 Other equity**

Particulars	As at	As at	As at
	March 31, 2021	March 31, 2020	March 31, 2019
<b>Securities premium</b>			
As at the beginning of the year	8,766.11	6,388.36	6,388.27
Add: Issue of equity shares during the year	418.77	2,377.75	0.09
Add: Exercise of stock options	62.21	-	-
Less: Share issued related expenses	(0.41)	-	-
<b>As at the end of the year</b>	<b>9,246.68</b>	<b>8,766.11</b>	<b>6,388.36</b>
<b>Capital reserve</b>			
As at the beginning of the year	356.10	356.10	356.10
<b>As at the end of the year</b>	<b>356.10</b>	<b>356.10</b>	<b>356.10</b>
<b>Share options outstanding account</b>			
As at the beginning of the year	111.05	66.83	-
Recognition of share based payment (Note 42)	137.78	44.22	66.83
Exercise of stock options	(62.21)	-	-
<b>As at the end of the year</b>	<b>186.62</b>	<b>111.05</b>	<b>66.83</b>
<b>Foreign currency translation reserve</b>			
As at the beginning of the year	(33.54)	10.40	4.50
Add: Other comprehensive income/(loss) for the year	(35.82)	(43.94)	5.90
<b>As at the end of the year</b>	<b>(69.36)</b>	<b>(33.54)</b>	<b>10.40</b>
<b>Retained earnings</b>			
As at the beginning of the year	(4,457.44)	(3,236.94)	(2,406.14)
Effect of adoption of Ind AS 116 Leases (net) (Note 44)	-	-	(470.83)
Ind AS 116 transition impact (refer annexure VI, part A)	-	32.35	-
Less: Loss for the year	(984.63)	(1,575.41)	(680.21)
Less: Non-controlling interests put option classified as financial liability :			
- Shares issued during the year	-	-	32.71
- Non-controlling interests share of loss for the year	-	-	7.31
- Non-controlling interests share of other comprehensive income	-	-	1.59
- Fair valuation of put option liability	-	-	283.20
- Gain on settlement of NCI put options	-	330.38	-
Less: Items of other comprehensive income/(loss) recognised directly in retained earnings:			
Other comprehensive income/(loss) for the year	(6.84)	(7.82)	(4.57)
<b>As at the end of the year</b>	<b>(5,448.91)</b>	<b>(4,457.44)</b>	<b>(3,236.94)</b>
<b>Total other equity</b>	<b>4,271.13</b>	<b>4,742.28</b>	<b>3,584.75</b>

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**Note : Nature and purpose of reserves**

a) Retained earnings are the profits/(loss) that the Group has earned/incurred 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 Restated Consolidated Ind AS 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 options outstanding account- 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) 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.

The above statement should be read with Significant Accounting Policies forming part of the Restated Consolidated Ind AS Summary Statement in Annexure V, Statement of Restated Adjustment to Audited Ind AS Consolidated Financial Statements in Annexure VI.

**15 Borrowings (measured at amortised cost)**

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Non-current borrowings</b>			
Term Loan from Banks (Secured) (Refer Note (a), (b), (c), (d) and (e))	726.22	660.47	757.21
Less : Current maturities disclosed in other current financial liabilities (Refer Note 19)	(236.31)	(120.45)	(105.98)
<b>Total non-current borrowings</b>	<b>489.91</b>	<b>540.02</b>	<b>651.23</b>

**(a) Term Loan from HDFC Bank**

Interest Rate	Repayment term	Security	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
The interest rate is 8.30% p.a.	Repayable in 35 quarterly instalments from the date of first disbursement.	Pari passu charge on all tangibles and intangibles assets, current assets and receivables and all bank accounts.	429.82	-	-

**(b) Term Loan from SCB Bank**

Interest Rate	Repayment term	Security	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
The interest rate ranges from 9.50% p.a to 10.60% p.a.	The Loan is repayable in 16 equal quarterly instalments with a moratorium of 12 months	Secured by first and exclusive charge on current assets (receivables, collections and inventory) and first and exclusive charge on movable fixed assets (including plant and machinery).	-	509.63	596.69

**(c) Term Loan from Vivriti Capital**

Interest Rate	Repayment term	Security	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
The interest rate is 14% p.a.	Repayable in 33 monthly instalments after a grace period of three months from the date of first disbursement.	Pari passu charge on current and movable fixed assets and 10% of the loan amount as FD	187.12	-	-

The Company has availed moratorium under RBI COVID-19 Regulatory Relief Package. Accordingly, the Principal repayments and interest repayments due from March 31 2020 to August 31 2020 have been deferred and the loan maturity date have been extended accordingly.

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(d) Term Loan from Development Finance Corporation of Ceylon (DFCC) Bank

Interest Rate	Repayment term	Security	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Term Loan-2</b>					
Higher of the Average Weighted Prime Lending Rate (AWPR) or the average 90 day Treasury Bill Rate plus a Margin of 2.0% p.a	Repayable in 48 monthly installments (capital) after a grace period of twelve months from the date of first disbursement.	Primary mortgage bond No.295 over lots 192 situated at Dedigamuwa together with the right of way over lot 2 and lot 15 belonging to the company.	1.53	6.63	11.51
<b>Term Loan-3</b>					
Higher of the Average Weighted Prime Lending Rate (AWPR) or the average 90 day Treasury Bill Rate plus a Margin of 2.0% p.a	Repayable in 60 monthly installments (capital) after a grace period of twelve months from the date of first disbursement.	Land, building and plant and machinery at commissary at No.1/603, Mahawella Road, Dadigamuwa.	4.89	9.28	13.16
<b>Term Loan-4</b>					
The rate of interest applicable is subject to revision and will be revised every month until the settlement of loan in full and will be 1.5% per annum above the AWPR rounded onwards to the nearest 0.5% per annum	Repayable in 72 monthly installments (capital) after a grace period of twelve months from the date of first disbursement.	A primary Mortgage over movable machinery/equipments.	97.91	129.26	135.85
<b>Total</b>			<b>104.33</b>	<b>145.17</b>	<b>160.52</b>

(e) Term Loan from Daimler Financial Services India Pvt Ltd

Interest Rate	Repayment term	Security	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
The rate of interest is 10.75% p.a.	Repayable in 36 monthly installment, ending November 2022	Against vehicle Mercedes Benz E-220	4.95	5.66	-

**Current borrowings**

Bank Overdraft (Unsecured) ***	30.34	47.06	76.82
Borrowings from Standard Chartered Bank (Secured) *	-	-	125.00
Borrowings from DFCC Bank (Unsecured) **	-	4.42	-
<b>Total current borrowings</b>	<b>30.34</b>	<b>51.48</b>	<b>201.82</b>

\* Loan from bank is taken for a period of 6 months for the purpose of modernisation and expansion. The interest rate ranges from 10.00% p.a to 10.80% p.a.

Loan is repayable in four equal monthly instalments starting from the end of 3 months and is secured against trade receivables, cash and cash equivalents, other receivables, inventory and property, plant and equipment.

\*\*The rate of interest will be revised every month and will be 1.5% per annum above the Average Weighted Prime Lending Rate (AWPLR) payable at maturity. Each sub-loan granted under the facility should be repaid in full within 90 days

\*\*\* The rate of interest will be revised every month and will be 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.

The above statement should be read with Significant Accounting Policies forming part of the Restated Consolidated Ind AS Summary Statement in Annexure V, Statement of Restated Adjustment to Audited Ind AS Consolidated Financial Statements in Annexure VI.

**16 Income tax**

a. The major components of income tax expense for the respective years are:

Particulars	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
<b>Current income tax</b>			
Current year	23.40	13.02	17.31
Earlier year	0.44	(0.21)	4.23
<b>Deferred tax</b>			
Relating to originating and reversal of temporary differences			
Current year	(11.81)	(30.17)	(10.54)
<b>Income tax expense/ (Income) reported in the restated consolidated statement of profit/(loss)</b>	<b>12.03</b>	<b>(17.36)</b>	<b>11.00</b>
Relating to originating and reversal of temporary differences	1.27	(1.87)	-
<b>Income tax expense/ (Income) reported in the restated consolidated statement of total comprehensive income/(loss)</b>	<b>13.30</b>	<b>(19.23)</b>	<b>11.00</b>
- Income tax expense/(income) reported in the consolidated statement of profit/ (loss)	12.03	(17.36)	11.00
- Income tax expense/(income) reported in the consolidated statement of other comprehensive income/ (loss)	1.27	(1.87)	-

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 :

Particulars	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
<b>Restated loss before taxes</b>	<b>(986.94)</b>	<b>(1,609.83)</b>	<b>(683.04)</b>
Statutory income tax rate (average rate)	31.86%	30.97%	28.16%
<b>Expected income tax expense (a)</b>	<b>(314.43)</b>	<b>(498.56)</b>	<b>(192.34)</b>
<b>Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense (b) :-</b>			
Impact of change in provisional and actual tax liability at the time of filing of ITR	0.44	(0.21)	4.23
Deferred tax assets not recognised for unused tax losses to the extent of deferred tax liabilities	313.59	381.77	193.42
Expenses not deductible for tax purposes	12.43	(5.21)	5.69
Impairment of Goodwill	-	104.85	-
	<b>326.46</b>	<b>481.20</b>	<b>203.34</b>
<b>Total income tax expense (a - b)</b>	<b>12.03</b>	<b>(17.36)</b>	<b>11.00</b>

The Holding Company and its Indian subsidiaries have 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 Company has opted to continue with the existing tax rate as Company have brought forward losses and unabsorbed depreciation. The Company might continue under the existing tax rate till Company does not have tax liability.

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c. Deferred tax

Deferred tax relates to the following:

Particulars	Balance Sheet			Profit and Loss		
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
<b>Deferred tax liabilities</b>						
Goodwill	292.71	190.37	199.03	102.34	(8.66)	43.21
Mutual Funds	1.50	1.28	-	0.22	1.28	-
	<b>294.21</b>	<b>191.65</b>	<b>199.03</b>	<b>102.56</b>	<b>(7.38)</b>	<b>43.21</b>
<b>Deferred tax assets</b>						
Property, plant and equipment/ Intangible assets	237.94	137.21	101.02	100.73	36.19	(42.42)
Employee benefits payable	43.95	45.24	31.54	(1.29)	13.70	19.04
Long term/ Short term provisions*	28.38	42.72	24.38	(13.07)	16.48	(5.34)
Provision for slow moving inventories	1.27	9.30	-	(8.03)	9.30	-
Lease Liabilities (net of ROU assets)**	463.19	285.31	240.59	177.88	44.72	234.17
Provisions for doubtful advances	20.40	13.21	30.12	7.19	(16.91)	0.28
Disallowance under section 40(a)(i) of Income Tax Act, 1961	42.23	13.00	16.56	29.23	(3.55)	(4.66)
Deferred tax asset not recognised on unabsorbed losses as it is less probable that the taxable profit will be available against which Deferred tax asset can be utilised ***	(649.88)	(471.61)	(400.90)	(178.27)	(77.14)	(147.32)
	<b>187.48</b>	<b>74.38</b>	<b>43.31</b>	<b>114.37</b>	<b>22.79</b>	<b>53.75</b>
<b>Deferred tax expense/ (income)</b>				<b>(11.81)</b>	<b>(30.17)</b>	<b>(10.54)</b>
<b>Net deferred tax assets/ (liabilities)</b>	<b>(106.73)</b>	<b>(117.27)</b>	<b>(155.72)</b>			

\* Tax expense on long term/ short term provisions which is recognised as other comprehensive (income)/loss is INR 1.27 million for the year ended March 31, 2021 (March 2020: INR (1.87) million, March 2019: Nil)

\*\* ROU Assets adjustment amounting to INR 6.42 million recognised through reserves does not form part of P & L Impact.

\*\*\* Entity wise assessment has done and as a result deferred tax assets has recognised to the extent of deferred tax liabilities.

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.

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

Expiry of losses financial year wise	Business Losses	Unabsorbed depreciation	Short term capital loss
FY 2021 - 22	256.09	-	-
FY 2022 - 23	315.34	-	-
FY 2023 - 24	508.08	-	-
FY 2024 - 25	18.14	-	56.37
FY 2025 - 26	11.24	-	-
FY 2026 - 27	8.26	-	11.07
FY 2027 - 28	7.71	-	-
FY 2028 - 29	10.49	-	-
Indefinite	-	2,837.64	-
<b>Total</b>	<b>1,135.35</b>	<b>2,837.64</b>	<b>67.44</b>

The above statement should be read with Significant Accounting Policies forming part of the Restated Consolidated Ind AS Summary Statement in Annexure V, Statement of Restated Adjustment to Audited Ind AS Consolidated Financial Statements in Annexure VI.

17 Lease Liabilities

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Carried at amortised cost (unsecured)</b>			
Lease Liabilities (Refer Note 44)	5,692.21	5,743.69	5,455.32
<b>Total Lease Liabilities</b>	<b>5,692.21</b>	<b>5,743.69</b>	<b>5,455.32</b>
Current	787.19	718.56	618.15
Non-current	4,905.02	5,025.13	4,837.17
	<b>5,692.21</b>	<b>5,743.69</b>	<b>5,455.32</b>

The above statement should be read with Significant Accounting Policies forming part of the Restated Consolidated Ind AS Summary Statement in Annexure V, Statement of Restated Adjustment to Audited Ind AS Consolidated Financial Statements in Annexure VI.

18 Trade payables

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Total outstanding dues of vendors :			
(a) Micro enterprises and small enterprises	16.02	80.69	85.16
(b) Other than micro enterprises and small enterprises			
- Related Parties (Note 37)	0.07	-	-
- Others	1,423.61	1,225.99	1,056.37
	1,423.68	1,225.99	1,056.37
<b>Total Trade payables</b>	<b>1,439.70</b>	<b>1,306.68</b>	<b>1,141.53</b>

Terms and conditions of the above Trade Payables

- Trade payables are non-interest bearing and are normally settled on 30-60 days terms.

The above statement should be read with Significant Accounting Policies forming part of the Restated Consolidated Ind AS Summary Statement in Annexure V, Statement of Restated Adjustment to Audited Ind AS Consolidated Financial Statements in Annexure VI.

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**19 Other current financial liabilities**

Particulars	As at	As at	As at
	March 31, 2021	March 31, 2020	March 31, 2019
Nil (March 31, 2020: Nil; March 31, 2019: 62,16,937) Compulsorily convertible preference shares (refer Note (b) below and Note 13)	-	-	2,249.91
Put Option Liability allocated to Non Controlling Interests (Note a below)	-	21.53	913.00
Interest accrued but not due on borrowings	2.41	4.55	0.21
Compulsorily convertible debentures (refer Note (b) below and Note 13 (g) (iii))	-	-	169.49
Current maturities of non-current borrowings (Note 15)	236.31	120.45	105.98
Employees benefits payables	196.87	149.83	129.10
Capital creditors	139.64	151.56	133.67
Other payables :	-	-	-
- Related party (Note 37)	39.60	31.54	18.62
- Others	7.24	11.03	16.75
<b>Total other current financial liabilities</b>	<b>622.07</b>	<b>490.49</b>	<b>3,736.73</b>

Note (a): Non-Controlling Interest in Gamma Pizzakraft (Overseas) Private Limited

In the year March 30, 2020, non-controlling shareholders have exercised put option right and as a result, the Parent Company had purchased 26% interest (46,87,205 equity shares) from these shareholders at INR 119.71 per share (at 15% IRR based on primary executed share purchase agreement ('SPA')). Balance amount payable of INR 21.53 million (refer Note 19) for 1% stake has been subsequently paid.

Following is a schedule of additional interest acquired :

Particulars	In millions
Cash consideration to non-controlling shareholders	582.62
Carrying value of the additional interest	913.00
Difference recognised in retained earnings	330.38

**Note (b):** During the year ended March 31, 2019, the Parent Company had issued compulsorily convertible preference shares (CCPS) which were convertible into equity basis the EBITDA for the year ended 31 March 2019. Upon determination of EBITDA or on prior to expiry of 90 business days from the date of such determination, the Group required to convert the CCPS into equity shares.

Number of shares to be issued on conversion was dependent on the pre-money valuation which is pre-determined basis the EBITDA range of the Company.

Considering the variability in the number of share to be issued against the CCPS's, group had classified the CCPS's as financial liability in accordance with Ind AS 32 for the year ended March 31, 2019. Changes in the fair value of financial liability was recorded in the Restated Consolidated Ind AS Statement of Profit and Loss (Refer Note 28).

On January 21, 2020, these CCPS's have been converted into 66,36,135 equity shares and compulsorily convertible debentures (CCD) into 4,99,959 equity shares at the fair value of INR 343.20 per share. Change in fair value is recorded in the Restated Consolidated Ind AS Statement of Profit and Loss (Refer Note 28). This is a non-cash transaction for the purpose of restated consolidated statement of cash flows.

The above statement should be read with Significant Accounting Policies forming part of the Restated Consolidated Ind AS Summary Statement in Annexure V, Statement of Restated Adjustment to Audited Ind AS Consolidated Financial Statements in Annexure VI.

**20 Other current liabilities**

Particulars	As at	As at	As at
	March 31, 2021	March 31, 2020	March 31, 2019
Advance from customers (contract liabilities under Ind AS 115)	3.42	3.19	15.79
Statutory dues	154.45	155.99	142.92
<b>Total other current liabilities</b>	<b>157.87</b>	<b>159.18</b>	<b>158.71</b>

The above statement should be read with Significant Accounting Policies forming part of the Restated Consolidated Ind AS Summary Statement in Annexure V, Statement of Restated Adjustment to Audited Ind AS Consolidated Financial Statements in Annexure VI.

**21 Provisions**

Particulars	As at	As at	As at	As at	As at	As at
	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2021	March 31, 2020	March 31, 2019
<b>Provision for employee benefits</b>	<b>Non- Current</b>			<b>Current</b>		
Gratuity (Note 38)	98.84	88.14	68.58	17.07	17.83	17.32
Leave encashment **	-	-	-	6.44	5.01	20.42
Others *	-	-	-	40.87	39.63	40.74
<b>Total provisions</b>	<b>98.84</b>	<b>88.14</b>	<b>68.58</b>	<b>64.38</b>	<b>62.47</b>	<b>78.48</b>

**Movement for provision others**

Particulars	As at	As at	As at
	March 31, 2021	March 31, 2020	March 31, 2019
Balance as at the beginning of the year	39.63	40.74	31.31
Addition during the year	1.97	1.97	9.43
Deletion during the year	(0.73)	(3.08)	-
<b>Balance at the end of the year</b>	<b>40.87</b>	<b>39.63</b>	<b>40.74</b>

\* 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 increase is on account of interest on service tax provided during the year and additional provision made for certain cases basis management probability.

\*\* During the year from June 1, 2019, there is a change in leave encashment policy for the holding company, which does not allow carry forward of store employee leaves in future years and as a result, there is a decline in leave encashment provision.

The above statement should be read with Significant Accounting Policies forming part of the Restated Consolidated Ind AS Summary Statement in Annexure V, Statement of Restated Adjustment to Audited Ind AS Consolidated Financial Statements in Annexure VI.

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**22 Revenue from operations\***

Particulars	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
<b>Revenue from contract with customers</b>			
Restaurants sales	10,159.76	13,284.14	11,803.80
<b>Other operating income</b>			
- Sale to Airport dealers	21.08	107.64	112.70
- Alliance Income	3.24	0.40	9.60
- Scrap sales & others	12.11	11.94	12.12
<b>Revenue from operations</b>	<b>10,196.19</b>	<b>13,404.12</b>	<b>11,938.22</b>

\*Refer Note 43 for Ind AS 115 related disclosures

The above statement should be read with Significant Accounting Policies forming part of the Restated Consolidated Ind AS Summary Statement in Annexure V, Statement of Restated Adjustment to Audited Ind AS Consolidated Financial Statements in Annexure VI.

**23 Other Income**

Particulars	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Interest on fixed deposits and loan	6.08	58.01	44.48
Interest income from security deposit at amortised cost	52.08	42.97	48.92
Gain on fair value/sale of mutual funds (includes INR 9.11 million; March 2020 : 3.73 million ; March 2019 : Nil as net gain on sale of mutual funds)	9.83	7.83	-
Provision for doubtful debts written back (net of bad debts written off)	3.69	1.42	0.15
Exchange fluctuation gain (net)	-	0.09	1.86
Gain on termination of lease contract (Note 44)	53.94	0.12	27.10
Miscellaneous income	1.08	2.80	2.09
Rent waiver due to COVID (Refer note below)	489.46	-	-
<b>Total</b>	<b>616.16</b>	<b>113.24</b>	<b>124.60</b>

Note: During the current period consequential to COVID 19 pandemic, the Group has negotiated several rent concessions. In view of recent amendments by the Companies (Indian Accounting Standards) Amendment Rules, 2020, the Group has elected, as a practical expedient, not to assess these rent concessions as lease modifications and has recognized impact of such rent concession in Statement of Profit and Loss. The election is made for all such rent concessions as these satisfy the conditions mentioned in Para 46A and Para 46B of Ind AS 116 (as amended). Accordingly an amount of INR 489.46 million related to rent concessions has been recognised as other income.

The above statement should be read with Significant Accounting Policies forming part of the Restated Consolidated Ind AS Summary Statement in Annexure V, Statement of Restated Adjustment to Audited Ind AS Consolidated Financial Statements in Annexure VI.

**24 Cost of materials consumed (raw material and packing material)**

Particulars	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Inventory as at the beginning of the year	383.86	275.44	254.37
Add: On acquisition of business (refer Note 35)	-	-	0.23
Add: Purchases	3,090.87	4,425.13	3,967.27
Less: Inventory at the end of the year	(375.47)	(383.86)	(275.44)
<b>Total</b>	<b>3,099.26</b>	<b>4,316.71</b>	<b>3,946.43</b>

The above statement should be read with Significant Accounting Policies forming part of the Restated Consolidated Ind AS Summary Statement in Annexure V, Statement of Restated Adjustment to Audited Ind AS Consolidated Financial Statements in Annexure VI.

**25 Employee benefits expense**

Particulars	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Salaries, wages and bonus	1,577.58	1,960.11	1,721.30
Contribution to provident fund and other funds (refer Note a below)	105.50	140.95	132.73
Gratuity (refer Note 38)	22.32	21.01	17.56
Employee stock option scheme (refer Note 42 and note b below)	146.24	46.45	66.83
Staff welfare expenses	104.36	119.59	124.17
<b>Total</b>	<b>1,956.00</b>	<b>2,288.11</b>	<b>2,062.59</b>

(a) Netted off with refund claimed under Provident Fund scheme namely Pradhan Mantri Protsahan Rojgar Yojana ("PMPRY") of INR 4.55 million (Mar 2020: INR 16.26 million, Mar 2019: INR 25.42 million).

(b) Expenses on employee stock option scheme includes of INR 8.46 million (Mar 2020: INR 2.23 million, Mar 19: Nil) towards long term incentive plan for the specified employees as per the scheme.

The above statement should be read with Significant Accounting Policies forming part of the Restated Consolidated Ind AS Summary Statement in Annexure V, Statement of Restated Adjustment to Audited Ind AS Consolidated Financial Statements in Annexure VI.

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26 Finance costs

Particulars	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Interest on loans	99.11	85.17	72.43
Interest - others	13.98	20.89	23.09
Interest on lease liabilities (Note 44)	635.63	605.25	544.88
Other financing cost	6.93	10.62	79.65
<b>Total</b>	<b>755.65</b>	<b>721.93</b>	<b>720.05</b>

The above statement should be read with Significant Accounting Policies forming part of the Restated Consolidated Ind AS Summary Statement in Annexure V, Statement of Restated Adjustment to Audited Ind AS Consolidated Financial Statements in Annexure VI.

27 Depreciation, impairment and amortisation expense

Particulars	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation on property, plant and equipment (Note 1)	815.02	866.78	604.16
Depreciation on right of use asset (Note 2)	981.31	894.53	803.79
Amortisation on intangible assets (Note 3)	149.72	151.80	139.36
Impairment on property, plant and equipment (Note 1)	145.40	-	-
<b>Total</b>	<b>2,091.45</b>	<b>1,913.11</b>	<b>1,547.31</b>

The above statement should be read with Significant Accounting Policies forming part of the Restated Consolidated Ind AS Summary Statement in Annexure V, Statement of Restated Adjustment to Audited Ind AS Consolidated Financial Statements in Annexure VI.

28 Other expenses

Particulars	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Rent (refer Note 44)	237.22	441.31	449.28
Electricity expenses	676.49	981.71	877.79
Royalty	655.66	857.38	805.36
Marketing and advertisement expenses *	389.38	519.38	442.43
Commission on aggregators and meal coupons	644.24	509.64	280.35
Common area maintenance expenses	207.26	247.82	215.27
Distribution and warehousing charges	208.13	254.29	241.19
Repairs and maintenance :			
- Plant and machinery	88.91	113.83	109.20
- Others	155.59	177.29	151.24
Legal and professional charges	120.18	133.20	151.55
Travelling and conveyance	48.83	97.51	104.76
Small wares, cleaning, uniform and operating supplies	127.25	145.45	149.93
Changes in fair value of financial liability (Note 13 (g) (iii))	-	29.71	21.99
Loss on sale/discard of property, plant and equipment	9.29	6.58	2.92
Provision for doubtful deposits	19.04	2.27	7.36
Allowance for credit losses/ provision for advances	-	29.07	20.68
Sundry Balances written off (net)	4.00	5.23	-
Miscellaneous expenses	305.46	391.75	438.18
<b>Total</b>	<b>3,896.93</b>	<b>4,943.42</b>	<b>4,469.48</b>

\* Includes marketing contribution waiver on KFC acquired outlets @ 5.5% of net revenues w.e.f Oct 1, 2017 for the remaining 8 years.

The above statement should be read with Significant Accounting Policies forming part of the Restated Consolidated Ind AS Summary Statement in Annexure V, Statement of Restated Adjustment to Audited Ind AS Consolidated Financial Statements in Annexure VI.

29 Exceptional Items

Particulars	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Impairment loss on goodwill of Pizza Hut CGU (refer Note below)	-	917.76	-
Provision for obsolete inventories (refer Note below)	-	26.15	-
<b>Total</b>	<b>-</b>	<b>943.91</b>	<b>-</b>

Note :-

Considering the Quick Service Restaurants (QSR) industry, COVID 19 had a significant impact on business operations of the Group. Further, there was a substantial impact on the Pizza Hut segment and a few subsidiaries accompanied with unprecedented slow-down in demand. The Group based on its assessment has determined the impact of such exceptional circumstances on its financial statements and the same has been disclosed separately as 'Exceptional Items of INR 943.91 million, in the Restated Consolidated Ind AS Statement of Profit and Loss for the year ended March 31, 2020. (also refer note 33(g) and note 34).

The above statement should be read with Significant Accounting Policies forming part of the Restated Consolidated Ind AS Summary Statement in Annexure V, Statement of Restated Adjustment to Audited Ind AS Consolidated Financial Statements in Annexure VI.

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**30 Restated Earnings Per Share (EPS)**

Restated basic EPS amounts are calculated by dividing the restated profit/(loss) for the year attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year. Restated diluted EPS amounts are calculated by dividing the restated profit/(loss) attributable to equity holders of the parent (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 restated loss and share data used in the restated basic and diluted EPS computations:

Particulars	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Restated loss attributable to the equity holders of the Company (INR in million)	(984.63)	(1,575.41)	(680.21)
Restated loss attributable to equity holders adjusted for the effect of dilution			
Weighted average number of Equity shares outstanding during the year *	5,17,11,080	5,02,43,968	4,54,98,499
Effect of dilution:			
Share options under ESOP	16,11,594	6,17,221	7,81,531
Restated Basic and Diluted Earning Per Share (Face value of INR 10 per share) #	(19.04)	(31.36)	(14.95)

\*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.

# Share options under ESOP have not been considered above being anti-dilutive in nature (refer Note 42).

The above statement should be read with Significant Accounting Policies forming part of the Restated Consolidated Ind AS Summary Statement in Annexure V, Statement of Restated Adjustment to Audited Ind AS Consolidated Financial Statements in Annexure VI.

**31 Contingent liabilities**

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
a) i) Claims against the Group not acknowledged as debts in respect of:			
- Sales Tax	75.86	91.50	225.89
- Income Tax	152.01	152.12	88.61
- Other matters	14.82	21.52	8.63
<b>Total</b>	<b>242.69</b>	<b>265.14</b>	<b>323.13</b>

b) One of the Company's subsidiary namely Gamma Pizzakraft Lanka Private Limited has facilitated the contracted delivery riders to purchase motor bikes on leases from financial institutions. Leased motor bikes have been recognised as Right of use assets (ROU) with effect from April 1, 2018 under Ind AS 116 net of the amount recoverable from employees. Aggregated amount so recoverable from employees on future lease rentals of such lease agreements amounting to INR 4 million as at March 31, 2021 (March 31, 2020 INR 11.33 million ; March 31, 2019 INR 12.16 million) (March 31, 2021 LKR 10.9 million ; March 31, 2020 LKR 28.5 million ; March 31, 2019 LKR 30.8 million). However, company has not experienced any loss or damage relating to such facilitation

c) Sri Lanka Customs ("SLC") conducted an inquiry against the Company's subsidiary namely Gamma Pizzakraft Lanka Private Limited ("the Co."). Pursuant to section 8 of the Customs Ordinance No.17 of 1869 as amended on the alleged basis that by failing to declare the continuing fee and advertising contribution as set out in the International Franchisee Agreement between Yum ! Asia Franchise Pte Ltd. and the Co. in computing the taxes and levies on the imported goods, the Co. has acted in violation of section 51 and 52 read with Scheule E of the Ordinance. SLC concluded the inquiry on November 28, 2018 by imposing a penalty of INR 27.63 million (LKR 69.5 million) on the Co. The Co. disagreed with the said order of SLC and filed a writ application before the Court of Appeal on January 18, 2019 challenging the order. Writ application was taken up at the Court of Appeal and the Management is confident that the Co.'s position on the matter is strong and there will not be any negative impact on the operations or financial position of the Co., thus no adjustment is required in the restated consolidated financial statements.

d) There are numerous interpretative issues relating to the Supreme Court (SC) judgement on provident fund (PF) dated 28th February 2019. Based on the legal opinion obtained, the company does not foresee any liability and will provide liability, if any prospectively and on receiving further clarity on the subject.

e) The Parent Company has entered into business transfer agreement with A. N. Traders Pvt Limited (ANTPL) in August 2016. The obligation of the parties was completed and the transaction of transferring the franchisee has been closed. One of the promoter of ANTPL has filed FIR against the 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 do not foresee any financial obligation against the FIR.

f) The Hon'ble Collector of Stamps, Mumbai, passed an order dated January 3, 2019, ("Order") against the Parent Company for payment of stamp duty amounting to INR 194.60 million with respect to scheme of merger/amalgamation between Company and SHRPL, Hansazone, Pizzeria, KFCH. Aggrieved by this, Parent Company filed an appeal before the Chief Controlling Revenue Authority, Pune, Maharashtra, challenging the Order on the grounds inter alia, that the amount of stamp duty has been calculated incorrectly and the current valuation of the stamp duty amounts to INR 2.74 million. Parent Company had also filed application for granting interim stay on the effect and operation of the Order, during the pendency of the appeal. The matter is currently pending.

g) The Parent Company has filed a writ petition before the High Court of Gujarat at Ahmedabad challenging the anti-profiteering investigation being conducted by the Directorate General of Anti-Profiteering ("Respondent"), on the grounds that the anti-profiteering investigation is ex-facie illegal and suffers from various infirmities including malice in law on the part of the Respondents including the National Anti-Profiteering Authority. The Respondents had initiated an anti-profiteering investigation under Section 171 of the Central Goods and Services Tax Act, 2017, basis a complaint against a singular Pizza Hut restaurant located in Ahmedabad, Gujarat. This investigation was initiated basis an reconsidered reference made by the Standing Committee on Anti-Profiteering in respect to a complaint filed with respect to supply of a product named 'veggie supreme' by our restaurant. Thereafter, the Parent Company had responded and provided information to various summons and notices as demanded by the Respondent during the investigation. However, being aggrieved by the way the investigation was being conducted, the Parent Company challenged the proceedings by the way of writ petition on the grounds that it was being conducted without any methodology or guidelines and was therefore manifestly arbitrary. By an order dated June 30, 2020, the High Court of Gujarat had directed the Respondent to not inquire about any other product of the Parent Company other than the complained product. Subsequently the Parent Company has filed its written submission dated March 30, 2021, before the High Court of Gujarat at Ahmedabad praying before the Court to allow the Writ Petition. The matter is currently pending for final orders and judgment.

Future cash outflows, if any, in respect of above are determinable only on receipt of judgement/decisions pending at various forums/ authorities or final outcome of matter.

The Group's pending litigations comprise of proceedings pending with tax authorities. The Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed contingent liabilities where applicable, in its restated financial statements. The Group does not expect the outcome of these proceedings to have materially adverse impact on its restated consolidated financial statements.

The above statement should be read with Significant Accounting Policies forming part of the Restated Consolidated Ind AS Summary Statement in Annexure V, Statement of Restated Adjustment to Audited Ind AS Consolidated Financial Statements in Annexure VI.



Annexure VII  
Restated Consolidated Ind AS Summary Statement of notes to financial statements

32 Commitments

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

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Estimated amount of contracts to be executed on capital account and not provided for (net of advances)	258.13	177.29	119.32

(b) The Parent Company has entered into a Development Agreement with Yum Restaurants (India) Private Limited ('Yum') to build a minimum 201 Net New Stores of Pizza Hut between Jan 2019 to December, 2022, with certain incentives to be accrued on opening of such stores. In the event of company not meeting the build targets in any years, Yum will have the right to consider revocation of development (exclusivity) rights of the Company as specified in the Development Agreement. In view of the Covid19 pandemic Net new stores targets and timelines specified in the agreement have got revised basis the recovery relief agreement and it is highly probable that these targets will be met.

(c) As per the agreement mentioned in (b) above, the Parent Company is liable to make an upfront deposit of 500,000 USD at the beginning of each year towards Net New Build Target for that particular year starting from January 1, 2019 till the time agreement is in force. On meeting the targets mentioned therein, the Company will be eligible for full deposit refund at the end of each year or 3 months after the applicable cure period set out therein. In view of the Covid19 pandemic Net new stores targets and timelines specified in the agreement have got revised basis the recovery relief agreement and it is highly probable that these targets will be met.

(d) The Parent Company has entered into a Development Agreement with Yum Restaurants (India) Private Limited ('Yum') to build a minimum 210 Net New Stores of KFC over the period of 5 years starting from the effective date of the agreement i.e. January 1, 2019, with certain incentives to be accrued on opening of such stores. In the event of company not meeting the build targets during the first two years, Yum will have the right to consider revocation of development (exclusivity) rights of the Company from third year onwards as specified in the Development Agreement. The Company has also issued an irrevocable and unconditional bank guarantee of the then applicable initial fee for the entire target number of outlets. In case of not meeting the annual target, Yum shall be entitled to encash the said bank guarantee. In view of the Covid19 pandemic Net new stores targets and timelines specified in the agreement have got revised basis the recovery relief agreement and it is highly probable that these targets will be met.

The above statement should be read with Significant Accounting Policies forming part of the Restated Consolidated Ind AS Summary Statement in Annexure V, Statement of Restated Adjustment to Audited Ind AS Consolidated Financial Statements in Annexure VI.

33 Significant accounting judgements, estimates and assumptions

The preparation of the restated consolidated IND AS restated 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. The Group based its judgement, assumptions and estimates on parameters available including the probable impact of COVID 19 when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Impairment of Non Financial Assets:

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a Discounted Cash Flow (DCF) model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are as under:

- Gross Margins
- Discount Rates
- Material Price inflation
- Growth rate
- Rent expense
- Salaries and wages
- Royalty and marketing fees

The management believes that no reasonably possible change in any of the key assumptions used in value in use calculation would cause the carrying value of the CGU to materially exceed its value in use.

**Gross Margins** - Gross margins are based on average values achieved in the preceding years and is expected to remain constant during the budget period. These have not increased over the budget period for anticipated efficiency improvements as the increase, if any, is expected to be marginal.

**Discount rates** - Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and is derived from its weighted average cost of capital (WACC). The cost of equity is derived from the expected return on investment by the Group's investors.

**Materials price inflation** - Past actual material price movements are used as an indicator of future price movements.

**Growth rate estimates** - Rates are based on management's estimate through internal and published industry research.

**Rent expense, Salaries and wages, Royalty and Marketing expenses** - Past actual rate movements are used as an indicator of future rate movements.

Any increase/decrease in the above factors may result in change in value in use.

(b) Taxes

The Group has exposure to income taxes in Indian, Sri Lankan and Maldives jurisdiction. Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management's 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. Considering the history of losses and considering the loss for the year, the Group has not recognised deferred tax assets on the losses in excess of deferred tax liabilities. Further details about component on taxes refer note 16.

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Restated Consolidated Ind AS Summary Statement of notes to financial statements

**(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 38.

**(d) Useful life and residual value of property, plant and equipment and intangible assets**

The cost of property, plant and equipment is depreciated on a straight-line basis over the property, plant and equipment's estimated economic useful lives. Management estimates the useful lives of these property, plant and equipment to be within 3 to 20 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's property, plant and equipment at the end of the reporting period is disclosed in Note 1 to financial statements.

The cost of intangible assets is depreciated on a straight-line basis over the useful lives of the assets. The Management estimates the useful lives of these assets to be within 1 to 10 years, which Management believes are realistic and reflect fair approximation of the period over which assets are likely to be used. There are no intangible assets with indefinite useful life, other than goodwill.

**(e) Contingencies**

In the normal course of business, contingent liabilities may arise from litigations and other claims against the group. Potential liabilities that are possible but not probable of crystallizing or are very difficult to quantify reliably are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not recognised. Refer Note 31 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., upto 10 years). The Group typically exercises its option to renew for these leases because there will be a significant negative effect on the revenue. The renewal periods for leases of stores with longer non-cancellable periods (i.e. more than 10 years) are not included as part of the lease term as these are not reasonably certain to be exercised.

Refer to Note 44 for information on potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

**(g) Provision for inventories**

The Group has calculated the provision for inventory basis the percentage as per historical experience for inventory lying from the last inventory count date to the reporting date. Also considering the current pandemic situation, a reasonable sales estimate is made basis the current trend to arrive at the shelf life provision of inventory (Refer Note 8).

**(h) COVID-19**

COVID-19 is significantly impacting business operation of the companies, by way of interruption in production, supply chain disruption, unavailability of personnel, closure/lockdown of production facilities etc.

In assessing the recoverability of Group's assets such as Mutual fund Investments, Loans, Intangible assets, Goodwill, Trade receivable and Inventories etc. the Group has considered internal and external information. The Group has performed sensitivity analysis on the assumptions used basis the internal and external information/indicators of future economic conditions, the Group expects to recover the carrying amount of the assets. (Refer note 45)

**(i) Share based payments**

The Group has taken the charge for share based payment after considering the attrition rate and achievement of the performance criteria as per the scheme (Refer note 42).

The above statement should be read with Significant Accounting Policies forming part of the Restated Consolidated Ind AS Summary Statement in Annexure V, Statement of Restated Adjustment to Audited Ind AS Consolidated Financial Statements in Annexure VI.

Sapphire Foods India Limited (formerly known as "Sapphire Foods India Private Limited")  
(Amount in INR millions, unless otherwise stated)

Annexure VII  
Restated Consolidated Ind AS Summary Statement of notes to financial statements

34 Impairment Testing of Goodwill

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Cost	1,621.59	2,539.35	2,539.35
Less : Impairment	-	917.76	-
<b>Net Carrying Value</b>	<b>1,621.59</b>	<b>1,621.59</b>	<b>2,539.35</b>

Carrying value of goodwill :-

Allocation of goodwill to Cash Generating Units (CGU's)	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
KFC	1,058.61	1,058.61	1,058.61
PH	562.98	562.98	1,480.74
<b>Total</b>	<b>1,621.59</b>	<b>1,621.59</b>	<b>2,539.35</b>

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 performed its annual impairment test on the respective Balance Sheet date.

The Group test for goodwill impairment at the CGU level. The Group has determined that they have 2 CGUs being KFC & Pizza Hut("PH") basis business operation. Group's detailed impairment testing involves comparing the recoverable amount of the CGU to its carrying value, including goodwill. The recoverable amount is basis the value in use which has been calculated using Cash Flow Projections from financial budgets approved by senior management covering a four year period. The projected cash flows have been updated to reflect the decreased demand for products and services in the current pandemic situation. The pre-tax discount rate is applied to cash flow projections. The Group has estimated cash flow for upto 2025 and then have considered a perpetuity growth rate to arrive at perpetual value post 2025. The outcome of the Group's goodwill impairment test has resulted no impairment for year ended March 31, 2021 (March 31, 2020 INR 917.76 million (for PH CGUs); March 31, 2019: Nil), which is recognised within exceptional items in the restated consolidated Ind AS statement of profit and loss considering increased uncertainty on account of COVID 19 outbreak. Refer Note 3 a.

The key assumptions have been disclosed in Note 33(a)

For goodwill impairment assessment, management believes that any reasonably possible change in the key assumptions would not cause the carrying amount to exceed the recoverable amount.

Sensitivity to change in assumptions

Key assumptions	Mar-21	Mar-20	Mar-19
Discount rate	17%-18%	15%	16%
Sales growth rate	8%-17%	8%-15%	7%-13%

Discount rate assumption

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

Particulars	Mar-21	Mar-20	Mar-19
<b>Increase in 100 basis points and impact on the recoverable value</b>	<b>(1,228.01)</b>	<b>(1,319.38)</b>	<b>(749.74)</b>
- KFC	(934.66)	(762.05)	(356.66)
- PH	(293.35)	(557.33)	(393.08)
<b>Decrease in 100 basis points and impact on the recoverable value</b>	<b>1,438.30</b>	<b>1,596.05</b>	<b>892.26</b>
- KFC	1,098.56	914.06	420.91
- PH	339.74	681.99	471.35

Sales growth rate assumption

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

Particulars	Mar-21	Mar-20	Mar-19
<b>Increase in 100 basis points and impact on the recoverable value</b>	<b>1,088.42</b>	<b>2,070.62</b>	<b>862.98</b>
- KFC	863.50	875.68	415.11
- PH	224.92	1,194.94	447.87
<b>Decrease in 100 basis points and impact on the recoverable value</b>	<b>(935.07)</b>	<b>(1,746.08)</b>	<b>(717.89)</b>
- KFC	(740.14)	(729.74)	(345.92)
- PH	(194.93)	(1,016.34)	(371.97)

The above statement should be read with Significant Accounting Policies forming part of the Restated Consolidated Ind AS Summary Statement in Annexure V, Statement of Restated Adjustment to Audited Ind AS Consolidated Financial Statements in Annexure VI.

Sapphire Foods India Limited (formerly known as "Sapphire Foods India Private Limited")  
(Amount in INR millions, unless otherwise stated)

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Restated Consolidated Ind AS Summary Statement of notes to financial statements

35 BUSINESS ACQUISITIONS

Business Acquisitions for the year ended March 31, 2019 is as follows:

**Business Acquisition from Drool Foods Private Limited**

On January 9, 2019 (the acquisition date), the Company acquired in cash, 1 store under the brand name of KFC from Drool Foods Private Limited on a going concern basis to expand its business.

The following table summarises the estimated fair values of consideration paid, as well as the assets acquired and liabilities assumed at the date of acquisition.

	<u>March 31, 2019</u>
Fair Value of Consideration Paid in cash in March 31, 2019	43.20
Fair Value of Deferred / Contingent Consideration paid in March 31, 2020	<u>1.80</u>
	<b>45.00</b>
<b>Fair Value of assets acquired and liabilities assumed</b>	
Property, Plant and Equipment and Intangibles	6.12
Inventory	0.23
Goodwill	38.75
Non-Current Liabilities	<u>(0.10)</u>
<b>Total</b>	<b>45.00</b>

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities and adjusted to reflect the favourable terms of the lease relative to market terms.

The goodwill consisted primarily of future economic benefits and synergies with existing operations.

The above statement should be read with Significant Accounting Policies forming part of the Restated Consolidated Ind AS Summary Statement in Annexure V, Statement of Restated Adjustment to Audited Ind AS Consolidated Financial Statements in Annexure VI.

**Sapphire Foods India Limited (formerly known as "Sapphire Foods India Private Limited")**  
**(Amount in INR millions, unless otherwise stated)**

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**36 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 :

	As at March 31, 2021			As at March 31, 2020			As at March 31, 2019		
	India	Outside India	Consolidated	India	Outside India	Consolidated	India	Outside India	Consolidated
<b>1. Revenue</b>									
External	8,684.75	2,127.60	10,812.35	11,314.70	2,202.66	13,517.36	9,890.84	2,171.98	12,062.82
<b>Total Revenue</b>	<b>8,684.75</b>	<b>2,127.60</b>	<b>10,812.35</b>	<b>11,314.70</b>	<b>2,202.66</b>	<b>13,517.36</b>	<b>9,890.84</b>	<b>2,171.98</b>	<b>12,062.82</b>
<b>2. Non- Current Assets*</b>	<b>10,794.54</b>	<b>1,259.12</b>	<b>12,053.66</b>	<b>11,204.28</b>	<b>1,435.37</b>	<b>12,639.65</b>	<b>11,535.92</b>	<b>1,521.52</b>	<b>13,057.44</b>

\*Non-current assets other than financial instruments and income tax assets (net)/deferred tax asset (net), primarily comprises property, plant and equipment.

**Note:** No single customer represents 10% or more of the Group's total revenue for the years ended March 31, 2021, March 31, 2020 and March 31, 2019. Therefore the customer concentration risk is limited due to the large and unrelated customer base.

The above statement should be read with Significant Accounting Policies forming part of the Restated Consolidated Ind AS Summary Statement in Annexure V, Statement of Restated Adjustment to Audited Ind AS Consolidated Financial Statements in Annexure VI.

Sapphire Foods India Limited (formerly known as "Sapphire Foods India Private Limited")  
(Amount in INR millions, unless otherwise stated)

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37 Related Party Disclosures

Names of related parties and related party relationship

<b>Entities under common control:</b>	KFCH Restaurants Private Limited
<b>Company having significant influence:</b>	Sapphire Foods Mauritius Limited WWD Ruby Limited Amethyst Private Limited AAJV Investment Trust Sagista Realty Advisors Private Limited, Trustee of QSR Management Trust Edelweiss Crossover Opportunities Fund (w.e.f December 17,2018) Edelweiss Crossover Opportunities Fund – Series II (w.e.f December 17,2018)

Key Managerial Personnel/Directors

Mr. Sumeet Narang, Director  
Mr. Vikram Agarwal, Director  
Mr. Manish Mehta, Director  
Mr. Amar Raj Singh, Director  
Mr. Sanjay Purohit, Whole time director  
Mr. Girish Bhat, Director  
Mr. Debobroto Das, Director  
Mr. Tarun Khanna, Nominee Director  
Mr. Niladri Mukhopadhyay, Additional Director  
Mr. Julien Roland Kinic, Nominee Director  
Mr. Pranav Parikh, Nominee Director (w.e.f December 17, 2018)  
Ms. Jayashree Rajput, Company Secretary (upto December 13, 2018)  
Mr. Punit Jhunjhunwala, Company Secretary (w.e.f June 6, 2019 upto September 30, 2019)  
Mr. Sachin Dudam, Company Secretary (w.e.f October 1, 2019)  
Mr. Vijay Jain, Chief Financial Officer (w.e.f September 5, 2018)

Enterprises under significant influence of persons described above:

Gamma Life Line  
Samara India Advisors Private Limited

Subsidiaries:

Gamma Pizzakraft (Overseas) Private Limited  
Gamma Pizzakraft Private Limited  
Gamma Pizzakraft (Lanka) Private Limited  
French Restaurants Private Limited  
Gamma Island Food Private Limited

J) Related party disclosure for transactions and balances:

	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>A) Outstanding balances with related party</b>			
<b>Other Receivables</b>			
KFCH Restaurants Private Limited (Entities under Common Control)	-	-	2.80
<b>Trade Payables</b>			
Samara India Advisors Private Limited (Enterprises under Significant Influence)	0.07	-	-
<b>Other Payables</b>			
KFCH Restaurants Private Limited (Entities under Common Control)	11.19	8.42	-
Amar Raj Singh (Key Managerial personnel and their relatives)	-	-	0.51
Gamma Life Line (Enterprises under Significant Influence)	28.41	23.12	18.11
<b>Compulsory Convertible Debentures</b>			
Sagista Realty Advisors Private Limited, Trustee of QSR Management Trust (Company having Significant Influence)	-	-	169.49
<b>Issuance of Equity Shares (including securities premium)</b>			
Sapphire Foods Mauritius Limited (Company having Significant Influence)	-	-	14.32
WWD Ruby Limited (Company having Significant Influence)	210.00	425.14	0.02
Edelweiss Crossover Opportunities Fund (Company having Significant Influence)	37.50	1,389.29	0.05
Edelweiss Crossover Opportunities Fund – Series II (Company having Significant Influence)	39.87	463.10	0.02
Sagista Realty Advisors Private Limited, Trustee of QSR Management Trust (Company having significant Influence)	33.92	171.59	-
Sapphire Foods Mauritius Limited (Company having significant influence)	121.14	-	-
Sanjay Purohit (Key Managerial personnel)	64.02	-	-
<b>Issuance of Preference Shares</b>			
WWD Ruby Limited (Company having Significant Influence)	-	-	419.98
Edelweiss Crossover Opportunities Fund (Company having Significant Influence)	-	-	1,372.45
Edelweiss Crossover Opportunities Fund – Series II (Company having Significant Influence)	-	-	457.48

Sapphire Foods India Limited (formerly known as "Sapphire Foods India Private Limited")  
(Amount in INR millions, unless otherwise stated)

Annexure VII  
Restated Consolidated Ind AS Summary Statement of notes to financial statements

	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
<b>B) Transactions with related party during the year</b>			
<b>Sale of material</b>			
KFCH Restaurants Private Limited (Entities under Common Control)	14.41	22.84	19.72
<b>Call Centre Charges (inclusive of taxes)</b>			
KFCH Restaurants Private Limited (Entities under Common Control)	4.67	4.12	5.86
<b>Reimbursement of expenses</b>			
Amar Raj Singh (Key Managerial personnel and their relatives)	-	0.44	0.63
KFCH Restaurants Private Limited (Entities under Common Control)	0.05	0.06	5.06
<b>Reimbursement of expenses incurred on behalf</b>			
Samara India Advisors Private Limited (Enterprises under Significant Influence)	0.33	0.05	-
<b>Contribution to employee fund</b>			
Gamma Life Line (Enterprises under Significant Influence)	6.98	6.66	7.03
<b>Purchase of Equity Shares of Gamma Pizzakraft (Overseas ) Private Limited</b>			
Mr. Amar Raj Singh (Key Managerial personnel and their relatives)	21.53	172.67	-
<b>Settlement of liabilities on behalf of the entity</b>			
KFCH Restaurants Private Limited (Entities under Common Control)	1.65	1.34	6.62
<b>Remuneration to Key Managerial Personnel *</b>			
Short Term Employee Benefits (Key Managerial personnel)	131.39	68.84	59.61
Share based payments (Key Managerial personnel)	96.85	44.56	36.14

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

**II) Balances and transactions with related party which are eliminated**

	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
<b>A) Balances receivable and payables within the Group</b>			
<b>In the books of the Company</b>			
<b>Other payables</b>			
Gamma Pizzakraft Lanka Private Limited	0.17	0.79	0.79
Gamma Pizzakraft Private Limited	0.10	0.23	0.33
<b>Subscription to Equity Shares</b>			
Gamma Pizzakraft (Overseas) Private Limited	21.00	9.99	88.44
<b>Inter-Corporate Deposits given (including accrued interest)</b>			
Gamma Pizzakraft (Overseas) Private Limited	19.19	19.17	8.03
<b>In the books of Gamma Pizzakraft (Overseas) Private Limited</b>			
<b>Other receivable</b>			
Gamma Pizzakraft Private Limited	0.06	0.10	-
<b>Loans and advances</b>			
Gamma Island Foods (Pvt) Limited	0.97	-	-
<b>In the books of Gamma Pizzakraft Private Limited</b>			
<b>Other payables</b>			
Gamma Pizzakraft (Overseas) Private Limited	0.06	0.10	-
<b>In the books of Gamma Pizzakraft Lanka (Pvt) Limited</b>			
<b>Other receivable</b>			
French Restaurants (Pvt) Limited	2.52	2.53	2.19
Gamma Island Foods (Pvt) Limited	34.08	33.38	25.73
<b>In the books of French Restaurants (Pvt) Limited</b>			
<b>Other payables</b>			
Gamma Pizzakraft Lanka (Pvt) Limited	2.52	2.53	2.19
<b>Other receivable</b>			
Gamma Island Foods (Pvt) Limited	4.48	4.38	4.05
<b>In the books of Gamma Island Foods (Pvt) Limited</b>			
<b>Other payables</b>			
French Restaurants (Pvt) Limited	4.48	4.38	4.05
Gamma Pizzakraft Lanka (Pvt) Limited	41.65	36.88	20.91

Sapphire Foods India Limited (formerly known as "Sapphire Foods India Private Limited")  
(Amount in INR millions, unless otherwise stated)

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<b>B) Transactions with related party during the year</b>			
<b>In the books of the Company</b>			
<b>Reimbursement of expenses</b>			
Gamma Pizzakraft Private Limited	0.10	0.25	0.34
Gamma Pizzakraft Lanka Private Limited	-	-	0.61
<b>Interest Income on Inter-Corporate Deposits</b>			
Gamma Pizzakraft (Overseas) Private Limited	2.28	1.64	0.03
<b>Inter-Corporate Deposits given</b>			
Gamma Pizzakraft (Overseas) Private Limited	-	11.00	8.00
<b>In the books of Gamma Pizzakraft (Overseas) Private Limited</b>			
<b>Management fee income</b>			
Gamma Pizzakraft Private Limited	0.42	0.45	-
<b>Interest income on loans and advances</b>			
Gamma Pizzakraft Private Limited	-	-	1.00
<b>Investment in equity</b>			
Gamma Pizzakraft Private Limited	10.00	-	26.00
<b>In the books of Gamma Pizzakraft Private Limited</b>			
<b>Management fee expenses (inclusive GST)</b>			
Gamma Pizzakraft (Overseas) Private Limited	0.50	0.53	-
<b>Interest expenses on loans and advances</b>			
Gamma Pizzakraft (Overseas) Private Limited	-	-	1.00
<b>Equity share capital issued</b>			
Gamma Pizzakraft (Overseas) Private Limited	10.00	-	26.00
<b>In the books of Gamma Pizzakraft Lanka (Pvt) Limited</b>			
<b>Expenses paid on their behalf</b>			
Gamma Island Foods (Pvt) Limited	-	2.79	12.40
French Restaurants (Pvt) Limited	0.12	0.01	0.01
<b>Goods Sold</b>			
Gamma Island Foods (Pvt) Limited	1.49	-	-
<b>Management Fee</b>			
Gamma Island Foods (Pvt) Limited	2.13	4.14	4.97
<b>In the books of French Restaurants (Pvt) Limited</b>			
<b>Expenses Paid on their behalf</b>			
Gamma Pizzakraft Lanka Private Limited	0.12	0.01	0.01
<b>In the books of Gamma Island Foods (Pvt) Limited</b>			
<b>Expenses paid on our behalf</b>			
Gamma Pizzakraft Lanka Private Limited	-	2.79	12.40
<b>Goods Purchased</b>			
Gamma Pizzakraft Lanka Private Limited	1.49	-	-
<b>Management Fee</b>			
Gamma Pizzakraft Lanka Private Limited	2.13	4.14	4.97

**Note:**

Pursuant to the scheme of arrangement under section 230 and 232 of the Companies Act 2013 between the Company and KFCH Restaurants Private Limited (KFCH) sanctioned by NCLT by virtue of order dated 25.01.2018, 13 stores of KFCH ('Demerged Undertaking') got demerged and merged with the Company on a going concern basis from the appointed date of the scheme i.e. 1 April 2016. While the demerger was being operationalized, customers of the Demerged Undertaking of KFCH continued to remit the payments to the KFCH on behalf of the Company and vice versa. During the year ended March 31, 2021 net payable amount out of collections received by Sapphire Foods India Private Limited (SFIPL) on behalf of KFCH is 13.55 million (March 31, 2020: INR 20.82 million; March 31, 2019: INR Nil) and net payable amount out of collections received by KFCH on behalf of SFIPL is INR Nil (March 31, 2020: INR Nil; March 31, 2019: 284.11 million). Management is of the view that these transaction do not fall within the purview of IND AS 24 and hence excluded from related party disclosures noted above.

The above statement should be read with Significant Accounting Policies forming part of the Restated Consolidated Ind AS Summary Statement in Annexure V, Statement of Restated Adjustment to Audited Ind AS Consolidated Financial Statements in Annexure VI.



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Restated Consolidated Ind AS Summary Statement of notes to financial statements

38 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 Srilankan regulations. 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 year towards defined contribution plan is INR 105.50 million (31st March 2020: INR 140.95 million; 31st March 2019: INR 132.73 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. For the subsidiary in Sri Lanka, the same is governed by The Payment of Gratuity Act. The Group contributes to the fund with LIC the details of which is available in the table of investment pattern of plan asset. Basis the same, the group is not exposed to market risk The following table summarises the component of net defined benefit expenses recognised in the restated consolidated statement of profit and loss and the funded status and amounts recognised in the balance sheet for respective period.

A. Plan assets and plan liabilities

Particulars	Defined benefit plans					
	India			Outside India		
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Present value of plan liabilities	68.44	58.37	51.04	48.23	48.31	35.52
Fair value of plan assets	0.76	0.71	0.66	-	-	-
<b>Net plan liability / (asset)</b>	<b>67.68</b>	<b>57.66</b>	<b>50.38</b>	<b>48.23</b>	<b>48.31</b>	<b>35.52</b>

B. Movements in plan assets and plan liabilities

Particulars	India			Outside India		
	Plan Asset	Plan Liability	Net Asset / (Liability)	Plan Asset	Plan Liability	Net Asset / (Liability)
<b>As at the beginning of the year April 1, 2018</b>	<b>0.62</b>	<b>45.06</b>	<b>(44.44)</b>	-	<b>33.75</b>	<b>(33.75)</b>
Current service cost	-	8.24	(8.24)	-	3.14	(3.14)
Past service cost	-	0.18	(0.18)	-	3.23	(3.23)
Interest cost	-	2.82	(2.82)	-	-	-
Acquisition (refer Note 35)	-	0.11	(0.11)	-	-	-
Return on plan assets less expected interest on plan assets	0.04	-	0.04	-	-	-
Actuarial (gain)/loss arising from changes in financial assumptions	-	0.98	(0.98)	-	(0.99)	0.99
Actuarial (gain)/loss arising from experience adjustments	-	2.29	(2.29)	-	0.69	(0.69)
Translation benefit	-	-	-	-	(2.06)	2.06
Benefit payments	-	(8.64)	8.64	-	(2.24)	2.24
<b>As at the end of the year March 31, 2019</b>	<b>0.66</b>	<b>51.04</b>	<b>(50.38)</b>	-	<b>35.52</b>	<b>(35.52)</b>
Current service cost	-	9.65	(9.65)	-	4.29	(4.29)
Past service cost	-	-	-	-	-	-
Interest cost	-	3.38	(3.38)	-	3.74	(3.74)
Return on plan assets less expected interest on plan assets	0.05	-	0.05	-	-	-
Actuarial (gain)/loss arising from changes in demographic assumptions	0.00	(4.29)	4.29	-	-	-
Actuarial (gain)/loss arising from changes in financial assumptions	-	5.62	(5.62)	-	3.20	(3.20)
Actuarial (gain)/loss arising from experience adjustments	-	1.68	(1.68)	-	3.48	(3.48)
Translation benefit	-	-	-	-	0.29	(0.29)
Benefit payments	-	(8.71)	8.71	-	(2.21)	2.21
<b>As at the end of the year March 31, 2020</b>	<b>0.71</b>	<b>58.37</b>	<b>(57.66)</b>	-	<b>48.31</b>	<b>(48.31)</b>
Current service cost	-	9.05	(9.05)	-	5.60	(5.60)
Past service cost	-	-	-	-	-	-
Interest cost	-	3.53	(3.53)	-	4.18	(4.18)
Return on plan assets less expected interest on plan assets	0.04	-	0.04	-	-	-
Actuarial (gain)/loss arising from changes in demographic assumptions	0.01	-	0.01	-	-	-
Actuarial (gain)/loss arising from experience adjustments	-	1.76	(1.76)	-	(3.93)	3.93
Employer's contributions	-	8.35	(8.35)	-	(0.60)	0.60
Translation benefit	-	-	-	-	(3.94)	3.94
Benefit payments	-	(12.62)	12.62	-	(1.39)	1.39
<b>As at the end of the year March 31, 2021</b>	<b>0.76</b>	<b>68.44</b>	<b>(67.68)</b>	-	<b>48.23</b>	<b>(48.23)</b>

Sapphire Foods India Limited (formerly known as "Sapphire Foods India Private Limited")  
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Restated Consolidated Ind AS Summary Statement of notes to financial statements

C. Restated Consolidated Ind AS Summary of Statement of profit and loss

Particulars	India			Outside India		
	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
<b>Employee benefit expenses:</b>						
Current service cost	9.05	9.65	8.24	5.60	4.29	3.14
Past service cost	-	-	0.18	-	-	3.23
Finance cost/(income)	3.49	3.33	2.77	4.18	3.74	-
Total expenses included in employee benefits expenses (Refer note 25)	<b>12.54</b>	<b>12.98</b>	<b>11.19</b>	<b>9.78</b>	<b>8.03</b>	<b>6.37</b>
<b>Remeasurement of the net defined benefit liability:</b>						
Actual return on plan assets less expected interest on plan assets	(0.01)	(0.00)	-	-	-	-
Actuarial (gain)/loss arising from changes in demographic assumptions	-	(4.29)	-	-	-	-
Actuarial gains/(loss) arising from changes in financial assumptions	1.76	5.62	0.99	(3.93)	3.20	(0.99)
Actuarial (gain)/loss arising from experience adjustments	8.35	1.68	2.29	(0.60)	3.48	0.69
<b>Recognised in other comprehensive (income)/loss</b>	<b>10.10</b>	<b>3.01</b>	<b>3.28</b>	<b>(4.53)</b>	<b>6.68</b>	<b>(0.30)</b>

D. Plan assets comprises of the following:

Particulars	India			Outside India		
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Unquoted</b>						
Insurer Manager Fund	0.76	0.71	0.66	-	-	-
<b>Total</b>	<b>0.76</b>	<b>0.71</b>	<b>0.66</b>	<b>-</b>	<b>-</b>	<b>-</b>

E. Assumptions

The principal assumptions used in determining gratuity and post-employment medical benefit obligations for the Group's plans are shown below:

Particulars	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
<b>Financial Assumptions</b>			
Discount rate	5% - 9%	5.8% - 12%	7% - 12%
Salary Escalation Rate	For Corporate : 8% - 10%	For Corporate : 8% - 10%	For Corporate : 9% -10%
	For Stores : 5% -10%	For Stores : 5% -10%	For Stores : 5% -10%

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>i) Demographic Assumptions</b>			
Mortality Rate	IALM (2012-14) Ultimate	IALM (2012-14) Ultimate	IALM (2006-08) Ultimate
Withdrawal rate	For Corporate :If service < 5 yrs, 18% If service > 5 yrs, 12% For Store : If service < 5 yrs, 80% for 3 years, 50% thereafter, If service > 5 yrs, 2%	For Corporate :If service < 5 yrs, 18% If service > 5 yrs, 12% For Store : If service < 5 yrs, 80% for 3 years, 50% thereafter, If service > 5 yrs, 2%	For Corporate :If service < 5 yrs, 23% If service > 5 yrs, 16% For Store : If service < 5 yrs, 50% If service > 5 yrs, 3%
Retirement Age	55 - 60 years	55 - 60 years	55 - 60 years
<b>ii) Average expected future working life (years)</b>	12.36	12.58	13.24

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F. Sensitivity

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

Particulars	As at March 31, 2021					As at March 31, 2020					As at March 31, 2019				
	Change in assumption	India		Outside India		Change in assumption	India		Outside India		Change in assumption	India		Outside India	
		Increase in Rate / Increase (Decrease) in DBO	Decrease in Rate / (Decrease) Increase in DBO	Increase in Rate / Increase (Decrease) in DBO	Decrease in Rate / (Decrease) Increase in DBO		Increase in Rate / Increase (Decrease) in DBO	Decrease in Rate / (Decrease) Increase in DBO	Increase in Rate / Increase (Decrease) in DBO	Decrease in Rate / (Decrease) Increase in DBO		Increase in Rate / Increase (Decrease) in DBO	Decrease in Rate / (Decrease) Increase in DBO		
Discount rate	+/-1%	(6.81)	10.14	(3.20)	3.70	+/-1%	(5.64)	8.52	(2.20)	2.48	+/-1%	(3.81)	6.16	(1.45)	1.63
Salary Escalation Rate	+/-1%	9.67	(6.59)	3.92	(3.45)	+/-1%	8.31	(5.60)	2.68	(2.42)	+/-1%	6.06	(3.89)	1.80	(1.64)

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 restated consolidated statement of assets and liabilities, has been applied. The methods and types of assumptions used in preparing the sensitivity analysis did not change in any of the 3 years.

G. The defined benefit obligations shall mature after year end as follows:

Year ending March 31	As at March 31, 2021		As at March 31, 2020		As at March 31, 2019	
	India	Outside India	India	Outside India	India	Outside India
1st following year	5.28	12.53	4.36	14.17	5.61	12.36
2nd following year	4.29	2.26	3.69	9.26	5.11	6.34
3rd following year	4.39	2.26	3.78	2.06	5.39	1.30
4th following year	4.35	2.26	3.78	2.06	5.37	1.30
5th following year	5.23	2.26	3.68	2.06	5.30	1.30
6th to 10th year	19.74	26.64	18.26	22.38	17.24	13.98

H. Risk exposure:

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 rate will increase the plan liability.

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.

Annexure VI  
Restated Consolidated Ind AS Summary Statement of notes to financial statements

39 Fair Values and Fair Value hierarchy

a. Fair value hierarchy

The Company categories fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 — Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 — Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 — Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

b. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value.

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 financial liabilities and borrowings approximate their carrying amounts largely due to the short term maturities of these instruments. The liability w.r.t Compulsory Convertible Debentures (CCD) and Compulsory Convertible Preference Shares (CCPS) have been fair valued as at the balance sheet date as at 31st March, 2019. Fair value of CCPS and CCD is determined by discounting the expected future cash flows using the discount rate equivalent to the expected rate of return for a similar instrument and maturity as on the reporting date. These instruments have been exercised and hence, no liability as at 31st March, 2021 and 31st March, 2020. For Put Option valuation, refer Note (a) given under Note 19. These are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counter party credit risk.

The Group has investments in debt mutual funds which are not quoted in the active market. These debt mutual funds are subsequently measured at fair value through profit or loss (FVTPL) as per the closing net assets value (NAV) statement provided by the mutual fund house. The corresponding unrealized gain or loss on fair valuation is recorded in profit and loss account under other income. Accordingly, such debt mutual funds fall under fair value hierarchy level 2.

Fair value measurement	Carrying value			Fair Value		
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Financial Assets</b>						
<b>At Amortised Cost</b>						
Deposits (Note 4)	661.37	633.39	543.49	661.37	633.39	543.49
Trade receivables (Note 9)	77.75	46.05	224.46	77.75	46.05	224.46
Cash and cash equivalents (Note 10)	450.50	221.00	222.14	450.50	221.00	222.14
Bank balances other than cash and cash equivalents (Note 11)	49.70	170.58	1,642.40	49.70	170.58	1,642.40
Other financial assets (Note 5)	106.10	42.43	54.12	106.10	42.43	54.12
<b>At Fair value through profit or loss</b>						
Investments (Note 6) (Level 2)	267.41	155.21	-	267.41	155.21	-
<b>Financial Liabilities</b>						
<b>At Amortised Cost</b>						
Borrowings (current and non-current) (Note 15)	520.25	591.50	853.05	520.25	591.50	853.05
Lease liabilities (Note 17)	5,692.21	5,743.69	5,455.32	5,692.21	5,743.69	5,455.32
Trade payables (Note 18)	1,439.70	1,306.68	1,141.53	1,439.70	1,306.68	1,141.53
Other current financial liabilities (Note 19)	622.07	468.96	404.33	622.07	468.96	404.33
<b>At Fair value</b>						
<b>Other current financial liabilities (Note 19)</b>						
Put Option Liability allocated to Non Controlling Interests (Note 19) (Level 3) *	-	21.53	913.00	-	21.53	913.00
Compulsorily convertible preference shares (Note 19) (Level 1)**	-	-	2,249.91	-	-	2,249.91
Compulsorily convertible debentures (Note 19) (Level 1)**	-	-	169.49	-	-	169.49

The Company considers that the carrying amounts of these financial instruments recognised at amortised cost in the financial statements approximates its fair value.

\* Fair value through equity

\*\* Designated at fair value through profit and loss upon initial recognition

Reconciliation of fair value measurement of liability categorised at level 3 :

At Fair value	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Opening Balance	21.53	3,332.40	1,343.70
Additions during the year	-	-	2,249.91
Conversion/ Repaid during the year	(21.53)	(3,010.20)	-
Total (Gain)/Loss	-	(300.67)	(261.21)
Closing Balance	-	21.53	3,332.40

The Group's borrowings and lease liabilities have fair values that approximate to their carrying amounts as they are based on the net present value of the anticipated future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

The fair values for non-current security deposits payable were calculated based on discounted cash flows using a SBI base rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs.

Valuation techniques used to determine fair value

The fair value of quoted mutual fund investment is calculated based on the Net Assets value on reporting date and it is classified as level 1 fair value hierarchy since NAV quotes are obtainable from Mutual fund. 8% Compulsory Convertible Preference shares (CCPS) has been classified as Level 2 fair value hierarchy. The significant input for CCPS is discount rate which is generally based on expected rates of return available from alternative investments of similar type, quality, and risk as of the valuation date.

Compulsory Convertible Debentures (CCD) and Compulsory Convertible Preference Shares (CCPS) have been fair valued as at the balance sheet date as at 31st March, 2019. Fair value of CCPS and CCD is determined by using price of recent investment method. These instruments have been exercised and hence, no liability as at 31st March, 2021 and 31st March, 2020. These are classified as level 1 fair values in the fair value hierarchy. For Put Option valuation, refer Note (a) given under Note 19. These have been fair valued as at the balance sheet date as at 31st March, 2019 and 31st March, 2020. Fair value is determined as a combination of the present value of the exercise price of the put option and business valuation. These have been exercised and hence, no liability as at 31st March, 2021. These are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including the market price of risk.

There has been no transfer between level 1, level 2 and level 3 for the years ended 31 March 2021, 31 March 2020 and 31 March 2019.

The above statement should be read with Significant Accounting Policies forming part of the Restated Consolidated Ind AS Summary Statement in Annexure V, Statement of Restated Adjustment to Audited Ind AS Consolidated Financial Statements in Annexure VI.

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Restated Consolidated Ind AS Summary Statement of notes to financial statements

**40 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 of the parent company. The Group's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Group. The Group determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through equity infusions, internal accruals and borrowings. The Group raises long term loans mainly for its expansion requirements. As a part of its capital management policy the Group ensures compliance with all covenants and other capital requirements related to its contractual obligations.

The capital structure is governed by policies approved by the Board of Directors and is monitored by various matrices funding requirements are reviewed periodically.

The above statement should be read with Significant Accounting Policies forming part of the Restated Consolidated Ind AS Summary Statement in Annexure V, Statement of Restated Adjustment to Audited Ind AS Consolidated Financial Statements in Annexure VI.

**41 Financial risk management objectives and policies**

The Group's principal financial liabilities comprises of borrowings, lease liabilities, trade and other payables. The Group's principal financial assets include trade and other receivables, and cash and cash equivalents including bank balances other than cash and cash equivalents that derive directly from its operations.

The Group's financial risk management is an integral part of how to plan and execute its business strategies. The Group is exposed to market risk, credit risk and liquidity risk.

The Group's senior management oversees the management of these risks. 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.

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

**a Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprises of risks relating to interest rate risk and price risk. The impact of price risk is not material. The sensitivity analysis in the following sections relate to the position as at respective Balance Sheet date. The analysis exclude the impact of movements in market variables on: the carrying values of gratuity, pension obligation and other post-retirement obligations; provisions; and the non-financial assets and liabilities. The sensitivity of the relevant restated consolidated statement of 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, 2021.

**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). Foreign currency exchange rate exposure is partly balanced by purchasing of goods from the respective countries. The Group evaluates exchange rate exposure arising from foreign currency transactions and follows establish risk management policies.

The Group has not entered into any derivative transaction during the years presented. Unhedged Foreign currency exposure is Nil for each respective years.

**ii Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group exposure to the risk of changes in market interest rates relates primarily to the outstanding financial liability.

The Group basis its assessment believes that the probability of the occurrence of their forecasted transactions are not materially impacted by COVID 19 pandemic. 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.

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Borrowings bearing variable rate of interest	726.22	660.47	882.21

**Interest rate sensitivity**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on affected portion of loans and borrowings taken at floating rates. With all other variables held constant, the Group's 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 restated loss before tax:

Change	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
50 bps increase would increase the restated loss before tax by	(3.63)	(3.30)	(4.41)
50 bps decrease would decrease the restated loss before tax by	3.63	3.30	4.41

**b Credit risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables and deposits with landlords for store properties taken on leases) and from its investing 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.

The Group has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivable. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, the Group, as at the date of approval of these restated consolidated financial statements has used internal and external sources of information. The impact of COVID-19 on the Group's financial statements may differ from that estimated as at the date of approval of these restated consolidated financial statements.

**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.

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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.

Investment in banks and investment in mutual funds though carries counter party credit risk considering situation due to COVID-19, has been valued at amortised cost and fair value through profit and loss respectively and tenure for both invested is less than one year and impact expected is immaterial. The impact of COVID-19 on the restated consolidated financial statements may differ from that estimated as at the date of approval of these financial statements.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on their contractual maturities.

Particulars	Year	< 1 Year	1 - 3 Years	Total
<b>Financial Liabilities</b>				
Trade Payable	March 31, 2021	1,439.70	-	1,439.70
	March 31, 2020	1,306.68	-	1,306.68
	March 31, 2019	1,141.53	-	1,141.53
Borrowings (including current maturities of long-term debt)	March 31, 2021	289.44	501.88	791.32
	March 31, 2020	171.93	540.02	711.95
	March 31, 2019	307.80	651.23	959.03
<b>Other Financial Liabilities</b>				
Payable on Capital goods purchased	March 31, 2021	139.64	-	139.64
	March 31, 2020	151.56	-	151.56
	March 31, 2019	133.67	-	133.67
Payable to employees	March 31, 2021	196.87	-	196.87
	March 31, 2020	149.83	-	149.83
	March 31, 2019	129.10	-	129.10
Other payables	March 31, 2021	49.25	-	49.25
	March 31, 2020	47.12	-	47.12
	March 31, 2019	35.58	-	35.58
Put Option Liability allocated to Non Controlling Interests	March 31, 2021	-	-	-
	March 31, 2020	21.53	-	21.53
	March 31, 2019	913.00	-	913.00
Compulsorily convertible preference shares	March 31, 2021	-	-	-
	March 31, 2020	-	-	-
	March 31, 2019	2,249.91	-	2,249.91
Compulsorily convertible debentures	March 31, 2021	-	-	-
	March 31, 2020	-	-	-
	March 31, 2019	169.49	-	169.49

Note : Refer Note 44 for maturity profile of lease liabilities

d Excessive risk concentration

Concentrations arise when a number of counter parties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders. In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio.

The above statement should be read with Significant Accounting Policies forming part of the Restated Consolidated Ind AS Summary Statement in Annexure V, Statement of Restated Adjustment to Audited Ind AS Consolidated Financial Statements in Annexure VI.

42 Share-based payments

The Parent Company had received approval of the Board and Shareholders for issuance of 20,31,249 Equity Shares of INR10 each for offering to eligible employees of the Parent Company under Sapphire Foods Employee Stock Option Plan 2017 (the plan). There are 2 schemes of the plan implemented by the Parent Company- Sapphire Foods Employee Stock Option Loyalty Scheme 2017- "Scheme I" (loyalty scheme) and Sapphire Foods Employee Stock Option Performance Scheme 2017- "Scheme II" (performance scheme).

The purpose of these schemes is to reward loyalty for past services with the Parent Company, retention of critical employees, achieving Parent Company performance and aligning the shareholders interest.

In March 31, 2021 the Parent Company has modified its existing schemes and implemented variation on 21 August 2020 by increasing the total number of options available for loyalty and performance options . It revised its target performance estimates and made it more favourable for its employees. These schemes were further modified on 30 December 2020 where Ruby options were introduced resulting in an increase in no of option granted and revised the terms of performance making it more favourable for its employees. The revised scheme hereinafter referred to as "Scheme III" for employees other than CEO and "Scheme IV" for CEO respectively.

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 granted which range from 1-4 years and which will be exercised over a period of 1 year from date of vesting.

There are no cash settlement alternatives for the employees. The Parent Company does not have a past practice of cash settlement for these awards.

Movement during the year, the Group has granted the following options:

	Loyalty			
	Scheme IV		Scheme III	
	Scheme IV	Scheme IV	Scheme III	Scheme III
No. of options	2,25,694	1,12,848	1,73,031	37,615
Method of accounting	Fair value	Fair value	Fair value	Fair value
Vesting period (in years)	2.5	2.2	2.2	2.2
Grant Date	04-Jun-18	21-Aug-20	04-Jun-18	21-Aug-20
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
Exercise Price (INR)	10	10	10	10
Method of settlement	Equity- settled	Equity- settled	Equity- settled	Equity- settled
Fair value per option (INR)	344.65	376.70	344.75	376.70

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	Performance						
	Scheme IV			Scheme III			
	Gold Options	Platinum	Ruby Options	Gold Options (A)	Gold Options (B)	Platinum	Ruby Options
No. of options	3,38,542	2,25,694	1,38,889	2,10,649	2,10,648	52,663	1,05,325
Method of accounting	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value
Vesting period (in years)	2.2	2.6	3.5	2.2	2.5	3.5	3.2
Grant Date	04-Jun-18	21-Aug-20	30-Dec-20	04-Jun-18	21-Aug-20	21-Aug-20	30-Dec-20
Exercise Date	31-03-2024	31-03-2024	31-03-2025	31-03-2024	31-03-2024 & 31-03-2025	31-03-2024 & 31-03-2025	31-03-2025
Exercise Price (INR)	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 (INR)	376.80	377.00	377.50	238.10	237.90	251.80	248.60

No. of Options	Loyalty			Performance		
	2020-21	2019-20	2018-19	2020-21	2019-20	2018-19
Outstanding at the beginning of the year	3,98,728	5,04,052	-	2,18,493	2,77,479	-
Granted during the year	1,50,463	-	5,49,190	10,63,917	-	3,07,571
Forfeited/cancelled during the year	-	-	-	-	-	-
Exercised during the year	(1,80,511)	-	-	-	-	-
Lapsed/ Expired during the year	-	(1,05,324)	(45,138)	(39,496)	(58,986)	(30,092)
Outstanding at the end of the year	3,68,680	3,98,728	5,04,052	12,42,914	2,18,493	2,77,479
Exercisable at the end of the year	-	-	-	-	-	-

The value of the underlying shares has been determined by an independent valuer. The following assumptions were used for calculation of fair value of grants in accordance with Black Scholes model:

Date of grant	30 December 2020	21 August 2020	3 September 2018	4 June 2018
Risk free interest rate	4.00%	4.69%	8.10%	7.90%
Expected life (in years)	2.2-3.5	2.6	7.4	5.4
Expected volatility	55%	50%	45%	40%
Dividend yield	0%	0%	0%	0%
Price of the underlying share in the market at the time of option grant (INR)	386	291	351	351

Incremental fair value of options was based on the above factors

Weighted average remaining contractual life of the share option outstanding at the end of year is as below :

Particulars	31-Mar-21	31-Mar-20	31-Mar-19
Remaining contractual life Loyalty (years)	0.88	1.54	2.31
Remaining contractual life Performance (years)	1.75	1.45	2.90

Change in Fair value due to modification in scheme

Particulars	Loyalty		Performance	
	First	Final	First	Final
Scheme IV	31.85	-	-	258.13
Scheme III	10.62	-	16.27	77.51
<b>Total</b>	<b>42.47</b>	<b>-</b>	<b>16.27</b>	<b>335.64</b>

Effect of the employee option plan on the Statement of Profit or Loss and on its financial position

Particulars	March 31, 2021	March 31, 2020	March 31, 2019
Total employee compensation cost pertaining to stock option plan	137.78	44.22	66.83
Liability for employee stock option plan outstanding as at the year end	186.62	111.05	66.83

The weighted average share price for options exercised and lapsed during the year is INR 344.65 per share.

The above statement should be read with Significant Accounting Policies forming part of the Restated Consolidated Ind AS Summary Statement in Annexure V, Statement of Restated Adjustment to Audited Ind AS Consolidated Financial Statements in Annexure VI.

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:

Type of goods or service	31st March, 2021	31st March, 2020	31st March, 2019
Restaurant sales	10,159.76	13,284.14	11,803.79
Other operating income	36.43	119.98	134.43
<b>Total revenue from contract with customers</b>	<b>10,196.19</b>	<b>13,404.12</b>	<b>11,938.22</b>
India	8,140.28	11,204.09	9,775.84
Outside India	2,055.91	2,200.03	2,162.38
<b>Total revenue from contract with customers</b>	<b>10,196.19</b>	<b>13,404.12</b>	<b>11,938.22</b>
<b>Timing of revenue recognition</b>			
Goods transferred at a point in time	10,192.95	13,403.72	11,842.18
Services transferred over time (included in other operating income)	3.24	0.40	96.04
<b>Total revenue from contract with customers</b>	<b>10,196.19</b>	<b>13,404.12</b>	<b>11,938.22</b>

2. Contract balances:

	31st March, 2021	31st March, 2020	31st March, 2019	01st April, 2018
Trade receivables	77.75	46.05	224.46	65.30
Contract liabilities	3.42	3.19	15.79	24.98

The above statement should be read with Significant Accounting Policies forming part of the Restated Consolidated Ind AS Summary Statement in Annexure V, Statement of Restated Adjustment to Audited Ind AS Consolidated Financial Statements in Annexure VI.

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44 Accounting standard on Leases – Ind AS 116

Leases where the Group is a Lessee

a) Effective April 01, 2019 the Group adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 01, 2019 using the modified retrospective method. For the purpose of preparing restated consolidated financial information, Ind AS 116 has been applied retrospectively with effect from April 01, 2018. The effect of such adoption resulted into cumulative impact recognised to retained earnings as at April 01, 2018 amounting to INR 470.83 million (net of tax).

b) In the restated consolidated statement of profit and loss for the respective years, operating lease expenses which were recognised as other expenses in previous periods is now recognised as depreciation expense for the right-of-use asset and finance cost for interest accrued on lease liability.

The incremental borrowing rate of 10.50% - 13.00% as been applied to lease liabilities recognised in the balance sheet at the date of initial application.

Non-GAAP measures: Impact of Ind AS 116 on the restated consolidated financial statement is as follows:

The Group has entered into various lease agreements mainly in respect of lease of store space. Management believes adoption of Ind AS 116 has significant impact and thereby disclosure of such impact for all the years will provide useful information.

Particulars	Year ended 31 March, 2021 (Pre IND AS 116)	Year ended 31 March, 2021 (Ind AS 116)	Change in loss before tax (Ind AS 116) Increase/(Decrease)
Rent expense (Net)	1,142.89	237.22	(905.67)
Other miscellaneous expenses	314.05	305.46	(8.59)
Finance cost	120.02	755.65	635.63
Depreciation, impairment and amortisation expense	1,110.14	2,091.45	981.31
Other Income - rent waiver	-	(489.46)	(489.46)
Other income - gain on termination of lease contract	-	(53.94)	(53.94)
Total	2,687.10	2,846.38	159.28

Particulars	Year ended 31 March, 2020 (Pre IND AS 116)	Year ended 31 March, 2020 (Ind AS 116)	Change in loss before tax (Ind AS 116) Increase/(Decrease)
Rent expense (Net)	1,668.84	441.31	(1,227.53)
Other miscellaneous expenses	401.19	391.75	(9.44)
Finance cost	116.68	721.93	605.25
Depreciation, impairment and amortisation expense	1,018.57	1,913.10	894.53
Other income - gain on termination of lease contract	-	(0.12)	(0.12)
Total	3,205.28	3,467.97	262.69

Particulars	Year ended 31 March, 2019 (Pre IND AS 116)	Year ended 31 March, 2019 (Ind AS 116)	Change in loss before tax (Ind AS 116) Increase/(Decrease)
Rent expense	1,517.93	449.28	(1,068.65)
Other miscellaneous expenses	443.61	438.18	(5.43)
Finance cost	175.17	720.05	544.88
Depreciation, impairment and amortisation expense	743.52	1,547.31	803.79
Other income - gain on termination of lease contract	-	(27.10)	(27.10)
Total	2,880.23	3,127.72	247.49

(b) The Group incurred INR 24.87 million for the year ended 31st March, 2021 (INR 35.17 million for 31st March, 2020, INR 36.38 million for 31st March 2019) towards expenses relating to short-term leases and leases of low-value assets. The total cash outflow for leases is INR 901.61 million for the year ended 31st March, 2021 (INR 1,244.33 million for 31st March, 2020, INR 1,054.35 million for 31st March 2019), including cash outflow of short-term leases and leases of low-value assets. Interest on lease liabilities is INR 635.63 million for the year ended 31st March 2021, (605.25 million for 31st March 2020, INR 544.88 million for 31st March 2019).

(c) The Group's leases mainly comprise of stores, buildings and vehicles. Group takes on leases for the purpose of business operations.

(d) The Group also had non-cash additions to right of use assets and lease liabilities of INR 955.08 million in 31st March 2021 (INR 969.97 million in 31st March, 2020, INR 1,240.58 million in 31st March, 2019)

Leases are shown as follows in the Group's restated consolidated financial statements

Set out below are the carrying amounts of lease liabilities (included under financial liabilities) and the movements during the year :

Particulars	As at 31st March, 2021	As at 31st March, 2020	As at March 31, 2019
Opening balance	5,743.69	5,455.32	4,805.10
Ind AS 116 transition adjustment	-	(76.55)	-
Additions	955.08	969.97	1,240.58
Accretion of Interest	635.63	605.25	544.88
Termination	(238.22)	(0.59)	(100.72)
Rent waiver due to COVID	(489.46)	-	-
Payments	(876.74)	(1,209.16)	(1,034.52)
Translation difference	(37.77)	(0.55)	-
<b>Closing balance</b>	<b>5,692.21</b>	<b>5,743.69</b>	<b>5,455.32</b>
<b>Lease liabilities</b>			
Current	787.19	718.56	618.15
Non-current	4,905.02	5,025.13	4,837.17
<b>Total lease liabilities</b>	<b>5,692.21</b>	<b>5,743.69</b>	<b>5,455.32</b>

For the year ended 31 March 2021

Maturity analysis of contractual undiscounted cash flow	Less than 1 year	1 - 5 years	More than 5 years	Total
Lease of Buildings and Motor vehicle	1,247.69	3,907.21	3,687.64	8,842.54
<b>Total undiscounted lease liabilities</b>	<b>1,247.69</b>	<b>3,907.21</b>	<b>3,687.64</b>	<b>8,842.54</b>

For the year ended 31 March 2020

Maturity analysis of contractual undiscounted cash flow	Less than 1 year	1 - 5 years	More than 5 years	Total
Lease of Buildings and Motor vehicle	1,218.88	3,890.24	3,875.25	8,984.37
<b>Total undiscounted lease liabilities</b>	<b>1,218.88</b>	<b>3,890.24</b>	<b>3,875.25</b>	<b>8,984.37</b>

For the year ended 31 March 2019

Maturity analysis of contractual undiscounted cash flow	Less than 1 year	1 - 5 years	More than 5 years	Total
Lease of Buildings and motor vehicle	1,114.47	3,648.67	3,620.22	8,383.36
<b>Total undiscounted lease liabilities</b>	<b>1,114.47</b>	<b>3,648.67</b>	<b>3,620.22</b>	<b>8,383.36</b>

Some of the leases contain extension and termination options. Such options are taken into account in the determination of the lease term only if extension or non-termination can be assumed with reasonable certainty.



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Restated Consolidated Ind AS Summary Statement of notes to financial statements

Amounts recognised in the Restated Ind AS Consolidated Statement of Profit and Loss

	2020-2021	2019-2020	2018-2019
<b>Other income</b>			
Gain on termination of lease contract	53.94	0.12	27.10
Rent waiver due to COVID	489.46	-	-
<b>Other expenses</b>			
Short-term lease rent expense	20.09	29.97	34.52
Low value asset lease rent expense	4.78	5.20	1.86
Variable lease rent expense	81.85	228.25	263.90
GST on rent	130.50	177.89	149.00
<b>Depreciation and impairment losses</b>			
Depreciation of right of use	981.31	894.53	803.79
<b>Finance cost</b>			
Interest expense on lease liability	635.63	605.25	544.88

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:

Particulars	For the year ended 31 March 2021		
	Fixed Payments	Variable	Total
Fixed Rent	412.09	-	412.09
Variable rent with minimum payment	453.31	44.13	497.44
Variable rent only	-	37.72	37.72
	<b>865.40</b>	<b>81.85</b>	<b>947.25</b>

Particulars	For the year ended 31 March 2020		
	Fixed Payments	Variable	Total
Fixed Rent	547.25	-	547.25
Variable rent with minimum payment	678.17	154.40	832.57
Variable rent only	-	61.39	61.39
	<b>1,225.42</b>	<b>215.79</b>	<b>1,441.21</b>

Particulars	For the year ended 31 March 2019		
	Fixed Payments	Variable	Total
Fixed Rent	824.16	-	824.16
Variable rent with minimum payment	258.09	129.56	387.65
Variable rent only	-	77.33	77.33
	<b>1,082.25</b>	<b>206.89</b>	<b>1,289.14</b>

A 5% increase in revenue for the relevant stores would increase total lease payments by 4% for the year ended March 2021 (March 2020: 2.28%, March 2019: 4%).

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

The above statement should be read with Significant Accounting Policies forming part of the Restated Consolidated Ind AS Summary Statement in Annexure V, Statement of Restated Adjustment to Audited Ind AS Consolidated Financial Statements in Annexure VI.

45 Impact of COVID-19

The global spread of Covid 19 impacted businesses across all sectors and geographies. As a result, operations of most restaurants were affected temporarily in compliance with lockdown announced by the Central Government of India and government of other countries, along with other directives/orders issued by other relevant authorities which resulted in lower sales as compared to previous periods.

The management of the Group 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 information in determining its liquidity position for next one year, carrying value of assets comprising property, plant and equipment, right of use assets, inventories, receivables and other current assets as at the balance sheet date.

On the basis of evaluation and current indicators of future economic conditions, the Group has concluded that no material adjustments are required in the financial information other than those already recognised as of the reporting date. Given the uncertainties associated with nature, condition and duration of Covid 19, the impact assessment on the Group's financial information will be continuously made and provided for as required.

The above statement should be read with Significant Accounting Policies forming part of the Restated Consolidated Ind AS Summary Statement in Annexure V, Statement of Restated Adjustment to Audited Ind AS Consolidated Financial Statements in Annexure VI.

Sapphire Foods India Limited (formerly known as "Sapphire Foods India Private Limited")  
(Amount in INR millions, unless otherwise stated)

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46 Information for Consolidated Financial Statement pursuant to Schedule III of the Companies Act, 2013

Year ended March 31, 2021

Name of the Entity in the Group	Net Assets, i.e. Total Assets minus Total Liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income		Country of Incorporation	% of Voting Power
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of total other comprehensive income	Amount		
<b>Parent</b> Sapphire Foods India Private Limited	108%	5,149.16	97%	(967.02)	24%	(10.25)	94%	(977.27)	India	100%
<b>Subsidiaries (held directly)</b>										
<b>Indian</b> Gamma Pizzakraft (Overseas) Private Limited	8%	360.01	1%	(9.05)	0%	-	1%	(9.05)	India	100%
<b>Subsidiaries (held indirectly)</b>										
<b>Indian</b> Gamma Pizzakraft Private Limited	0%	9.58	2%	(22.87)	0%	0.14	2%	(22.73)	India	100%
<b>Foreign</b>										
Gamma Pizzakraft Lanka Private Limited	10%	477.97	-10%	96.27	77%	(32.67)	-6%	63.61	Sri Lanka	100%
French Restaurants Private Limited	0%	0.69	0%	(0.06)	0%	(0.06)	0%	(0.12)	Sri Lanka	100%
Gamma Island Food Private Limited	-1%	(25.16)	1%	(14.92)	0%	0.15	1%	(14.78)	Maldives	51%
<b>Non Controlling Interest</b>	0%	(11.71)	1%	(14.34)	0%	0.13	1%	(14.21)	Maldives	49%
<b>Adjustments on account of Consolidation</b>	-25%	(1,173.22)	7%	(66.98)	0%	0.03	6%	(66.95)		
<b>Balance as at March 31, 2021</b>	<b>100%</b>	<b>4,787.32</b>	<b>100%</b>	<b>(998.97)</b>	<b>100%</b>	<b>(42.53)</b>	<b>100%</b>	<b>(1,041.50)</b>		

Year ended March 31, 2020

Name of the Entity in the Group	Net Assets, i.e. Total Assets minus Total Liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income		Country of Incorporation	% of Voting Power
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of total other comprehensive income	Amount		
<b>Parent</b> Sapphire Foods India Private Limited	106%	5,544.83	87%	(1,389.13)	6%	(2.75)	85%	(1,391.88)	India	100%
<b>Subsidiaries (held directly)</b>										
<b>Indian</b> Gamma Pizzakraft (Overseas) Private Limited	7%	348.06	8%	(133.25)	0%	-	8%	(133.25)	India	100%
<b>Subsidiaries (held indirectly)</b>										
<b>Indian</b> Gamma Pizzakraft Private Limited	0%	22.31	1%	(11.56)	1%	(0.26)	1%	(11.82)	India	100%
<b>Foreign</b>										
Gamma Pizzakraft Lanka Private Limited	8%	414.37	-2%	28.84	118%	(58.06)	2%	(29.22)	Sri Lanka	100%
French Restaurants Private Limited	0%	0.81	0%	(0.19)	0%	0.01	0%	(0.18)	Sri Lanka	100%
Gamma Island Food Private Limited	0%	3.81	1%	(17.75)	-5%	2.70	1%	(15.05)	Maldives	51%
<b>Non Controlling Interest</b>	0%	2.50	1%	(17.06)	-5%	2.60	1%	(14.46)	Maldives	49%
<b>Adjustments on account of Consolidation</b>	-21%	(1,089.47)	3%	(52.37)	-13%	6.60	3%	(45.77)		
<b>Balance as at March 31, 2020</b>	<b>100%</b>	<b>5,247.22</b>	<b>100%</b>	<b>(1,592.47)</b>	<b>100%</b>	<b>(49.16)</b>	<b>100%</b>	<b>(1,641.63)</b>		

Sapphire Foods India Limited (formerly known as "Sapphire Foods India Private Limited")  
(Amount in INR millions, unless otherwise stated)

Annexure VII  
Restated Consolidated Ind AS Summary Statement of notes to financial statements

Year ended March 31, 2019

Name of the Entity in the Group	Net Assets, i.e. Total Assets minus Total Liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income		Country of Incorporation	% of Voting Power
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of total other comprehensive income	Amount		
<b>Parent</b>										
Sapphire Foods India Private Limited	120%	4,826.36	90%	(627.99)	-102%	(2.97)	91%	(630.96)	India	100%
<b>Subsidiaries (held directly)</b>										
<b>Indian</b>										
Gamma Pizzakraft (Overseas) Private Limited	12%	471.32	6%	(44.52)	0%	-	6%	(44.52)	India	73%
<b>Subsidiaries (held indirectly)</b>										
<b>Indian</b>										
Gamma Pizzakraft Private Limited	1%	49.36	1%	(10.02)	-11%	(0.31)	1%	(10.33)	India	100%
<b>Foreign</b>										
Gamma Pizzakraft Lanka Private Limited	12%	491.30	-3%	20.70	10%	0.30	-3%	21.00	Sri Lanka	100%
French Restaurants Private Limited	0%	0.99	0%	0.19	0%	-	0%	0.19	Sri Lanka	100%
Gamma Island Food Private Limited	1%	44.69	2%	(11.98)	0%	-	2%	(11.98)	Maldives	51%
<b>Non Controlling Interest</b>	0%	10.77	2%	(13.83)	54%	1.59	2%	(12.24)	Maldives	49%
<b>Adjustments on account of Consolidation</b>	-46%	(1,868.19)	1%	(6.59)	148%	4.31	0%	(2.28)		
<b>Balance as at March 31, 2019</b>	<b>100%</b>	<b>4,026.60</b>	<b>100%</b>	<b>(694.04)</b>	<b>100%</b>	<b>2.92</b>	<b>100%</b>	<b>(691.12)</b>		

The above statement should be read with Significant Accounting Policies forming part of the Restated Consolidated Ind AS Summary Statement in Annexure V, Statement of Restated Adjustment to Audited Ind AS Consolidated Financial Statements in Annexure VI.

**Annexure VII**

**Restated Consolidated Ind AS Summary Statement of notes to financial statements**

47 a) As per the Regulation 14(6)(ii) of Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 (as amended from time to time), an Indian company making the Downstream Investment (DI) is required to notify the Secretariat for Industrial Assistance (SIA), Department of Industrial Policy and Promotion (DIPP) and Foreign Investment Promotion Board (FIPB) of its downstream investment along with the modality of investment and file Form DI with RBI within 30 days of allotment of capital instruments (wherever applicable). However, the Company has not notified the downstream investment to SIA, DIPP, FIPB and RBI (wherever applicable) for the financial years ended 31 March 2016, 31 March 2017, 31 March 2018 and 31 March 2019 within such deadlines. Further, the Company has not obtained the Statutory Auditor's certificate in earlier years i.e. for year ended 31 March 2016, 31 March 2017, 31 March 2018 and 31 March 2019, nor has mentioned this non-compliance in its Directors Report for these periods.

b) The Company is in process of undertaking compounding procedures with the RBI including but not limited to regularizing delays through late submission fees, in accordance with the relevant provisions of the applicable FEMA Regulations.

The above statement should be read with Significant Accounting Policies forming part of the Restated Consolidated Ind AS Summary Statement in Annexure V, Statement of Restated Adjustment to Audited Ind AS Consolidated Financial Statements in Annexure VI.

**48 Events after the reporting period**

The Group has evaluated subsequent events from the balance sheet date through August 06, 2021, the date at which the financial statements were available to be issued and determined that there are no material items to disclose.

The above statement should be read with Significant Accounting Policies forming part of the Restated Consolidated Ind AS Summary Statement in Annexure V, Statement of Restated Adjustment to Audited Ind AS Consolidated Financial Statements in Annexure VI.

**49 The Code of Social Security 2020**

The Code of Social Security 2020 ('Code') relating to employee benefits during employment and post-employment received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Group will assess the impact of the Code when it comes into effect and will record any related impact in the period in which the Code becomes effective.

The above statement should be read with Significant Accounting Policies forming part of the Restated Consolidated Ind AS Summary Statement in Annexure V, Statement of Restated Adjustment to Audited Ind AS Consolidated Financial Statements in Annexure VI.

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As per our report of even date

**For S R B C & CO LLP**  
Chartered Accountants  
ICAI Registration No : 324982E/ E300003

**For and on behalf of the Board of Directors  
of Sapphire Foods India Limited (formerly known as "Sapphire Foods India  
Private Limited)**

**Sunil Chandiramani**  
Director  
DIN: 00524035

**Sanjay Purohit**  
Whole time Director  
DIN : 00117676

**per Vikram Mehta**  
Partner  
Membership No : 105938  
Place: Mumbai  
Date: August 06, 2021

**Sachin Dudam**  
Company Secretary  
Membership No. : A31812  
Place: Mumbai  
Date: August 06, 2021

**Vijay Jain**  
Chief Financial Officer

## OTHER FINANCIAL INFORMATION

The audited standalone financial statements of our Company as at and for the year ended March 31, 2021, March 31, 2020, and March 31, 2019 (“**Audited Financial Statements**”) are available at <https://www.sapphirefoods.in/investor-relation>. The standalone financial statements of our Material Subsidiary as at and for the year ended March 31, 2021, March 31, 2020, and March 31, 2019 (“**Material Subsidiary Financial Statements**”) are available at <https://www.sapphirefoods.in/investor-relation>. Our Company is providing a link to this website solely to comply with the requirements specified in the SEBI ICDR Regulations. The Audited Financial Statements and reports thereon dated June 11, 2021, August 6, 2020 and August 28, 2019, respectively, and the Material Subsidiary Financial Statements and the reports thereon dated April 21, 2021, July 31, 2020 and July 31, 2019, respectively, do not constitute, (i) a part of this Draft Red Herring Prospectus; or (ii) a prospectus, a statement in lieu of a prospectus, an offering circular, an offering memorandum, an advertisement, an offer or a solicitation of any offer or an offer document to purchase or sell any securities under the Companies Act, 2013, the SEBI ICDR Regulations, or any other applicable law in India or elsewhere in the world. The Audited Financial Statements and the reports thereon and the Material Subsidiary Financial Statements and the reports thereon should not be considered as part of information that any investor should consider to subscribe for or purchase any securities of our Company, or any entity in which it or its shareholders have significant influence (collectively, the “**Group**”) and should not be relied upon or used as a basis for any investment decision. None of the Group or any of its advisors, nor any BRLMs or the Selling Shareholders, nor any of their respective employees, directors, affiliates, agents or representatives accept any liability whatsoever for any loss, direct or indirect, arising from any information presented or contained in the Audited Financial Statements, or the opinions expressed therein.

### Non-GAAP Measures

Certain non-GAAP measures like Company EBITDA, Company adjusted EBITDA, Company EBITDA margin, Company adjusted EBITDA margin, Company EBITDA before ESOP expenses, Company adjusted EBITDA before ESOP expenses, Company EBITDA before ESOP expenses margin, Company adjusted EBITDA before ESOP expenses margin, net worth, return on net worth, Net Asset Value per Equity Share, debt equity ratio, total borrowings/ equity, ratio of total liabilities including contingent liabilities to net worth (“**Non-GAAP Measures**”) presented in this Draft Red Herring Prospectus are a supplemental measure of our performance and liquidity that are not required by, or presented in accordance with, Ind AS, Indian GAAP, or IFRS. Further, these Non-GAAP Measures are not a measurement of our financial performance or liquidity under Ind AS, Indian GAAP, or IFRS and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the year or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, Indian GAAP, or IFRS. In addition, these Non-GAAP Measures are not a standardised term, hence a direct comparison of similarly titled Non-GAAP Measures between companies may not be possible. Other companies may calculate the Non-GAAP Measures differently from us, limiting its usefulness as a comparative measure. Although the Non-GAAP Measures are not a measure of performance calculated in accordance with applicable accounting standards, our Company’s management believes that it is useful to an investor in evaluating us because it is a widely used measure to evaluate a company’s operating performance. See “*Risk Factors - We have included certain non-GAAP financial and operational measures related to our operations and financial performance that may vary from any standard methodology that is applicable across the QSR chain sub-segment, and which may not be comparable with financial, operational or industry related statistical information of similar nomenclature computed and presented by similar companies.*” on page 63.

### Reconciliation of restated loss after tax for the years presented to Company EBITDA

The table below reconciles restated loss after tax for the years presented to Company EBITDA. Company EBITDA is calculated as restated loss for the year after tax plus total tax expense, finance costs, depreciation, impairment and amortization expense, exceptional items, net gain on termination of lease contract and rent waiver due to COVID 19 less other income.

*(in ₹ million)*

Particulars	Year ended March 31,		
	2021	2020	2019
Restated loss for the year after tax	(998.97)	(1,592.47)	(694.04)
<b>Adjustments:</b>			
Less: Other income	616.16	113.24	124.60

Particulars	Year ended March 31,		
	2021	2020	2019
Add: Total tax expenses	12.03	(17.36)	11.00
Add: Finance costs	755.65	721.93	720.05
Add: Depreciation, impairment and amortisation expense	2,091.45	1,913.11	1,547.31
Add: Exceptional items	-	943.91	-
Add: Net gain on termination of lease contract	53.94	0.12	27.10
Add: Rent waiver due to COVID	489.46	-	-
<b>Company EBITDA</b>	<b>1,787.40</b>	<b>1,856.00</b>	<b>1,486.82</b>

*Reconciliation of net worth for equity shareholders*

(in ₹ million)

Particulars	Year ended March 31,		
	2021	2020	2019
Equity share capital (I)	527.90	502.44	431.08
Other equity excluding capital reserves (II)	3,915.03	4,386.18	3,228.65
<b>Net worth (III) = (I + II)</b>	<b>4,442.93</b>	<b>4,888.62</b>	<b>3,659.73</b>

*Reconciliation of return on net worth*

(in ₹ million)

Particulars	Year ended March 31,		
	2021	2020	2019
Equity share capital (I)	527.90	502.44	431.08
Other equity excluding capital reserves (II)	3,915.03	4,386.18	3,228.65
<b>Net worth (III) = (I + II)</b>	<b>4,442.93</b>	<b>4,888.62</b>	<b>3,659.73</b>
Restated loss for the year after tax attributable to equity share holders of the parent (IV)	(984.63)	(1,575.41)	(680.21)
<b>Return on net worth (V) = (IV / (III))</b>	<b>(22.16%)</b>	<b>(32.23%)</b>	<b>(18.59%)</b>

*Reconciliation of Net Asset Value (per Equity Share)*

(in ₹ million, except for share data)

Particulars	Year ended March 31,		
	2021	2020	2019
Equity share capital (I)	527.90	502.44	431.08
Other equity excluding capital reserve (II)	3,915.03	4,386.18	3,228.65
Net worth for equity shareholders' (III) = (I + II)	<b>4,442.93</b>	<b>4,888.62</b>	<b>3,659.73</b>
Number of equity shares (IV)	52,790,409	50,243,968	43,107,874
<b>Net asset value per equity share (V) = (III / IV)</b>	<b>84.16</b>	<b>97.30</b>	<b>84.90</b>

*Reconciliation of debt equity ratio*

(in ₹ million)

Particulars	Year ended March 31,		
	2021	2020	2019
Non-current liabilities: Borrowings (I)	489.91	540.02	651.23
Current maturity of non-current borrowings (II)	236.31	120.45	105.98
Current liabilities: Borrowings (III)	30.34	51.48	201.82
Total borrowings (IV = I + II + III)	<b>756.56</b>	<b>711.95</b>	<b>959.03</b>
Equity share capital (V)	527.90	502.44	431.08
Other equity (VI)	4,271.13	4,742.28	3,584.75
Total equity (VII) = (V + VI)	<b>4,799.03</b>	<b>5,244.72</b>	<b>4,015.83</b>
<b>Debt equity ratio (VIII = IV / VII)</b>	<b>0.16</b>	<b>0.14</b>	<b>0.24</b>

**Company EBITDA, Company Adjusted EBITDA and Restaurant EBITDA (Non-GAAP measure)**

In this section we have presented our Restaurant EBITDA and the reconciliation of our Restaurant EBITDA to Company Adjusted EBITDA and the reconciliation of our restated loss after tax for the year to Company EBITDA

and Company Adjusted EBITDA. The table below sets out our Restaurant EBITDA, which has been adjusted to remove the effects of our adoption of Ind AS 116, for the periods indicated.

Particulars		Year ended March 31,		
		2021	2020	2019
<b>1) KFC INDIA</b>				
A)	<b>Restaurant related Revenue</b>	<b>5,897.36</b>	<b>7,752.95</b>	<b>6,584.49</b>
B)	Cost of materials consumed	1,890.62	2,685.39	2,294.88
C)	Restaurant related expenses	3,179.10	4,047.01	3,453.39
D)	<b>Total expenses (D) = (B) + (C)</b>	<b>5,069.72</b>	<b>6,732.40</b>	<b>5,748.27</b>
E)	<b>Restaurant EBITDA (E) = (A) - (D)</b>	<b>827.64</b>	<b>1,020.55</b>	<b>836.22</b>
F)	<b>Restaurant EBITDA (As a %age of restaurant related revenue) (F) = (E) / (A) %</b>	<b>14.0%</b>	<b>13.2%</b>	<b>12.7%</b>
G)	<b>Gross Margin (As a %age of restaurant related revenue) (G) = [(A) - (B)]/(A)%</b>	<b>67.9%</b>	<b>65.4%</b>	<b>65.1%</b>
<b>2) PH INDIA</b>				
A)	<b>Restaurant related Revenue</b>	<b>2,217.08</b>	<b>3,343.06</b>	<b>3,071.35</b>
B)	Cost of materials consumed	530.96	796.14	800.72
C)	Restaurant related expenses	1,574.78	2,302.99	2,041.37
D)	<b>Total expenses (D) = (B) + (C)</b>	<b>2,105.74</b>	<b>3,099.13</b>	<b>2,842.09</b>
E)	<b>Restaurant EBITDA (E) = (A) - (D)</b>	<b>111.34</b>	<b>243.93</b>	<b>229.26</b>
F)	<b>Restaurant EBITDA (As a %age of restaurant related revenue) (F) = (E) / (A) %</b>	<b>5.0%</b>	<b>7.3%</b>	<b>7.5%</b>
G)	<b>Gross Margin (As a %age of restaurant related revenue) (G) = [(A) - (B)]/(A)%</b>	<b>76.1%</b>	<b>76.2%</b>	<b>73.9%</b>
<b>3) Sri Lanka Business</b>				
A)	<b>Restaurant related Revenue</b>	<b>1,964.90</b>	<b>2,037.87</b>	<b>1,983.88</b>
B)	Cost of materials consumed	616.83	679.35	675.82
C)	Restaurant related expenses	964.27	1,029.12	990.66
D)	<b>Total expenses (D) = (B) + (C)</b>	<b>1,581.10</b>	<b>1,708.47</b>	<b>1,666.48</b>
E)	<b>Restaurant EBITDA (E) = (A) - (D)</b>	<b>383.80</b>	<b>329.40</b>	<b>317.40</b>
F)	<b>Restaurant EBITDA (As a %age of restaurant related revenue) (F) = (E) / (A) %</b>	<b>19.5%</b>	<b>16.2%</b>	<b>16.0%</b>
G)	<b>Gross Margin (As a %age of restaurant related revenue) (G) = [(A) - (B)]/(A)%</b>	<b>68.6%</b>	<b>66.7%</b>	<b>65.9%</b>
<b>4) Other business</b>				
A)	<b>Restaurant related Revenue</b>	<b>88.03</b>	<b>162.16</b>	<b>178.50</b>
B)	Cost of materials consumed	25.53	51.20	66.16
C)	Restaurant related expenses	59.71	103.24	102.23
D)	<b>Total expenses (D) = (B) + (C)</b>	<b>85.24</b>	<b>154.44</b>	<b>168.39</b>
E)	<b>Restaurant EBITDA (E) = (A) - (D)</b>	<b>2.79</b>	<b>7.72</b>	<b>10.11</b>
F)	<b>Restaurant EBITDA (As a %age of restaurant related revenue) (F) = (E) / (A) %</b>	<b>3.2%</b>	<b>4.8%</b>	<b>5.7%</b>
G)	<b>Gross Margin (As a %age of restaurant related revenue) (G) = [(A) - (B)]/(A)%</b>	<b>71.0%</b>	<b>68.4%</b>	<b>62.9%</b>

Particulars		Year ended March 31,		
		2021	2020	2019
<b>5) Group Total = (1) + (2) + (3) + (4)</b>				
A)	<b>Restaurant related Revenue</b>	<b>10,167.37</b>	<b>13,296.04</b>	<b>11,818.22</b>
B)	Cost of materials consumed	3,063.94	4,212.08	3,837.58
C)	Restaurant related expenses	5,777.86	7,482.36	6,587.65
D)	<b>Total expenses (D) = (B) + (C)</b>	<b>8,841.80</b>	<b>11,694.44</b>	<b>10,425.23</b>
E)	<b>Restaurant EBITDA (E) = (A) - (D)</b>	<b>1,325.57</b>	<b>1,601.60</b>	<b>1,392.99</b>
F)	<b>Restaurant EBITDA (As a %age of restaurant related revenue) (F) = (E) / (A) %</b>	<b>13.0%</b>	<b>12.0%</b>	<b>11.8%</b>
G)	<b>Gross Margin (As a %age of restaurant related revenue) (G) = [(A) - (B)]/(A)%</b>	<b>69.9%</b>	<b>68.3%</b>	<b>67.5%</b>

Restaurant related expenses includes employee benefit expense and other expenses in relation to our restaurant-level functions, which primarily include rent, Electricity expenses, Royalty, Marketing and advertisement expenses, Commission on aggregators and meal coupons, Common area maintenance expenses, Distribution and warehousing charges, Repairs and maintenance, Small wares, cleaning, uniform and operating supplies and other miscellaneous expenses in relation to our restaurant-level functions. Restaurant related expenses does not include the effects of our adoption of Ind AS 116, in financial year 2019, 2020 and 2021 on account of lease contract. Cost of material consumed represents in relation to our restaurant-level functions,

The table below sets out a reconciliation of Restaurant EBITDA to Company Adjusted EBITDA for the periods indicated

Particulars		Year ended March 31,		
		2021	2020	2019
A)	<b>Restaurant EBITDA</b>	<b>1,325.57</b>	<b>1,601.60</b>	<b>1,392.99</b>
B)	Corporate general and administration expenses before ESOP cost	851.54	942.13	951.94
C)	Other Operating Income (net of cost) and Misc income	45.57	46.63	60.34
D)	<b>Company Adjusted EBITDA before ESOP expenses (A) - (B) + (C)</b>	<b>519.60</b>	<b>706.10</b>	<b>501.39</b>
E)	ESOP expenses	137.78	44.22	66.83
F)	<b>Company adjusted EBITDA (D) - (E)</b>	<b>381.82</b>	<b>661.88</b>	<b>434.56</b>

(1) Corporate general and administration expenses includes employee benefit expense and other expenses in relation to our corporate-level functions, which primarily include Legal and professional charges, Travelling and conveyance, housekeeping, rental, IT-related expenses and Miscellaneous expenses in relation to our corporate level functions. It excludes recognition of share based payment in accordance with Ind AS 102.

(2) Other Operating Income (net of cost) and Misc income includes - Sale to Airport dealers (net of cost of procurement), Alliance Income, Scrap sales & others and other income which are not in relation to our restaurant related operation and Interest income from security deposit at amortised cost.

(3) ESOP expenses represents recognition of share based payment in accordance with Ind AS 102

#### Reconciliation of restated loss for the year to Company EBITDA and Company Adjusted EBITDA

Particulars	Year ended March 31,		
	2021	2020	2019
<b>Restated loss for the year after tax</b>	<b>(998.97)</b>	<b>(1,592.47)</b>	<b>(694.04)</b>
<b>Adjustments:</b>			
Less: Other income	<b>616.16</b>	<b>113.24</b>	<b>124.60</b>
Add: Total tax expenses	12.03	(17.36)	11.00



Particulars	Year ended March 31,		
	2021	2020	2019
Add: Finance costs	755.65	721.93	720.05
Add: Depreciation, impairment and amortisation expense	2,091.45	1,913.11	1,547.31
Add: Exceptional items	-	943.91	-
Add: Net gain on termination of lease contract	53.94	0.12	27.10
Add: Rent waiver due to COVID	489.46	-	-
<b>Company EBITDA</b>	<b>1,787.40</b>	<b>1,856.00</b>	<b>1,486.82</b>
<b>Ind AS 116 adjustment on account of lease contract on</b>			
Less: Rent expense ((Net)	(905.67)	(1,227.53)	(1,068.65)
Less: Other miscellaneous expenses	(8.59)	(9.44)	(5.43)
Less: Rent waiver due to COVID 19	(489.46)	-	-
Less: Other income - gain on termination of lease contract	(53.94)	(0.12)	(27.10)
Add: Interest income from security deposit at amortised cost	52.08	42.97	48.92
<b>Company Adjusted EBITDA</b>	<b>381.82</b>	<b>661.88</b>	<b>434.56</b>
ESOP expenses	137.78	44.22	66.83
<b>Company Adjusted EBITDA before ESOP expenses</b>	<b>519.60</b>	<b>706.10</b>	<b>501.39</b>

- (1) Other income includes Interest on fixed deposits and loan, Interest income from security deposit at amortised cost, Gain on fair value/sale of mutual funds, Provision for doubtful debts written back (net of bad debts written off), Exchange fluctuation gain (net), Gain on termination of lease contract, Miscellaneous income, Rent waiver due to COVID
- (2) Finance cost includes Interest on loans, Interest – others, Other financing cost and Interest on lease liabilities recognised as financial liabilities under Ind AS 116 with respect to the fixed minimum monthly guaranteed amount of our lease
- (3) Depreciation, impairment and amortisation expense includes depreciation on property, plant and equipment, amortisation on intangible assets, Impairment on property, plant and equipment, depreciation on right-of-use assets recognised under Ind AS 116 in respect of the fixed minimum monthly guaranteed amount of our leases, amortisation of deferred pre-paid rent on security deposits.
- (4) Exceptional items include Impairment loss on goodwill of Pizza Hut CGU for parent and few subsidiaries and Provision for obsolete inventories due to the reduction in level of business activity due to COVID-19 pandemic crisis and since our inventory includes food items which are perishable and exceptional in nature
- (5) In accordance with MCA Notification, the Company has elected to apply the practical expedient of not assessing lease concessions as a lease modification for all lease concessions which are granted due to COVID-19 pandemic. As per the requirements of the MCA Notification, lease concession relating to financial year 2021 represented as *Rent waiver due to COVID 19* part of other income.

Restaurant EBITDA, Company Adjusted EBITDA, Company Adjusted EBITDA before ESOP expenses, Company EBITDA, Company EBITDA before ESOP expense data have been included as supplemental disclosure because they are useful indicators of our operating performance and our unit economics. However, because Restaurant EBITDA, Company Adjusted EBITDA, Company Adjusted EBITDA pre-ESOP expenses, Company EBITDA, Company EBITDA pre-ESOP expense are not determined in accordance with Ind AS, such measures are susceptible to varying calculations, and not all companies calculate the measures in the same manner. As a result, Restaurant EBITDA, Company Adjusted EBITDA, Company Adjusted EBITDA before ESOP expenses, Company EBITDA, Company EBITDA before ESOP expense as presented may not be directly comparable to similarly titled measures presented by other companies. These non-GAAP financial measures have limitations as analytical tools. Some of these limitations are: they do not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments; they do not reflect changes in, or cash requirements for, our working capital needs; although depreciation and amortisation are noncash charges, the assets being depreciated

and amortised may change in the future, and these measures do not reflect any cash requirements for such changes; and other companies in our industry may calculate Restaurant EBITDA, Company Adjusted EBITDA, Company Adjusted EBITDA before ESOP expenses, Company EBITDA, Company EBITDA before ESOP expense differently than we do, limiting their usefulness as a comparative measure. Because of these limitations, Restaurant EBITDA, Company Adjusted EBITDA, Company Adjusted EBITDA before ESOP expenses, Company EBITDA, Company EBITDA before ESOP expense should not be considered in isolation or as a substitute for performance measures calculated in accordance with Ind AS.

The table below sets out a reconciliation of Restaurant sales to Restaurant related revenue for the periods indicated

Particulars		Year ended March 31,		
		FY 2021	FY 2020	FY 2019
	<b>Revenue from contract with customers</b>			
A)	Restaurant sales	10,159.76	13,284.14	11,803.80
B)	Restaurant related revenue included in alliance income and scrap other sales	7.61	11.90	14.42
<b>C)</b>	<b>Restaurant related revenue (A+B)</b>	<b>10,167.37</b>	<b>13,296.04</b>	<b>11,818.22</b>

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*We have included in this section a discussion of our financial condition and results of operations, which should be read in conjunction with our Restated Financial Statements for the financial years 2021, 2020 and 2019 including the related notes, schedules and annexures, included elsewhere in this Draft Red Herring Prospectus on page 236.*

*Unless otherwise indicated or the context otherwise requires, the financial information for financial years 2021, 2020 and 2019, included herein is derived from the Restated Financial Statements, included in this Draft Red Herring Prospectus. For further information, see "Restated Financial Statements" on page 236. The restated consolidated financial information included in this Draft Red Herring Prospectus has been derived from our audited financial statements as of and for the years ended March 31, 2021, March 31, 2020 and March 31, 2019, which are prepared and presented in accordance with Ind AS, in each case restated in accordance with the requirements of the Companies Act, 2013, the SEBI ICDR Regulations and the Guidance Note on "Reports in Company Prospectus (Revised 2019)" issued by the ICAI (the "Guidance Note").*

*Ind AS differs in certain material respects with Indian GAAP, IFRS and U.S. GAAP. See "Risk Factors – External Risk Factors – Significant differences exist between Ind AS used to prepare our financial information and other accounting principles, such as IFRS and U.S. GAAP, with which investors may be more familiar." on page 67.*

*Unless otherwise indicated, the industry-related information contained in this section is derived from the Technopak Report. We commissioned and paid for such report for the purposes of confirming our understanding of the industry in connection with the Offer. For further details and risks in relation to commissioned reports, see "Risk Factors – Internal Risk Factors – We have referred to the data derived from the industry report prepared by Technopak Advisors Private Limited which has been commissioned and paid for by us for the purposes of confirming our understanding of the industry in connection with the Offer." on page 63.*

*Our Company's financial year commences on April 1 and ends on March 31 of the immediately subsequent year. Accordingly, all references to a particular financial year are to the 12-month period ended March 31 of that year. Unless the context otherwise requires, in this section, references to "we", "us", or "our" refers to Sapphire Foods India Limited on a consolidated basis and references to "the Company" or "our Company" refers to Sapphire Foods India Limited on a standalone basis.*

*This discussion may contain forward-looking statements that involve risks and uncertainties and reflects our current view with respect to future events and financial performance. Actual results may differ from those anticipated in these forward-looking statements as a result of various factors such as those set forth under "Forward-looking Statements" and "Risk Factors" beginning on pages 17 and 28, respectively. See "Significant Factors Affecting our Results of Operations" for a discussion of certain factors that may affect our business, financial condition or results of operations beginning on page 314 and elsewhere in this Draft Red Herring Prospectus.*

### Overview

We are YUM's largest franchisee operator in the Indian subcontinent in terms of revenue in the financial year 2020 (*Source: Technopak Report*). We are also Sri Lanka's largest international QSR chain in terms of revenue for the financial year 2021 and number of restaurants operated as of March 31, 2021 (*Source: Technopak Report*). We have also established a presence in the Maldives. As of March 31, 2021, we owned and operated 204 KFC restaurants in India and the Maldives, 231 Pizza Hut restaurants in India, Sri Lanka and the Maldives, and two Taco Bell restaurants in Sri Lanka. In 2020, KFC, Pizza Hut and Taco Bell recorded system sales worldwide of US\$26.2 billion, US\$11.9 billion and US\$11.7 billion, respectively (*Source: Technopak Report*).

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 cities as part of our brand and food category expansion.

The key pillars of our customer proposition include:

- differentiated product offerings with KFC, Pizza Hut and Taco Bell as a market leader in chicken, pizza and Mexican-inspired food, respectively (*Source: Technopak Report*);

- products which are freshly made every day at our restaurants;
- wide variety of menu offerings with both meal and snack options for multiple parts of the day;
- system-wide operating procedures and hygiene that are consistent with the global standards of KFC, Pizza Hut or Taco Bell, as the case may be, with respect to product quality, taste parameters, food preparation methods, food safety, cleanliness and customer service standards;
- value offerings at entry and premium price points, enabling us to drive new customer acquisition and, at the same time, upsell products through the use of meal combos and add-ons; and
- easy access through our omni-channel platform consisting of dine-in, take-away, own delivery and delivery aggregators.

The tables below set forth our key financial and operating metrics:

Particulars	As of or for the financial year ended		
	March 31, 2021	March 31, 2020	March 31, 2019
Store Count	437	427	376
Restaurant Related Revenue (in ₹ million)	10,167.37	13,296.04	11,818.22
Restaurant EBITDA (As % of Restaurant Related Revenue )	13.0%	12.0%	11.8%
Company Adjusted EBITDA (in ₹ million)*	381.82	661.88	434.56
Company Adjusted EBITDA (Pre-ESOP expenses) (in ₹ million)*	519.60	706.10	501.39
Company EBITDA (in ₹ million)*	1,787.40	1,856.00	1,486.82
Company EBITDA (Pre-ESOP expenses) (in ₹ million)*	1,925.18	1,900.22	1,553.65
<b>As a percentage of restaurant related revenue</b>			
Company Adjusted EBITDA*	3.8%	5.0%	3.7%
Company Adjusted EBITDA (Pre-ESOP expenses)*	5.1%	5.3%	4.2%
Company EBITDA*	17.6%	14.0%	12.6%
Company EBITDA (Pre-ESOP expenses)*	18.9%	14.3%	13.1%
<b>Restated Loss for the Year After Tax (in ₹ million)</b>	<b>(998.97)</b>	<b>(1,592.47)</b>	<b>(694.04)</b>

\*Non-GAAP measure. See "Other Financial Information – Non-GAAP Measures" on page 306.

Particulars	As of or for the financial year ended		
	March 31, 2021	March 31, 2020	March 31, 2019
<b>Store Count</b>			
KFC India	203	187	158
PH India	162	174	153
Sri Lanka Business	70	64	63
<b>Average Daily Sales (in ₹ thousand)</b>			
KFC India	106.25	129.63	125.21
PH India	48.17	57.90	61.25
Sri Lanka Business	90.24	86.53	92.92
<b>Restaurant Related Revenue (in ₹ million)</b>			
KFC India	5,897.36	7,752.95	6,584.49
PH India	2,217.08	3,343.06	3,071.35
Sri Lanka Business	1,964.90	2,037.87	1,983.88
<b>SSSG</b>			
KFC India	(30.0)%	5.4%	13.9%
PH India	(35.4)%	(5.2)%	5.0%
Sri Lanka Business	1.0%	(1.0)%	8.0%
<b>Delivery Sales (As % of Restaurant Sales)</b>			
KFC India	38.1%	19.8%	16.7%
PH India	53.0%	34.8%	32.5%
Sri Lanka Business	54.9%	38.7%	38.6%

<b>Gross Margin (As % of Restaurant Related Revenue )</b>			
KFC India	67.9%	65.4%	65.1%
PH India	76.1%	76.2%	73.9%
Sri Lanka Business	68.6%	66.7%	65.9%
<b>Restaurant EBITDA (As % of Restaurant Related Revenue )</b>			
KFC India	14.0%	13.2%	12.7%
PH India	5.0%	7.3%	7.5%
Sri Lanka Business	19.5%	16.2%	16.0%

### **Significant Factors Affecting Our Results of Operations and Financial Condition**

Our results of operations and financial condition are affected by a number of important factors, including:

#### ***The COVID-19 Pandemic***

The outbreak of the COVID-19 pandemic, as well as government measures to reduce the spread of COVID-19, has had a substantial effect on our restaurant operations across India, Sri Lanka and Maldives since the last week of March 2020, and the timing of how long the COVID-19 pandemic and the related government measures will last is still uncertain. In addition, our restaurants in different states and regions in India, Sri Lanka and Maldives have been disproportionately affected by COVID-19, and the measures implemented in each country and in each state and region have varied due to regional and regulatory differences in each country and in each state and region. As a result of COVID-19, we have had to close temporarily a number of restaurants commencing from March 2020 and have experienced reduced restaurant-level operations, including reduced operating hours and dining room closures. For the first, second, third and fourth quarters of the financial year 2021, 248, 344, 411 and 423, or 58.6%, 83.5%, 98.1% and 98.3%, respectively, of our restaurants remained open for dine-in, takeaway or food delivery for a majority of days in that particular quarter. During the initial stage of the COVID-19 crisis, footfalls and sales in our restaurants fell significantly due to the lockdown and other measures implemented by government authorities. In addition, the COVID-19 pandemic directly affected our revenue from sale of food and beverages. Our revenue from operations decreased by 23.9% from ₹13,404.12 million for the financial year 2020 to ₹10,196.19 million for the financial year 2021. Such decrease in revenue from operations was primarily due to the effect of the COVID-19 crisis. Our level of business activity also decreased due to the COVID-19 pandemic. Such decrease in business activity level caused us to make provision for obsolete inventories to the extent of ₹26.15 million for the financial year 2020. We made such provision because our inventory includes food items which are perishable in nature. Further, we have, on a conservative basis, estimated that the value in use for our Pizza Hut business did not exceed the carrying value, and accordingly, recognised an impairment loss on goodwill of our Pizza Hut cash generating unit of ₹917.76 million. We recognized such impairment loss on goodwill on account of declining sales and the impact on profitability of our Pizza Hut restaurants. Accordingly, we have disclosed exceptional items in the total amount of ₹ 943.91 million comprising such provision for obsolete inventories and impairment loss on goodwill of our Pizza Hut cash generating unit for the financial year 2020.

As a result of decreased revenues and cash flows during the first half of calendar year 2020, we have delayed in making certain payments to YUM representing royalties and advertising expenses. Although we have been able to make subsequent payments to YUM in a timely manner, if the COVID-19 crisis continues or worsens, our cash flows may not be sufficient to pay in full and in a timely manner all of the amounts we owe to YUM, our vendor partners or other third parties, which shall be construed as a breach under the agreements executed with YUM. See “*Risk Factors — Internal Risk Factors – We operate our restaurants pursuant to the Franchisee Arrangement that imposes certain restrictions and obligations on us with respect to our operations, and, which if terminated or limited, could adversely affect our business, results of operations, cash flows and financial condition*” on page 32.

Similarly, our offices have also experienced closures, and certain of our employees have been restricted from commuting to their places of work. Further, FSSAI has issued FSSAI Guidelines with an intent to provide guidance to food businesses in India like ours, including personnel involved in handling of food and other employees to prevent the spread of COVID-19 in the work environment and any incidental contamination of food/food packages. The FSSAI Guidelines mandate strict adherence to Schedule 4 which enumerates multiple compulsory measures to be adopted by food business operators in the interest of human nutrition, safety and hygiene which may result in increased costs.

Although our operational excellence has allowed us to respond to the serious disruptions we faced during the COVID-19 pandemic, see “*Business – Our Strengths/Recipes for Success – Operational Excellence*” on page 163, we cannot assure you we can continue to take measures in the future to respond to such disruptions, or that such measures will be effective. Notwithstanding measures we have adopted to increase safety and hygiene levels, we

cannot assure you that footfalls in our restaurant outlets, sales from food and beverages and demand for our products will recover from the effect of the COVID-19 crisis. Further, due to the number of infected cases of COVID-19 in India, Sri Lanka and Maldives, we are not certain if additional restrictions will be put back in place or if current or subsequent lockdowns would continue or be imposed to control the spread of the pandemic. We cannot assure you that we will not face any difficulty in our operations due to such restrictions. In addition, if our key management personnel or a significant percentage of our workforce are unable to work due to COVID-19 illness, quarantine, limitations on travel or other government restrictions in connection with the COVID-19 pandemic, our business and operations may be negatively affected. An outbreak or perceived outbreak of the COVID-19 pandemic connected to one or more of our restaurants could also cause negative publicity directed at any of our brand and cause customers to avoid our restaurants.

One of our key strategies has been the expansion of our restaurant network in line with our obligations under the Development Agreements (as defined below). For details, see “*Our Business — Relationship with YUM — Development Agreements*” starting on page 171. In light of the COVID-19 pandemic, the expansion of our restaurant network has slowed significantly, and the COVID-19 pandemic has also adversely affected our ability to open new restaurants and expand our restaurant network temporarily. For further details, see “*Risk Factors — Internal Risk Factors — We operate our restaurants pursuant to the Franchisee Arrangement that imposes certain restrictions and obligations on us with respect to our operations, and, which if terminated or limited, could adversely affect our business, results of operations, cash flows and financial condition.*” beginning on page 32.

The following table sets forth the growth of our restaurant network since March 31, 2020:

<b>Growth in Our Restaurants Since March 31, 2020</b>					
	<b>As of March 31, 2020</b>	<b>As of June 30, 2020</b>	<b>As of September 30, 2020</b>	<b>As of December 31, 2020</b>	<b>As of March 31, 2021</b>
Opening number of restaurants at the beginning of the relevant quarter	426	427	423	414	425
New restaurants opened in the relevant quarter	8	1	8	13	14
Restaurants permanently closed in the relevant quarter	7	5	17	2	2
<b>Total number of operational restaurants</b>	<b>427</b>	<b>423</b>	<b>414</b>	<b>425</b>	<b>437</b>

Due to the COVID-19 crisis, we have engaged in rent relief negotiations with all of our landlords, and arrived at negotiated agreements with respect to reductions in rent and our rental obligations during the COVID-19 crisis with a majority of our landlords. In accordance with MCA Notification dated July 24, 2020 on Ind AS 116 (the “**MCA Notification**”), we have elected to not assess lease concessions as a lease modification for all lease concessions which are granted due to the COVID-19 pandemic. As per the requirements of the MCA Notification, our rent waiver due to COVID for the financial year 2021 amounted to ₹ 489.46 million, which is reported under Other Income for the financial year 2021. In addition, we are currently engaged in rent relief negotiations with our landlords to reduce our rent and rental obligations for the financial year 2022.

However, depending on how long the COVID-19 pandemic lasts, we may need to seek additional sources of liquidity. The COVID-19 pandemic has adversely affected the availability of liquidity generally in the credit markets. While we have assessed the effect of the COVID-19 pandemic on our business and on recoverability of all current and non-current assets and recognised necessary adjustments in carrying value of the assets, given the uncertainties associated, we will continuously monitor and consider the effect on financial conditions, results of operation and cash flows. Further, while we cannot currently estimate the duration or future negative effect of the COVID-19 pandemic on our business or on the Indian, Sri Lankan, Maldivian or global economy, we expect such negative effects to continue into the financial year 2022 and for such further period that COVID-19 persists. Similarly, we cannot predict the effects the COVID-19 pandemic will have on the restaurant industry as a whole or the share of customer traffic to our restaurants compared to other restaurants or outlets.

Similarly, although we have not experienced any significant disruptions of the supply of our ingredients and packaging materials and although we believe there are sufficient numbers of alternative suppliers for our ingredients and packaging materials, our suppliers could be similarly adversely affected by the COVID-19 pandemic. Such negative effects could result from events such as delays or restrictions on shipping or manufacturing, closures of supplier facilities or financial distress or insolvency of our suppliers, either temporarily or permanently. For example, in the first half of financial year 2021, poultry plants were shut down, as a result of migrant labor returning to and remaining in their hometowns on account of the COVID-19 crisis. In addition, food distributors and suppliers often operate with thin margins and therefore may be more vulnerable to governmental

actions which result in significantly reduced activity or to general economic downturns. Any negative effect on, or further interruption of, our operations or suppliers as a result of these or other developments in relation to the COVID-19 pandemic could have a negative effect on our business, results of operations and financial condition. See “Risk Factors – Internal Risk Factors – The Coronavirus disease (COVID-19) pandemic has substantially affected and may continue to affect our business, results of operations, financial condition, cash flows and reputation in the future.” beginning on page 28.

### **Restaurant Openings**

According to the Technopak Report, restaurant chains have a low penetration rate in India, especially in lower-tier cities, with approximately 18 chain QSR restaurants per million people in urban areas in calendar year 2019 compared to approximately 765 in the United States. Given the rapidly expanding middle class and dining-out population, we believe that KFC and Pizza Hut are well-placed to capitalize on this opportunity. Their global brand appeal, coupled with our ability to maximize revenue potential through all channels, especially delivery, and to widen the consumer base through value options, our newly-evolved compact restaurant size and improved restaurant operating margins, provide us with an opportunity for rapid new restaurant expansion. Further, under the Development Agreements, we would be eligible for incentives in the form of waivers of the initial fees and marketing expenses and cash incentives during the term of the relevant development agreement.

Pursuant to the Development Agreements, we are required to open a minimum number of restaurants for each year of the term of the relevant Development Agreement. As a result of the increase in delivery and takeaway services due to the COVID-19 pandemic, we are considering smaller formats for new restaurants, which would allow us to reduce one of our main costs, rent.

The profitability and performance of our new restaurants depend on a number of factors, and we cannot assure you that our new restaurants will be profitable or perform as planned. In particular, some of our new restaurants are and may in the future be located in areas where we have little or no operating experience, which may expose us to additional risks. These areas may have different competitive conditions, consumer tastes, discretionary spending patterns and economic conditions than our existing locations, which may cause our new restaurants to be less successful than our existing restaurants or to incur losses. Sales at restaurants opened in those new areas may take longer to reach our targets, or may never break even, especially during the current COVID-19 crisis, which may adversely affect our business, results of operations and financial condition. In addition, costs of opening new restaurants in areas in which we have little or no operating experience and in which customer awareness of our brand is low may require us to incur additional costs in relation to the promotion of those restaurants which may be substantially greater than those incurred by our restaurants in other areas.

### **Same-store sales growth**

Same-store sales growth is a key indicator of the overall strength of our business. The COVID-19 pandemic has affected the same-store sales of our restaurants in the financial year 2021, continuing into the financial year 2022. The following table sets forth certain information on the same-store sales growth for the periods indicated:

Particulars	As of or for the financial year ended		
	March 31, 2021	March 31, 2020	March 31, 2019
India			
KFC	(30.0)%	5.4%	13.9%
Pizza Hut	(35.4)%	(5.2)%	5.0%
Sri Lanka	1.0%	(1.0)%	8.0%

Our customer proposition focuses on value leadership, offering our customers variety through innovative new food offerings, catering to the local Indian palate and offering a wide range of food choices. Historically, we believe that this has enabled us to grow our customer base by attracting customers looking for everyday value. We have historically made sustained investment in our advertising and marketing with frequent and inclusive messaging and engaging consumers at multiple touch points, including through social media and mass media channels, such as regular TV commercials, big ticket and high impact media events.

The effectiveness of advertising and marketing as well as our same-store sales have also historically been affected by the advertising and marketing of our competitors, as well as competition generally on the basis of product, service, quality, price and location. Future growth of our same-store sales will depend on trends in consumer spending, demographics and general economic and market conditions in India. Unfavorable changes in

macroeconomic conditions, demographic trends or consumer sentiment, or other business and economic conditions affecting our customers, could result in a reduction in our same-store sales in some or all of our restaurants.

### ***Operating Expenses***

Our primary operating expenses include the cost of materials consumed, employee benefit expenses, electricity expenses, royalty, marketing and advertising expenses, commission on aggregators and meal coupons, store (restaurant) rentals and other operating costs. Some of these are commodities and therefore subject to price fluctuations as a result of seasonality, weather, demand and other factors. Wages and other compensation paid to our employees also comprise a significant portion of our operating costs, and an increase in the wages or employee benefit costs will significantly increase our operating costs. In financial years 2021, 2020 and 2019, our cost of materials consumed (raw material and packing material) represented 30.4%, 32.2% and 33.1%, respectively, of our revenue from operations, while our employee benefit expenses represented 19.2%, 17.1% and 17.3%, respectively, of our revenue from operations.

While we actively manage our costs to drive cost efficiencies and achieve economies of scale through operational leverage throughout our business, we expect that other expenses will increase as we grow but may decline as a percentage of total income. We seek to optimize spending on ingredients, reduce our exposure to price fluctuations and contain supply chain costs through a variety of measures, including actively planning our network growth using our cluster strategy. The COVID-19 pandemic also increased certain other operating expenses incurred in order to comply with evolving government regulations on sanitization measures and food safety systems.

### ***Royalty fees, marketing spend and incentives***

Subject to specific waivers as may be given to us by YUM from time to time, we are required to pay YUM a monthly royalty fee of between 6.0% to 6.3% of our net sales from our operation of the restaurants in the Territories. We are also required to spend 6.0% of our net sales (including 1.0% to be spent on Local Store Marketing), with respect to our operations in India and 5.0% of our net sales with respect to our operations in Sri Lanka and the Maldives, to market, advertise and promote the brands and their products in the Territories. In the financial years 2021, 2020 and 2019, our royalty expenses were ₹ 655.66 million, ₹ 857.38 million and ₹ 805.36 million, or 6.4%, 6.4% and 6.7%, respectively, of our revenue from operations. In the financial years 2021, 2020 and 2019, our marketing and advertisement expenses (including marketing contribution waiver on acquired KFC outlets which was at 5.5% of net revenues and effective October 1, 2017 for eight years) were ₹ 389.38 million, ₹ 519.38 million and ₹ 442.43 million, or 3.8%, 3.9% and 3.7%, respectively, of our revenue from operations. Under the Development Agreements, we are eligible for fixed or variable incentives in the form of waivers of the initial fees and marketing expenses and cash incentives should we meet or exceed our targets for opening new restaurants during the term of the relevant Development Agreement.

As a result of the significant impact of the COVID-19 pandemic which affected the roll out of our stores, we entered into Recovery Relief Agreements with YUM in respect of KFC and Pizza Hut in India to amend and modify certain terms of our arrangements, and consequently the development commitment schedule contemplated in the Development Agreements. The Recovery Relief Agreements include certain additional incentives for the calendar year 2020 such as waiver of the initial fee and marketing fees and cash incentives. Each of these incentives is conditional upon our ability to comply with the obligations set out in our various arrangements, including our obligation to develop a specified number of restaurants under these brands each year.

### ***Consumer spending, demographics and general economic and market conditions in India***

Our success depends to a significant extent on consumer confidence and spending, which is influenced by general economic conditions and discretionary income levels. Many factors affect the level of consumer confidence and spending in the overall food service market and QSR chain sub-segment, including recession, inflation, deflation, political uncertainty, availability of consumer credit, taxation, stock market performance and unemployment. Our performance may decline during recessionary periods or in other periods where one or more macroeconomic factors, or potential macroeconomic factors, negatively affect the level of consumer confidence and spending, including the amount that consumers spend on eating out. In particular, the outbreak of the COVID-19 pandemic has led to an economic downturn and a decrease in consumer discretionary spending in India and globally. In addition, an increasing number of government and media initiatives to create increased awareness of healthy eating could affect the public's perception of the QSR chain sub-segment, and customers may turn to our competitors offering healthier convenience food options, resulting in decreased sales for our restaurants. In addition, increases in petrol, diesel, natural gas, electricity and other energy costs, and increases in borrowing



costs with rising interest rates, could also result in our customers having lower disposable income and reducing their discretionary spending on food. Any significant decrease in our customer footfalls or average ticket price as a result of these or other factors could negatively affect our financial performance. Demographic factors, such as population concentrations in key metropolitan areas and cities where our restaurants are located, could also affect our brand awareness and customer footfalls in our restaurants. The QSR chain sub-segment of the food services industry may also be affected by industry-specific developments, such as changes in trends relating to growing infrastructure spending and investment in retail space that result from changes in national, regional and local economic conditions. Unfavourable changes in the above factors or in other business and economic conditions affecting our customers could increase our costs, reduce customer footfalls in some or all of our restaurants or decrease average ticket prices or impose practical limits on the pricing of our products, any of which could lower our profit margins and have an adverse effect on our business, results of operations and financial condition.

### ***Competition in the food service industry and QSR chain sub-segment***

We compete primarily with international QSR chains operating in India, Sri Lanka and Maldives, such as McDonalds, Burger King, Domino's Pizza and Subway, as well as local restaurants and restaurant chains in the QSR segment. We generally compete on the basis of product and service quality, price and location, and the industry is often also affected by changes in consumer tastes, economic conditions, demographic trends and consumer disposable income. Our competitive position also depends on our continued ability to offer a menu that has a strong appeal to consumers. We tailor our menu, promotions and pricing to local tastes, restrictions and preferences through our customer proposition, in particular with respect to a wide variety of value offerings at entry and premium price points. While our core strengths are chicken for KFC, pizza for Pizza Hut and tacos for Taco Bell, we continuously strive to enhance our customer experience by providing variety across our food offerings, including burgers, rice dishes, wraps, beverages and desserts across different day parts, including breakfast, lunch and dinner, and snack times and late night. From time to time, we also create special offerings, such as special offers on Wednesdays at our KFC restaurants, to drive excitement and appeal for our customers, increase ticket size and attract new customers. Our ability to compete depends on our ability to develop and launch new products, effectively market and advertise our products and respond to and appeal to consumer preferences, including with respect to the value, variety and quality of our products. In addition, our existing or future competitors may offer products that are better priced or more appealing to consumer tastes, have more effective marketing and communication programs than we have, or have more financial resources that enable them to open more restaurants and undertake other actions to enhance their competitive position. For example, cloud kitchens may establish physical locations to build connections with customers (*Source: Technopak Report*). Further, YUM may grant to other parties rights to develop and franchise other restaurant formats or brands of YUM. If as a result of these or other reasons we are unable to maintain our competitive position, we could experience downward pressure on prices, lower demand for our products, reduced margins, the inability to take advantage of new business opportunities and the loss of market share, which could adversely affect our business, results of operations and financial condition.

### **Major Components of our Statement of Profit and Loss**

Our revenue and expenditure is reported in the following manner:

#### ***Income***

Total income consists of revenue from operations and other income.

*Revenue from operations.* Revenue from operations comprises revenues from the sale of food items and other operating income. Sale of products comprises restaurant sales. Other operating revenue comprises sale to airport dealers, alliance income and scrap sales and others.

*Other Income.* Other income primarily comprises interest on fixed deposits and loan, interest income from security deposits at amortized costs, gain on fair value/sale of mutual funds, gain on termination of lease contract and rent waivers due to COVID-19 in the financial year 2021.

#### ***Expenses***

Expenses consist of cost of materials consumed, employee benefits expense, finance costs, depreciation, impairment and amortization expense and other expenses.

*Cost of materials consumed.* Cost of materials consumed includes costs of both food raw material and packing material consumed.

*Employee benefits expenses.* Employee benefits expenses comprise salaries, wages and bonus, contribution to provident fund and other funds, gratuity, employee stock option scheme and staff welfare expenses.

*Finance costs.* Finance costs comprise interest on loans and others, interest on lease liabilities and other financing costs.

*Depreciation, impairment and amortization expense.* Our depreciation, impairment and amortization cost relate to depreciation on property, plant and equipment, amortization on right-of-use assets, amortization on intangible assets and impairment on property, plant and equipment.

*Other expenses.* Other expenses comprise electricity expenses, royalty, commission on aggregators and meal coupons, marketing and advertisement expenses, rent, distribution and warehousing charges, common area maintenance expenses, repairs and maintenance costs, legal and professional charges, small wares, cleaning, uniform and operating supplies costs, travelling and conveyance costs, provision for doubtful deposits, loss on sale/discarding of plant, property and equipment, sundry balance written off, allowance for credit losses/provision for advances and miscellaneous expenses.

## Results of Operations

The following table sets forth select certain information with respect to our results of operations on a consolidated basis and the components of which are also expressed as a percentage of total income for the years indicated:

	For the Year ended March 31,					
	2021		2020		2019	
	(₹ in millions)	(% of Total Income)	(₹ in millions)	(% of Total Income)	(₹ in millions)	(% of Total Income)
<b>Income</b>						
Revenue from operations	10,196.19	94.3	13,404.12	99.2	11,938.22	99.0
Other Income	616.16	5.7	113.24	0.8	124.60	1.0
<b>Total income</b>	<b>10,812.35</b>	<b>100.0</b>	<b>13,517.36</b>	<b>100.0</b>	<b>12,062.82</b>	<b>100.0</b>
<b>Expenses</b>						
Cost of materials consumed	3,099.26	28.7	4,316.71	31.9	3,946.43	32.7
Employee benefits expense	1,956.00	18.1	2,288.11	16.9	2,062.59	17.1
Finance costs	755.65	7.0	721.93	5.3	720.05	6.0
Depreciation, impairment and amortization expense	2,091.45	19.3	1,913.11	14.2	1,547.31	12.8
Other expenses	3,896.93	36.0	4,943.42	36.6	4,469.48	37.1
<b>Total expenses</b>	<b>11,799.29</b>	<b>109.1</b>	<b>14,183.28</b>	<b>104.9</b>	<b>12,745.86</b>	<b>105.7</b>
<b>Restated loss before exceptional items and tax</b>	<b>(986.94)</b>	<b>(9.1)</b>	<b>(665.92)</b>	<b>(4.9)</b>	<b>(683.04)</b>	<b>(5.7)</b>
<b>Exceptional items</b>	-	-	<b>943.91</b>	<b>7.0</b>	-	-
<b>Restated loss before tax</b>	<b>(986.94)</b>	<b>(9.1)</b>	<b>(1,609.83)</b>	<b>(11.9)</b>	<b>(683.04)</b>	<b>(5.7)</b>
<b>Tax expenses:</b>						
Current tax						
Current year	23.4	0.2	13.02	0.1	17.31	0.1
Adjustment of tax relating to earlier periods	0.44	0.0	(0.21)	(0.0)	4.23	0.0
Deferred tax						
Current year	(11.81)	(0.1)	(30.17)	(0.2)	(10.54)	(0.1)
<b>Total tax expense</b>	<b>12.03</b>	<b>0.1</b>	<b>(17.36)</b>	<b>(0.1)</b>	<b>11.00</b>	<b>0.1</b>
<b>Restated loss for the year after tax</b>	<b>(998.97)</b>	<b>(9.2)</b>	<b>(1,592.47)</b>	<b>(11.8)</b>	<b>(694.04)</b>	<b>(5.8)</b>

### Financial Year 2021 compared to Financial Year 2020

*Total Income.* Our total income decreased by 20.0% to ₹ 10,812.35 million for the financial year 2021 from ₹ 13,517.36 million for the financial year 2020. Such decrease was primarily due to a decrease in revenue from restaurant sales.

*Revenue from Operations.* Our revenue from operations decreased by 23.9% to ₹ 10,196.19 million for the financial year 2021 from ₹ 13,404.12 million for the financial year 2020, primarily due to a decrease in sale of food items by our restaurants.

- Our restaurant sales decreased by 23.5% to ₹ 10,159.76 million for the financial year 2021 from ₹ 13,284.14 million for the financial year 2020. Such decrease in restaurant sales was due to a decrease in sales by restaurants primarily due to the effect of the COVID-19 pandemic and the closure of three KFC restaurants, 22 Pizza Hut restaurants and one Taco Bell restaurant.
- Our other operating income decreased by 69.6% to ₹ 36.43 million for the financial year 2021 from ₹ 119.98 million for the financial year 2020. The decrease in operating income was primarily due to a decrease in sale to airport dealers to ₹ 21.08 million for the financial year 2021 from ₹ 107.64 million for the financial year 2020. Such decrease in sale to airport dealers was largely on account of the impact of the COVID-19 pandemic on travel.

*Other Income.* Our other income increased to ₹ 616.16 million for the financial year 2021 from ₹ 113.24 million for the financial year 2020. Such increase in other income was primarily on account of rent waiver due to the COVID-19 pandemic in the amount of ₹ 489.46 million and gain on termination of lease contract in the amount of ₹ 53.94 million in the financial year 2021.

### **Expenses**

*Cost of Materials Consumed.* Cost of materials consumed decreased by 28.2% to ₹ 3,099.26 million for the financial year 2021 from ₹ 4,316.71 million during the financial year 2020. Such decrease in cost of materials was primarily due to a reduction in purchases to ₹ 3,090.87 million during the financial year 2021. The reduction in purchases was in line with the decrease in sales by restaurants primarily due to the effect of the COVID-19 pandemic, compared to purchases in the amount of ₹ 4,425.13 million during the financial year 2020. Our cost of materials consumed represented 30.4% and 32.2% of our revenue from operations in financial years 2021 and 2020, respectively.

*Employee Benefits Expense.* Employee benefits expense decreased by 14.5% to ₹ 1,956.00 million for the financial year 2021 from ₹ 2,288.11 million for the financial year 2020. Such decrease in employee benefits expense was primarily as a result of the reduction in the number of employees and the conversion from full-time to part-time engagement of restaurant team members, as well as temporary reductions in the salaries of corporate employees and non-working restaurant managers, all as a result of the COVID-19 pandemic.

*Finance Costs.* Our finance costs increased by 4.7% to ₹ 755.65 million for the financial year 2021 from ₹ 721.93 million for the financial year 2020. Such increase in finance costs was primarily due to an increase in interest on lease liabilities by 5.0% to ₹ 635.63 million for the financial year 2021 from ₹ 605.25 million for the financial year 2020. The increase in interest on lease liabilities was on account of interest expensed for all twelve months of the financial year 2021 on 39 restaurants opened in the second half of the financial year 2020 and an increase in interest rates to 11.0% in the financial year 2021 from 10.5% in the financial year 2020.

*Depreciation, Impairment and Amortization Expense.* Our depreciation, impairment and amortization expenses increased by 9.3% to ₹ 2,091.45 million for the financial year 2021 from ₹ 1,913.11 million for the financial year 2020, primarily due to impairment on property, plant and equipment in the amount of ₹ 145.40 million in the financial year 2021.

*Other Expenses.* Other expenses decreased by 21.2% to ₹ 3,896.93 million for the financial year 2021 from ₹ 4,943.42 million for the financial year 2020, primarily due to a decrease in electricity expenses by 31.1% to ₹ 676.49 million for the financial year 2021 from ₹ 981.71 million for the financial year 2020 on account of temporary closures of certain restaurants and reduced operating hours due to the COVID-19 pandemic, a decrease in rent by 46.2% to ₹ 237.22 million for the financial year 2021 from ₹ 441.31 million for the financial year 2020 on account of rent waiver due to the COVID-19 pandemic and reduced rent due on account of reduced sales under our variable lease rental agreements, a decrease in royalty by 23.5% to ₹ 655.66 million for the financial year 2021 from ₹ 857.38 million for the financial year 2020 due to reduced revenue from operations, and a decrease in marketing and advertisement expenses by 25.0% to ₹ 389.38 million for the financial year 2021 from ₹ 519.38 million for the financial year 2020, primarily due to reduced contributions to YUM for marketing activities on account of our reduced revenue.

### **Exceptional Items**

Exceptional items decreased to nil for the financial year 2021 from ₹ 943.91 million for the financial year 2020, on account of impairment loss on goodwill of our Pizza Hut cash generating unit (“CGU”) of ₹ 917.76 million for the financial year 2020 due to a substantial impact on our Pizza Hut restaurants as a result of the COVID-19

pandemic, and provision for obsolete inventories of ₹ 26.15 million for the financial year 2020, on account of the perishable nature of food items included in our inventory.

### ***Total Tax Expense***

Our total tax expense was ₹ 12.03 million for the financial year 2021, compared to a tax income of ₹ 17.36 million for the financial year 2020, primarily due to an increase in current tax for the current year by 79.7% to ₹ 23.40 million for the financial year 2021 from ₹ 13.02 million for the financial year 2020. Such increase in current tax was on account of an increase in profit of our subsidiary in Sri Lanka which led to an increase in tax provision for the year, and a decrease in deferred tax income for the current year to ₹ 11.81 million for the financial year 2021 from ₹ 30.17 million for the financial year 2020.

### ***Restated Loss for the Year After Tax***

As a result of the foregoing, our restated loss for the year after tax decreased by 37.3% to ₹ 998.97 million for the financial year 2021 from ₹ 1,592.47 million for the financial year 2020.

### ***Financial Year 2020 compared to Financial Year 2019***

***Total Income.*** Our total income increased by 12.1% to ₹ 13,517.36 million for the financial year 2020 from ₹ 12,062.82 million for the financial year 2019, primarily due to an increase in revenue from operations.

***Revenue from Operations.*** Our revenue from operations increased by 12.3% to ₹ 13,404.12 million for the financial year 2020 from ₹ 11,938.22 million for the financial year 2019, primarily due to an increase in restaurant sales.

- Our revenue from restaurant sales increased by 12.5% to ₹ 13,284.14 million for the financial year 2020 from ₹ 11,803.80 million for the financial year 2019. Such increase in revenue from restaurant sales was due to an increase in sales by restaurants on account of the addition of 62 new restaurants during the financial year 2020 and an increase in sale of products sold through our restaurants.
- Our other operating income decreased by 10.7% to ₹ 119.98 million for the financial year 2020 from ₹ 134.42 million for the financial year 2019, primarily on account of a decrease in alliance income to ₹ 0.40 million for the financial year 2020 from ₹ 9.60 million for the financial year 2019 as a result of a reduction in promotional tie ups.

***Other Income.*** Our other income decreased by 9.1% to ₹ 113.24 million for the financial year 2020 from ₹ 124.60 million for the financial year 2019, primarily on account of a decrease in gain on termination of lease contract to ₹ 0.12 million for the financial year 2020 from ₹ 27.10 million for the financial year 2019 as a result of termination of lease contracts in the financial year 2019. The termination of lease contracts in the financial year 2019 was due to the closure of ten restaurants.

### ***Expenses***

***Cost of Materials Consumed.*** Cost of materials consumed increased by 9.4% to ₹ 4,316.71 million for the financial year 2020 from ₹ 3,946.43 million during the financial year 2019, primarily on account of an increase in purchases of 11.5% to ₹ 4,425.13 million for the financial year 2020 from ₹ 3,967.27 million during the financial year 2019. Such increase in purchases was due to increased restaurant sales and the addition of 62 new restaurants during the financial year 2020.

***Employee Benefits Expense.*** Employee benefits expense increased by 10.9% to ₹ 2,288.11 million for the financial year 2020 from ₹ 2,062.59 million for the financial year 2019, primarily due to an increase in salaries, wages and bonus by 13.9% to ₹ 1,960.11 million for the financial year 2020 from ₹ 1,721.30 million in the financial year 2019 on account of an increase in our number of employees.

***Finance Costs.*** Our finance costs increased by 0.3% to ₹ 721.93 million for the financial year 2020 from ₹ 720.05 million for the financial year 2019, primarily on account of an increase in interest on lease liabilities to ₹ 605.25 million for the financial year 2020 from ₹ 544.88 million during the financial year 2019. Such increase in interest on lease liabilities was due to the addition of 62 new restaurants during the financial year 2020.

***Depreciation, Impairment and Amortization Expense.*** Our depreciation, impairment and amortization expenses increased by 23.6% to ₹ 1,913.11 million for the financial year 2020 from ₹ 1,547.31 million for the financial year

2019, primarily on account of an increase in depreciation on property, plant and equipment by 43.5% to ₹ 866.78 million for the financial year 2020 from ₹ 604.16 million during the financial year 2019. Such increase in depreciation was on account of the addition of 62 new restaurants during the financial year 2020 and the full year impact of the addition of new restaurants during the latter part of the financial year 2019.

*Other Expenses.* Other expenses increased by 10.6% to ₹ 4,943.42 million for the financial year 2020 from ₹ 4,469.48 million for the financial year 2019, primarily due to an increase in commission on aggregators and meal coupons by 81.8% to ₹ 509.64 million for the financial year 2020 from ₹ 280.35 million for the financial year 2019 on account of increased sales through food delivery aggregators, and an increase in electricity expenses by 11.8% to ₹ 981.71 million for the financial year 2020 from ₹ 877.79 million for the financial year 2019 on account of an increase in the number of our restaurants and annual increases on electricity rates.

### **Exceptional Items**

Exceptional items increased to ₹ 943.91 million for the financial year 2020 from nil for the financial year 2019, on account of impairment loss on goodwill of our Pizza Hut CGU of ₹ 917.76 million for the financial year 2020, and provision for obsolete inventory of ₹ 26.15 million for the financial year 2020. Such impairment loss on goodwill was due to a substantial impact on our Pizza Hut restaurants as a result of the COVID-19 pandemic, while such provision for obsolete inventory was on account of the perishable nature of food items included in our inventory.

### **Total Tax Expense**

Our total tax income was ₹ 17.36 million for the financial year 2020, compared to a total tax expense of ₹ 11.00 million for the financial year 2019, primarily on account of an increase in our deferred tax income for the current year to ₹ 30.17 million for the financial year 2020 from ₹ 10.54 million for the financial year 2019.

### **Restated Loss for the Year After Tax**

Our restated loss for the year after tax increased to ₹ 1, 592.47 million for the financial year 2020 from ₹ 694.04 million for the financial year 2019.

### **Cash Flows**

The following table sets forth our cash flows for the periods indicated:

Particulars	Financial Year ended March 31		
	2021	2020	2019
Net cash generated from operating activities	1,540.74	2,130.46	1,500.79
Net cash used in investing activities	(779.24)	(20.49)	(3,351.26)
Net cash (used in) / from financing activities	(515.28)	(2,081.35)	1,767.43
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>246.22</b>	<b>28.62</b>	<b>(83.04)</b>

(₹ in millions)

### **Operating Activities**

Net cash generated from operating activities was ₹ 1,540.74 million for the financial year 2021. While our restated loss before tax was ₹ 986.94 million for the financial year 2021, we had operating profit before working capital changes of ₹ 1,423.08 million, primarily as a result of depreciation, impairment and amortization expenses of ₹ 2,091.45 million and finance cost of ₹ 755.65 million, which were partially offset by rent waiver due to COVID of ₹ 489.46 million. Our movement in working capital for the financial year 2021 primarily consisted of an increase in trade payables of ₹ 133.03 million and an increase in other financial and non-financial liabilities of ₹ 40.19 million.

Net cash generated from operating activities was ₹ 2,130.46 million for the financial year 2020. While our restated loss before tax was ₹ 1,609.83 million for the financial year 2020, we had operating profit before working capital changes of ₹ 1,975.41 million, primarily as a result of depreciation, impairment and amortization expenses of ₹ 1,913.11 million, impairment loss on goodwill of the Pizza Hut CGU of ₹ 917.76 million and finance cost of

₹ 721.93 million. Our movement in working capital for the financial year 2020 primarily consisted of a decrease in trade receivables of ₹ 179.47 million and an increase in trade payables of ₹ 165.19 million.

Net cash generated from operating activities was ₹ 1,500.79 million for the financial year 2019. While our restated loss before tax was ₹ 683.04 million for the financial year 2019, we had operating profit before working capital changes of ₹ 1,585.05 million, primarily as a result of depreciation, impairment and amortization expenses of ₹ 1,547.31 million and finance cost of ₹ 720.05 million. Our movement in working capital for the financial year 2019 primarily consisted of an increase in trade receivables of ₹ 176.54 million and a decrease in financial and other assets of ₹ 144.45 million.

#### *Investing Activities*

Net cash used in investing activities was ₹ 779.24 million for the financial year 2021, primarily consisting of purchase of property, plant and equipment and other intangible assets of ₹ 739.82 million. Such purchase of property, plant and equipment and other intangible assets was primarily in connection with the addition of 36 new restaurants during the financial year 2021.

Net cash used in investing activities was ₹ 20.49 million for the financial year 2020, primarily consisting of fixed/restricted deposits with banks realized of ₹ 1,460.27 million, which was partially offset by purchase of property, plant and equipment and other intangible assets of ₹ 1,429.66 million. Such purchase of property, plant and equipment and other intangible assets was primarily in connection with the addition of 62 new restaurants during the financial year 2020.

Net cash used in investing activities was ₹ 3,351.26 million for the financial year 2019, primarily consisting of purchase of property, plant and equipment and other intangible assets of ₹ 1,752.39 million and fixed/restricted deposits with banks placed of ₹ 1,585.07 million. Such purchase of property, plant and equipment and other intangible assets was primarily in connection with the addition of 67 new restaurants during the financial year 2019.

#### *Financing Activities*

Net cash used in financing activities was ₹ 515.28 million for the financial year 2021, primarily consisting of payment of principal portion of lease liabilities of ₹ 241.11 million and interest paid on lease liabilities of ₹ 635.63 million (as a result of the application of Ind AS 116), which were partially offset by proceeds from long-term borrowings of ₹ 627.46 million. The total cash outflow for leases was ₹ 876.74 million for the financial year 2021.

Net cash used in financing activities was ₹ 2,081.35 million for the financial year 2020, primarily consisting of interest paid on lease liabilities of ₹ 605.25 million, payment of principal portion of lease liabilities of ₹ 603.91 million and acquisition of non-controlling interests of ₹ 561.09 million relating to our acquisition of an additional interest of approximately 26% in Gamma Pizzakraft (Overseas) Private Limited. The total cash outflow for leases was ₹ 1,209.16 million for the financial year 2020.

Net cash from financing activities was ₹ 1,767.43 million for the financial year 2019, primarily consisting of proceeds from the conversion of compulsorily convertible preference shares of ₹ 2,249.91 million and proceeds from long-term borrowings of ₹ 735.85 million and proceeds from short-term borrowings of ₹ 250.00 million, which were partially offset by interest paid on lease liabilities of ₹ 544.88 million, payment of principal portion of lease liabilities of ₹ 489.64 million and repayment of short-term borrowings of ₹ 325.00 million. The total cash outflow for leases was ₹ 1,034.52 million for the financial year 2019.

#### *Financial Indebtedness*

See “*Financial Indebtedness*” for a description of key terms of our indebtedness on page 347. In the event our lenders declare an event of default, such current and any future defaults could lead to acceleration of our obligations, termination of one or more of our financing agreements or force us to sell our assets, which may adversely affect our business, results of operations and financial condition. See “*Risk Factors – Internal Risk Factors - Our financing agreements impose certain restrictions on our operations, and our failure to comply with operational and financial covenants may adversely affect our reputation, business and financial condition.*” on page 46.

#### **Capital and Other Commitments**

As of March 31, 2021, our estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) was ₹ 258.13 million.

The following tables set forth the maturity profile of our contractual obligations as of March 31, 2021:

(₹ in millions)

As of March 31, 2021	Payments due by period		
	Total	Less than 1 year	1-3 years
Financial Liabilities			
Trade Payables	1,439.70	1,439.70	-
Borrowings (including maturities of long-term debt)*	791.32	289.44	501.88

\* Including contractual interest payments.

(₹ in millions)

As of March 31, 2021	Payments due by period			
	Total	Less than 1 year	1-5 years	More than 5 years
Other Financial Liabilities				
Payable on capital goods purchased	139.64	139.64	-	-
Payable to employees	196.87	196.87	-	-
Lease liabilities	8,842.54	1,247.69	3,907.21	3,687.64
Other payables	49.25	49.25	-	-

### Capital Expenditure

Capital expenditure comprises of cash outflow on purchase of property, plant and equipment and other intangible assets.

For the financial year 2021, our cash outflow on purchase of property, plant and equipment and other intangible assets was ₹ 739.82 million.

For the financial year 2020, our cash outflow on purchase of property, plant and equipment and other intangible assets was ₹ 1,429.66 million.

For the financial year 2019, our cash outflow on purchase of property, plant and equipment and other intangible assets was ₹ 1,752.39 million.

### Contingent Liabilities

For our contingent liabilities as per Ind As 37 – Provisions, Contingent Liabilities and Contingent Assets as of March 31, 2021, see “*Summary of the Offer Document — Summary of Contingent Liabilities*” on page 22.

### Related Party Transactions

For details of the related party transactions during financial years 2021, 2020 and 2019, as per the requirements under Ind AS 24 read with SEBI ICDR regulations, see “*Related Party Transactions*” on page 232.

### Off-Balance Sheet Commitments and Arrangements

We do not have any off-balance sheet arrangements, derivative instruments, swap transactions or relationships with affiliates or other unconsolidated entities or financial partnerships that would have been established for the purpose of facilitating off-balance sheet arrangements.

### Quantitative and Qualitative Analysis of Market Risks

We are exposed to various types of market risks during the normal course of business.

#### 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.

#### *Foreign Currency Risk*

Our exposure to the risk of changes in foreign exchange rates relates primarily to our operating activities (when revenue or expense is denominated in foreign currency). Foreign currency exchange rate exposure is partly balanced by purchasing of goods from the respective countries. We evaluate exchange rate exposure arising from foreign currency transactions and follow established risk management policies. We have not entered into any derivative transaction during the years presented. Unhedged foreign currency exposure is nil for each respective year.

#### *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. Our exposure to the risk of changes in market interest rates relates primarily to our outstanding financial liability.

#### *Credit Risk*

Credit risk is the risk that a counterparty will not meet its obligations under a customer contract, leading to a financial loss. We are exposed to credit risk from our operating activities (primarily trade receivables and deposits with landlords for restaurant properties taken on leases) and from our investing activities, including deposits with banks and other financial instruments.

#### *Liquidity Risk*

Liquidity risk is defined as the risk that we will not be able to settle or meet our obligations on time or at a reasonable price. Our objective is to maintain optimum levels of liquidity to meet our cash and liquidity requirements. We monitor our liquidity position and deploy a robust cash management system. We maintain adequate sources of financing through the use of bank deposits and cash credit facilities. Our management monitors our liquidity position through rolling forecasts on the basis of expected cash flows.

#### **Unusual or Infrequent Events or Transactions**

Except as described in this Draft Red Herring Prospectus, there have been no other events or transactions to the best of our knowledge which may be described as “unusual” or “infrequent”.

#### **Dependence on a Few Customers and Supplier**

Given the nature of our business operations, we do not believe our business is dependent on any single or a few customers

#### **Seasonality of Business**

Demand for our products, particularly KFC chicken products, may decrease during certain religious festivals which require people to eat vegetarian food. In addition, our revenue from dine-in services may increase during festive and other occasions in cities which are classified as Tier 2 or lower, as dining out in such cities is still largely a value-sensitive aspirational demand driven by occasions that require venturing out of home (*Source: Technopak Report*). As a result of such seasonal patterns, our sales and results of operations may vary by financial quarter, and the sales and results of operations of any given financial quarter may not be relied upon as indicators of the sales or results of operations of other financial quarters or of our future performance.

#### **Extent to which Material Increases in Net Sales or Revenue are due to Increased Sales Volume, Introduction of New Products or Services or Increased Sales Prices**

Changes in revenue in the last three financial years are as described in “– Results of Operations Based on Our Restated Financial Statements – Financial Year 2021 compared to Financial Year 2020” and “– Results of Operations Based on Our Restated Financial Statements – Financial Year 2020 compared to Financial Year 2019” beginning on pages 319 and 321, respectively.



## **Total Turnover of Each Major Industry Segment**

For financial years 2021, 2020 and 2019, our business activity fell 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.

## **Known Trends or Uncertainties**

Our business has been subject, and we expect it to continue to be subject, to significant economic changes arising from the trends identified above in “– *Significant Factors Affecting our Results of Operations*” and the uncertainties described in “*Risk Factors*” on pages 314 and 28, respectively. To our knowledge, except as discussed in this Draft Red Herring Prospectus, there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on revenues or income of our Company from continuing operations.

## **Future Relationship between Cost and Revenue**

Other than as described in “*Risk Factors*” on page 28 and this section, there are no known factors that might affect the future relationship between cost and revenue.

## **New Product or Business Segment**

Other than as described in this Draft Red Herring Prospectus, we have not operated in any new product segments or business segments.

## **Competitive Conditions**

We expect competition in our industry from existing and potential competitors to intensify. For details, please refer to the discussions of our competition in the sections “*Risk Factors*” and “*Our Business*” on pages 41 and 181, respectively.

## **Significant Developments Occurring after March 31, 2021**

Except as set out in this Draft Red Herring Prospectus, to our knowledge, no circumstances have arisen since the date of the last consolidated financial statements as disclosed in this Draft Red Herring Prospectus which materially or adversely affect or are likely to affect, our operations, trading or profitability, or the value of our assets or our ability to pay our liabilities within the next 12 months.

## **Our Significant Accounting Policies**

For this subsection only, the capitalized terms defined hereunder are so used.

### ***Basis of preparation***

The Restated Consolidated Ind AS Summary Statements of the Group comprises the Restated Consolidated Ind AS Summary Statement of Assets and Liabilities as at March 31, 2021, March 31, 2020, March 31, 2019 and the Restated Consolidated Ind AS Summary Statement of Profit & Loss (including other comprehensive income), Restated Consolidated Ind AS Summary Statement of Changes in Equity, Restated Consolidated Ind AS Summary Statement of Cash Flows for the years ended March 31, 2021, March 31, 2020 and March 31, 2019 and the summary statement of significant accounting policies and other explanatory information (hereinafter collectively referred to as “**Restated Consolidated Ind AS Summary Statements**”) have been prepared specifically for inclusion in the Offer Document to be filed by the Company with the Securities and Exchange Board of India (“SEBI”) in connection with proposed Initial Public Offering (“IPO”) through Offer for sale by selling shareholders, in accordance with the requirements of:

- a) Section 26 of part I Chapter III of the Companies Act 2013 (the “Act”);
- b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“ICDR Regulations”); and
- c) Guidance Note on Reports in company prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India (‘ICAI’) (referred to as the Guidance Note).

The Restated Consolidated Ind AS Summary Statements have been compiled:

from our audited Ind AS consolidated financial statements as at and for the years ended March 31, 2021, March 31, 2020 and March 31, 2019 which have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended from time to time, other accounting principles generally accepted in India and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable, which have been approved by the Board of Directors at their meeting held on June 11, 2021, September 25, 2020 and August 28, 2019 respectively.

The accounting policies have been consistently applied by us in preparation of the Restated Consolidated Ind AS Summary Statements and are consistent with those adopted in the preparation of consolidated financial statements for the year ended March 31, 2021. These Restated Consolidated Ind AS Summary Statements do not reflect the effects of events that occurred subsequent to the respective dates of board meeting on the audited consolidated financial statements mentioned above. These audited consolidated financial statements have been prepared on a going concern basis.

#### ***Basis of measurement***

The Restated Consolidated Ind AS Summary Statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Certain financial assets and financial liabilities measured at fair value (refer accounting policy regarding financial instruments)
- Contingent consideration,
- Defined Benefit Plans- Plan assets measured at fair value.

The Restated Consolidated Ind AS Summary Statements are presented in Indian Rupees "INR" and all values are stated as INR Millions, except when otherwise indicated.

#### ***Basis of consolidation***

The list of subsidiaries considered for consolidation together with the proportion of shareholding held by us is as follows:

<b>Sr no</b>	<b>Entity name</b>	<b>Country of Incorporation/ Place of business</b>	<b>Nature of relationship</b>	<b>% Holding as at March 31, 2021</b>	<b>% Holding as at March 31, 2020</b>	<b>% Holding as at March 31, 2019</b>
01	Gamma Pizzakraft Overseas Private Limited	India	Subsidiary	100%	99%	73%
02	Gamma Pizzakraft Private Limited	India	Subsidiary	100%	100%	100%
03	Gamma Pizzakraft Lanka Private Limited	Sri Lanka	Subsidiary	100%	100%	100%
04	French Restaurants Private Limited	Sri Lanka	Subsidiary	100%	100%	100%
05	Gamma Island Food Private Limited	Maldives	Subsidiary	51%	51%	51%

Control is achieved when we are exposed, or have rights, to variable returns from our involvement with the investee and have the ability to affect those returns through our power over the investee. Specifically, we control an investee if and only if we have:

- Power over the investee (i.e. existing rights that give us the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from our involvement with the investee, and
- The ability to use our power over the investee to affect our returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when we have less than a majority of the voting or similar rights of an investee, we consider all relevant facts and circumstances in assessing whether we have power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- our voting rights and potential voting rights
- The size of our holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

We re-assess whether or not we control 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 we obtain control over the subsidiary and ceases when we lose control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the restated consolidated Ind AS Summary statements from the date we gain control until the date we cease to control the subsidiary.

Restated Consolidated Ind AS Summary Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of our 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 our group member's financial statements in preparing the consolidated financial statements to ensure conformity with our 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 31<sup>st</sup>. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional restated financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the restated financial information of the subsidiary, unless it is impracticable to do so.

***Consolidation procedure:***

- (i) Combine like items of assets, liabilities, equity, income, expenses and cash flows of our 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.
- (ii) Offset (eliminate) the carrying amount of our parent's investment in each subsidiary and our parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
- (iii) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of our 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 our parent 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 our accounting policies. All intra-group assets and liabilities, equity, income,

expenses and cash flows relating to transactions between members of our group are eliminated in full on consolidation.

Put options held by non-controlling interests in our group's subsidiaries entitle the non-controlling interest to sell its interest in the subsidiary to us at pre-determined values and on contracted dates. In such cases, we consolidate the non-controlling interest's share of the equity in the subsidiary and recognise the fair value of the non-controlling interest's put option, being the present value of the estimated future purchase price, as a financial liability in the restated consolidated Ind AS Summary statements. In raising this liability, the non-controlling interest is derecognised, and any excess or shortfall is charged or realised directly in retained earnings in the statement of changes in equity

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If we lose control over a subsidiary, we:

- derecognise the assets (including goodwill) and liabilities of the subsidiary
- derecognise the carrying amount of any non—controlling interests
- derecognise the cumulative translation differences recorded in equity
- recognise the fair value of the consideration received
- recognise the fair value of any investment retained
- recognise any surplus or deficit in profit or loss
- reclassify our parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if we had directly disposed of the related assets or liabilities

#### ***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, we elect 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 which we enter into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date.
- Assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.
- Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

Business combinations under common control are accounted in accordance with Appendix C of IND AS 103 as per the pooling of interest method and the Ind AS Transition Facilitation Group Clarification Bulletin 9 (ITFG 9).

ITFG 9 clarifies that, the carrying values of assets and liabilities as appearing in the standalone financial statements of the entities being combined shall be recognised by the combined entity.

As per Appendix C, Business Combinations of Entities under Common Control of Ind AS 103, Business Combinations, in case of common control business combinations, the assets and liabilities of the combining entities are reflected at their carrying amounts.

When we acquire a business, we assess 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 its subsequent 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, we re-assess whether we have correctly identified all of the assets acquired and all of the liabilities assumed and review 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 our 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, we report 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.

#### ***Current versus non-current classification***

We present assets and liabilities in the balance sheet based on current/ or 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

We classify 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. We have identified twelve months as our operating cycle.

### ***Foreign currencies***

#### *Functional and presentation currency*

The functional currency of our Company and our subsidiaries is determined on the basis of the primary economic environment in which we operate. The functional currency of our Company is Indian National Rupee (INR). The functional currency of our subsidiaries are Indian Rupees (INR), Sri Lankan Rupee (LKR) and Maldivian Rufiyaa (MVR). Our consolidated financial statements are presented in INR, which is also the parent company's functional currency.

#### *Transactions and balances*

Transactions in foreign currencies are initially recorded by our entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, we use the 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 our 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 we initially recognize the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, we determine the transaction date for each payment or receipt of advance consideration.

On consolidation, the assets and liabilities of foreign operations are translated into INR at the rate of exchange prevailing at the reporting date and their statements of profit and loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, we use an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit and loss.

Any goodwill arising in the acquisition/ business combination of a foreign operation on or after April 1, 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 (April 1, 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.

### ***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 OCI, or fair value through profit or loss.

Initially, a financial instrument is recognized at its fair value. Transaction costs directly attributable to the acquisition or issue of financial instruments are recognized in determining the carrying amount, if it is not classified as at fair value through profit or loss and transactions costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Subsequently, financial instruments are measured according to the category in which they are classified.

Our business model for managing financial assets refers to how we manage our 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 us. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

ii) Financial assets at fair value through other comprehensive income (FVTOCI):

All equity investment in scope of IND AS 109 Financial Instruments are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which IND AS 103 Business Combinations applies are classified as fair value through profit or loss. For all other equity instruments, we may make irrevocable election to present in other comprehensive income subsequent changes in the fair value. We make such election on an instrument-to-instrument basis. The classification is made on initial recognition and is irrevocable.

If we decide 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 we benefit 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 pass-through 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 us 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 us are recognised at the proceeds received, net of direct issue costs.

#### c) *Financial liabilities*

Financial liabilities are classified as either financial liabilities 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/ or losses attributable to changes in own credit risk are recognized in OCI. These gains/ losses are not subsequently transferred to P&L. However, we 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*

We recognize 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 we expect 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, we apply a simplified approach in calculating ECLs. Therefore, we do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. We have established a provision matrix that is based on our historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

### *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 we expect to be entitled in exchange for those goods or services. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. We have concluded that we are the principal in all of our revenue arrangements since we are the primary obligor in all the revenue arrangements as we have pricing latitude and are also exposed to inventory and credit risks.

However, sales tax/ value added tax (**VAT**)/ Goods and Service (**GST**) is not received by us for our own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

No element of financing is deemed present as the majority of sales are on cash basis and credit sales are made with normal credit period consistent with market practice.

The following specific recognition criteria must also be met before revenue is recognised:

#### *Sale of goods*

We recognise revenue from sale of food through our Company's stores when the items are delivered to or carried out by customers.

#### *Income from trading sales*

Revenue from sale of goods is recognised when the goods are delivered to customers, all significant contractual obligations have been satisfied and the collection of the resulting receivable is reasonably expected. Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of customer returns, trade allowance, rebates, goods and services tax and amount collected on behalf of third parties.

Gift vouchers sales are recognised when the vouchers are redeemed and goods are sold to the customer.

#### *Income from sale of service*

Revenue from sale of services is recognized in accordance with the terms of the relevant agreements and is net of goods and service tax (GST), where applicable as accepted and agreed with the customers.

We recognize revenue from alliance income (marketing support services) when the service is performed.

#### *Scrap sale*

Sale of scrap is recognised upon transfer of control of products to the customers which coincides with their delivery to customer.

#### *Interest income*

Interest income on financial assets at amortised cost is recognised using the effective interest method. Effective interest is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in other income in the statement of profit and loss.

#### *Dividend income*

Dividend income is recognised when our right to receive the payment is established by the reporting date.

#### **Contract balances-**

##### *Trade receivables*

A receivable is recognised if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in point (d) above.

##### *Contract liabilities*

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before we transfer the related goods or services. Contract liabilities are recognised as revenue when we perform under the contract (i.e., we transfer control of the related goods or services to the customer).

#### **Taxes**

Tax expense comprises of current tax and deferred tax.

##### *Current income tax*

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in India where our Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

##### *Deferred tax*

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- (i) 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

- (ii) 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:

- (i) 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
- (ii) 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.

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.

### ***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. 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, we recognize such parts as individual assets with specific useful lives and depreciates them accordingly Any subsequent cost incurred is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in statement of profit and loss as incurred.

Capital work in progress comprises cost of property, plant and equipment (including related expenses), that are not yet ready for their intended use at the reporting date and it is carried at cost less accumulated impairment losses

Gains or losses arising from de-recognition of property, plant and equipment are measured as the difference between the net disposal proceeds and carrying amount of the assets and are recognised in the statement of profit and loss when the asset is derecognised.

On transition to IND AS, we have elected to continue with the carrying value of all our property, plant and equipment measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

### ***Depreciation on Property, plant and equipment***

Depreciation is calculated on the straight line basis over the estimated useful lives of the assets. Our 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. We have used the following life to provide depreciation on our property, plant and equipment.

The rates of depreciation are based on technical evaluation of the economic life of assets by our management, which are given below and are equal to the corresponding rates prescribed in Schedule II to the Companies Act, 2013:

<b>Class of asset</b>	<b>Useful lives estimated by the management (years)</b>
Plant and machinery	15 years
Building	4-20 years
Office equipment	5 years
Computers	3 years
Furniture and fixtures	8 years
Vehicles	10 years
Leasehold improvements	Over the lease term or estimated useful life whichever is shorter

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

### ***Intangible Assets***

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

On transition to IND AS, we have elected to continue with the carrying value of all our intangible assets measured as per the previous GAAP and use that carrying value as the deemed cost of the Intangible Assets.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Gains or losses arising from de- recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

#### *Amortisation of intangible assets*

Amortisation is calculated on the straight-line basis over the estimated useful lives of the assets. Our 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. We have used the following life to provide amortisation on our intangible assets.

<b>Class of asset</b>	<b>Useful lives estimated by the management (years)</b>
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.

#### **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 shorter of the lease term and the estimated useful lives of the assets, as follows:

- Buildings and motor vehicle - Over the shorter of the lease term and the estimated useful lives of the assets

#### **Lease Liabilities**

At the commencement date of the lease, the group recognises lease liabilities measured at the present value of the future lease payments. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Company has elected not to separate lease and non-lease components in a lease contract where lease payments are inclusive of non-lease component.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note k Impairment of non-financial assets.

#### **Short-term leases and leases of low-value assets**

The group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as an operating expense in the statement of profit and loss.

#### **Transition to Ind AS 116**

The Company has followed the same accounting policy choices (transition options as per Ind AS 116) as adopted on April 01, 2019 for transition to Ind AS 116, while preparing the Restated Consolidated Ind AS Summary Statements for each of the year ended March 31, 2021, March 31, 2020 and March 31, 2019. As specified in the Guidance Note, the equity balance computed under Restated Consolidated Ind AS Summary Statements for the year ended March 31, 2019 and equity balance computed on transition (using modified retrospective approach) to Ind AS 116 on April 01, 2019, differs due to restatement adjustments made for the year ended March 31, 2019. Accordingly, the closing equity balance as at March 31, 2019 of the Restated Consolidated Ind AS Summary Statements has not been carried forward to opening Balance sheet as at April 01, 2019.

The following is the summary of practical expedients elected on initial application:

- a. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.
- b. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
- c. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- d. Not to separate lease and non-lease components in a lease contract where lease payments are inclusive of non-lease component.

#### **Amendments to Ind AS 116: Covid-19-Related Rent Concessions**

The MCA issued amendments to Ind AS 116, "Leases", provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. The amendments allowed the expedient to be applied to COVID-19-related rent concessions to payments originally due on or before June 30, 2021 and also require disclosure of the amount recognized in profit or loss to reflect changes in lease payments that arise from COVID-19-related rent concessions. Group has adopted this w.e.f April 01, 2020 and the impact has been recognized in Other Income (Note 23) and corresponding impact has been recognized in Lease liabilities (Note 44). This amendment does not have any effect in earlier periods.

#### ***Inventories***

##### *Basis of valuation*

Inventories other than scrap materials are valued at lower of cost and net realizable value. The comparison of cost and net realizable value is made on an item-by-item basis.

##### *Method of valuation*

Cost of raw materials and traded goods are determined by using weighted average method and comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

### ***Impairment of Non-financial assets***

We assess, 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, we estimate 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.

We base our impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of our 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, we extrapolate 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, we estimate 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.

### ***Compulsorily Convertible Debentures (CCDs) and Compulsorily Convertible Preference Shares (CCPSs)***

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

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

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

### ***Provisions***



Provisions are recognised when we have 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.

### ***Retirement and other employee benefits***

#### *Defined benefit plan*

In accordance with applicable laws in India, we provide 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 us. 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 we recognize related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. We recognize 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*

We make 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 us 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. We treat the entire leave as current liability in the balance sheet, since we do 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.

#### *Share-based payments*

Our employees (including senior executives) 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 our 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 our 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. 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.

### ***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 our cash management.

### ***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 our control; 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 our balance sheet, 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 or the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the requirements for revenue recognition.

#### ***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.

#### ***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. Our management has 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.

We use 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.

#### ***Segment reporting***

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker being our managing director. The Managing Director assesses our financial performance and position as a whole, and makes strategic decisions.

### ***Cash Flow***

Ind AS 7 requires to exclude non-cash transaction relating to investing and financing activities from the statement of cash flow. However, such transactions should be disclosed elsewhere in the financial statements.

Cash and cash equivalents consist of cash on hand and balances with banks which are unrestricted for withdrawal and usage.

### ***Exceptional Items***

Exceptional items are those items that management considers, by virtue of their size or incidence (including but not limited to impairment charges and acquisition and restructuring related costs), should be disclosed separately to ensure that the financial information allows an understanding of the underlying performance of the business in the year, so as to facilitate comparison with prior periods. Such items are material by nature or amount to the year's result and require separate disclosure in accordance with Ind AS.

## CAPITALISATION STATEMENT

The following table sets forth our Group's capitalization as at March 31, 2021, as derived from our Restated Financial Statements. This table should be read in conjunction with the sections titled "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", and "*Risk Factors*" beginning on pages 312 and 28, respectively.

Particulars	Pre-Offer as at March 31, 2021 (in ₹ million)	As adjusted for the Offer*
<b>Borrowings</b>		
Non-current liabilities: Borrowings (I)	489.91	[●]
Current maturities of non-current borrowings (II)	236.31	[●]
Current liabilities: Borrowings (III)	30.34	
<b>Total borrowings (IV = I + II + III)</b>	<b>756.56</b>	<b>[●]</b>
<b>Equity</b>		
Equity share capital (V)	527.90	[●]
Other Equity (VI)	4271.13	[●]
<b>Total Equity (VII = V + VI)</b>	<b>4,799.03</b>	<b>[●]</b>
<b>Total borrowings/ Total Equity (VIII = IV/ VII)</b>	<b>0.16</b>	<b>[●]</b>

\*The corresponding post Offer capitalisation data for each of the amounts given in the above table is not determinable at this stage pending the completion of the Book Building Process and hence, the same have not been provided in this statement.

**Notes:**

- 1) The above has been computed on the basis on amounts derived from the restated Ind AS summary statement of assets and liabilities of the Group as on March 31, 2021.
- 2) The Company is proposing to have public issue of shares comprising of Offer for Sale by the Selling Shareholders.

## FINANCIAL INDEBTEDNESS

In furtherance of our Articles of Association and subject to applicable laws, our Board is authorised to borrow sums of money for the purposes of our Company, and upon such terms and conditions as the Board thinks fit. For further details regarding the borrowing powers of our Board, see the section titled “*Our Management*” on page 212.

Our Company and our Subsidiaries have availed loans and bank facilities in the ordinary course of business, primarily for funding working capital and capital expenditure requirements.

Set forth below is a brief summary of our aggregate borrowings as at July 15, 2021:

Category of borrowing	Sanctioned amount (in ₹million)	Outstanding amount as at July 15, 2021 (in ₹million)
<b>Fund based facilities of the Company (A)</b>	1,761.77	828.53
<b>Fund based facilities of the Subsidiaries (B)</b>	213.45	120.73
<b>Non- fund based facilities of Company (B)</b>	138.33	138.33
<b>Total (A+B)</b>	<b>2,113.55</b>	<b>1,087.59</b>

*\*Amount considered at the exchange rate of 2.65062 LKR per ₹ as on July 15, 2021.*

For further details in relation to financial indebtedness of our Company, see “*Risk Factors – We have incurred indebtedness and may incur additional indebtedness in the future, which could affect our ability to obtain future financing or pursue our growth strategy.*” on page no. 55.

Our Company has obtained consent from the lenders for the Offer, wherever required.

### **Principal terms of the borrowings availed by our Company and our Subsidiaries:**

The details provided below are indicative and there may be additional terms, conditions and requirements under the various borrowing arrangements entered into by us.

1. **Interest:** In terms of the facilities availed by us, the interest rate is typically ranging from 8.00 % to 14.00 % per annum.
2. **Tenor:** The tenor of the facilities availed by us typically ranges from three to six years.
3. **Security:** In terms of our borrowings where security needs to be created, we are typically required to create:
  - (a) First pari passu charge on the current assets and receivables of the Company;
  - (b) First pari passu charge on the movable fixed assets of the Company;
  - (c) First pari passu charge by way of hypothecation on intangible assets and bank accounts and reserves of the Company

This is an indicative list and there may be additional requirements for creation of security under the various borrowing arrangements entered into by us.

4. **Prepayment:** In terms of the term loans availed by us, we have the option to pre pay the lenders, in part or in full - the debt together with all interests, prepayment premium and other charges and monies due and payable to the bank up to the due date. Some of these loans provide for prepayment subject to the consent of the lender or a notice of prepayment to be given to the lender.
5. **Re-payment:** The loan facilities are repayable as per a fixed schedule in quarterly/ monthly instalments.
6. **Key covenants:**

In terms of our facility agreements and sanction letters, we are required to:

- (a) provide audited or unaudited financial statements periodically;
- (b) monitor compliance with financial covenants periodically;
- (c) monitor end-use of the facility amounts for stated purpose for which the facility is availed;
- (d) intimate and/or take prior consent of the lenders about change in line of business or change in ownership or control or management control;
- (e) intimate and/or take prior consent of the lenders about change in capital structure or shareholding pattern;
- (f) take prior consent from the lenders for entering into any scheme for merger, de-merger, arrangement, reconstruction, consolidation or reorganisation or undertake any scheme for composition or arrangement with creditors;
- (g) observe restrictions on further indebtedness;
- (h) take prior consent of lenders before modification / amendment in the constitutional documents of our Company;
- (i) observe restrictions on further investments over and above the specified threshold;
- (j) take prior consent of lenders before declaration of dividend subject to certain conditions ;
- (k) take prior consent of lenders before dilution in promoter's shares in our Company;
- (l) intimate and/or take prior consent of the lenders for any change to its board of directors or management.

7. ***Events of Default:***

In terms of our facility agreements, sanction letters and offering memorandums, the following, among others, constitute events of default:

- (a) failure and inability to pay amounts on the due date;
- (b) violation of any covenant of the relevant agreement or any other borrowing agreement;
- (c) upon shareholding of our Promoters in our Company falling below a certain threshold;
- (d) use of the facility for investments in capital markets, or investment in land;
- (e) any material adverse effect which would have an effect on our ability to repay the facilities availed;
- (f) suspension or cessation of business;
- (g) default under any other financing documents, mortgage, indenture or other related instrument;
- (h) any circumstance of expropriation or unlawfulness for continuance of facility;
- (i) default in the fulfilment of any obligation towards existing lenders;
- (j) revocation of material operating licenses, regulatory authorizations and other approvals;
- (k) Any misrepresentation, cross defaults or insolvency.

8. ***Consequences of occurrence of events of default:***

In terms of our facility agreements and sanction letters, the following, among others, are the consequences of occurrence of events of default, our lenders may:

- (a) withdraw or cancel the sanctioned facilities;

- (b) enforce their security over the hypothecated / mortgaged assets;
- (c) seek immediate repayment of all or part of the outstanding amounts under the respective facilities;
- (d) initiate legal proceedings for recovery of their dues;
- (e) convert at the option of the lender, part or whole of outstanding due amounts under the facility into equity shares of the Company; and
- (f) appoint a nominee director/observer on the board of directors of our Company.
- (g) the lenders shall have the right to cancel all unutilized amount(s) of the facility upon the occurrence of any default.



## SECTION VI – LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated in this section, there are no outstanding (i) criminal proceeding; (ii) actions taken by regulatory or statutory authorities; (iii) disciplinary action including penalty imposed by the SEBI or stock exchanges against our Promoter in the last five Fiscals, including outstanding action; (iv) claims related to direct and indirect taxes in a consolidated manner; and (v) details of any other pending material litigation which are determined to be material as per a policy adopted by our Board (“**Materiality Policy**”), in each case involving our Company, Promoters, Directors and Subsidiaries (“**Relevant Parties**”).

For the purpose of (v) above, our Board in its meeting held on August 6, 2021, has considered and adopted a policy of materiality for identification of material litigation involving the Relevant Parties and Group Companies.

In terms of the Materiality Policy, all pending litigation involving the Relevant Parties, other than criminal proceedings, actions by regulatory authorities and statutory authorities, disciplinary action including penalty imposed by SEBI or stock exchanges against our Promoter in the last five Fiscals including outstanding action and tax matters, would be considered ‘material’ for disclosure in this Draft Red Herring Prospectus:

- a) the aggregate monetary amount of claim involved, whether by or against the Relevant Parties, in any such pending litigation is in excess of 1 % of the total revenue of the Company for the last completed financial year covered in the Restated Financial statements i.e. ₹ 108.12 million; or
- b) such pending litigation wherein a monetary liability is not quantifiable, or which does not fulfil the threshold as specified in (a) above, but the outcome of which could, nonetheless have a material adverse effect on the Company’s business, operations, financial results, prospects or reputation, irrespective of the amount involved in such litigation.

Except as stated in this section, there are no outstanding material dues to creditors of our Company. For this purpose, our Board in its meeting held on August 6, 2021, has considered and adopted a policy of materiality for identification of material outstanding dues to creditors. In terms of this Materiality Policy, outstanding dues to any creditor of our Company having monetary value which exceed ₹ 71.99 million, which is 5% of the total consolidated trade payable of our Company as per the Restated Financial Statements of our Company included in this Draft Red Herring Prospectus, shall be considered as ‘material’. Accordingly, as on March 31, 2021, any outstanding dues exceeding ₹ 71.99 million have been considered as material outstanding dues for the purposes of disclosure in this section. Further, for outstanding dues to any party which is a micro, small or a medium enterprise (“**MSME**”), the disclosure will be based on information available with our Company regarding status of the creditor under section 2 of the Micro, Small and Medium Enterprises Development Act, 2006, as amended.

Further, pre-litigation notices (other than those issued by governmental, statutory or regulatory authorities) received by the Company, its Subsidiaries, Directors or Promoter shall not be considered as litigation until such time that any of the Company, its Subsidiaries, Directors or Promoter, as the case may be, is made a party to proceedings initiated before any court, tribunal or governmental authority, or is notified by any governmental, statutory or regulatory authority of any such proceeding that may be commenced.

All terms defined in a particular litigation disclosure pertain to that litigation only. Unless stated to the contrary, the information provided below is as of the date of this Draft Red Herring Prospectus.

#### I. Litigation involving our Company

##### A. Outstanding criminal proceedings involving our Company

*Criminal proceedings initiated against our Company*

Except as disclosed below, there are no outstanding criminal proceedings initiated against our Company:

1. The Food Safety Officer, Food & Drug Administration (M.S.), Greater Mumbai, (“**Complainant**”) filed a complaint dated January 18, 2018, against one of the restaurants

operated by our Company located at Kenilworth Linking Road, Khar (W), Mumbai (“**Our Restaurant**” and “**Accused No. 1**”), our employee Sandeep Narayan Shetty (the manager of Our Restaurant and “**Accused No. 2**”), and Subik Almeida (nominee of our Company for Our Restaurant and “**Accused No. 3**”) in the Court of Additional Chief Metropolitan Magistrate, 46<sup>th</sup> Court, Mazgaon Mumbai (“**Court**”). The Complainant had inspected the premises of Our Restaurant and had taken RO water for sampling and had found that RO water was unsafe under section 3(1) (zz) of the Food Safety and Standards Act, 2006 and it did not confirm to standards of regulation 2.10.8 of chapter 2 of (Food Product Standards and Food Additives) Regulation, 2011, pursuant to which this complaint was filed by the Complainant. Subsequently, a notice was sent to Accused No.1, Accused No. 2 and Accused No. 3 summoning them to appear before the Court. The matter is currently pending.

2. The District Magistrate cum Adjudicating Officer, Chandigarh, passed an order dated April 30, 2018 (“**Order**”), against our Company and our employee Chaman Kumar, under the Food Safety and Standards Act, 2006. The Food Safety Officer had inspected the premises of our office in Chandigarh and taken the samples of ‘zesty sauce’ which were found to be against the minimum prescribed standards as laid down in the Food Safety and Standards (Food Products Standards and Food Additives), Regulations, 2011. Pursuant to this an adjudication application was filed before the District Magistrate cum Adjudicating Officer, Chandigarh, by the Food Safety Officer and the Order was passed, wherein our Company was directed to not sell any sub-standard food items and a penalty of ₹ 50,000/- was imposed upon the Company. Aggrieved by this, our Company filed an appeal before the Food Appellate Tribunal, Chandigarh, challenging the said Order. The matter is currently pending.
3. The Food Safety Officer of Civil Surgeon, Jalandhar (“**Complainant**”) filed two complaints, each dated February 19, 2016, (“**Complaints**”) against one of the restaurants operated by our Company located at Model Town Market, Jalandhar (“**Our Restaurant**” and “**Accused No. 1**”) and our employee Mr. Balram Kanda, (store manager of Our Restaurant and “**Accused No. 2**”) before the Court of Addl. Chief Judicial Magistrate, Jalandhar (“**Court**”) under the Food Safety and Standards Act, 2006 (“**FSSA**”) and the rules made thereunder. The Complainant had inspected the premises of Our Restaurant and had taken samples of cooked chicken and marinated chicken and found that the samples contained a foul smell and were unsafe for human consumption, thereby not in accordance with the required quality as prescribed by FSSAI. The Court had dismissed the Complaints against Accused No. 2 due to failure of prosecution to furnish the correct address of Accused No. 2. The matter is currently pending.
4. A complaint dated April 24, 2016, was filed by under section 28 and 112 of the Delhi Police Act, 1978 (“**DP Act**”) before the Court of Metropolitan Magistrate, Rohini, New Delhi (“**Court**”) against Prince Kumar (manager of Our Restaurant and “**Accused no. 1**”) and Chandan Tiwari (erstwhile marketing manager of KFC, Our Restaurant and “**Accused no. 2**”) in relation to one of the restaurant operated by our Company located at M2K Mall, Rohini, New Delhi (“**Our Restaurant**”) as it was operating without obtaining a eating house license as required under the DP Act. The Court had also issued summon against the Accused no. 2. Thereafter, the court vide its order dated January 10, 2019, discharged Accused no. 2 from the matter on payment of fine of ₹100 and ordered to issue summon against Accused no.1. The matter is currently pending.
5. A case was filed before the Tis Hazari Court, New Delhi (“**Court**”) against Ajay Lohat (general manager of Our Restaurant and “**Accused**”) in relation to one of the restaurant operated by our Company located at Kamala Nagar, New Delhi, (“**Our Restaurant**”) pursuant to a notice dated August 6, 2019, issued under section 28 and 112 of the Delhi Police Act, 1978 (“**DP Act**”), as it was operating the restaurant without obtaining an eating house license Pursuant to this, the Court had also issued a summon against the Accused and the matter is currently pending.
6. An application was filed by Ashok Sharma, managing director of A.N. Traders Private Limited (“**ANTPL**”) (“**Complainant**”) against, Samara Capital, our Company, our directors and/or employees of Samara Capital namely Sumeet Subhash Narang, Manish Mehta and Deepak Mittal, and some of the employees of Yum India and others (“**Accused**”) under section 153 of Code of Criminal Procedure, 1973 (“**CRPC**”), before the Additional Chief Metropolitan Magistrate (SW), Dwarka Courts, New Delhi, (“**Additional Chief Metropolitan Magistrate**”),

alleging that the Accused had conspired among themselves and forced the Complainant to sell the entire business of ANTPL to Samara Capital and our Company. The Additional Chief Metropolitan Magistrate vide its order dated July 27, 2017, (“**Order**”) directed the police station, Uttam Nagar, to register an FIR and pursuant to the Order, a First Information Report dated August 2, 2017, (“**FIR**”) was filed by the Complainant against the Accused under section 384, 420, 506 and 34 of the Indian Penal Code, 1860 (“**IPC**”). Thereafter, our Company filed a petition under section 482 of CRPC before the High Court of Delhi, for quashing the FIR filed against the Company and for setting aside the Order, passed by the Additional Chief Metropolitan Magistrate, and is currently pending for hearing. In furtherance of this, the investigation officer (“**IO**”) had filed a closure report for the matter, against which the Complainant then filed a protest petition before the Chief Metropolitan Magistrate, South West, Dwarka, Delhi, (“**Magistrate**”). Pursuant to this the Magistrate vide order dated October 17, 2020, did not accept the closure report and directed the IO to further investigate the matter and the allegations made, thoroughly. The investigation is currently pending.

#### *Criminal proceedings initiated by our Company*

As on the date of the Draft Red Herring Prospectus, there are no outstanding criminal proceedings initiated by our Company.

#### **B. Action by statutory or regulatory authorities against our Company**

Except as disclosed below, there are no outstanding actions by any statutory or regulatory authorities against our Company:

1. During the course of our business operations, a total of 11 proceedings have been initiated against us by designated food safety officers under the Food Safety and Standards Act, 2006 (“**FSSA**”) pending before the concerned authorities including the court of Adjudicating officer and Joint Commissioner (Food), Additional District Magistrate, Food Safety Appellate Tribunal, Adjudicating officer/ Additional collector (finance and revenue) etc. on various grounds including *inter alia*, (i) manufacturing and storing substandard food in violation of Food Safety & Standards (Food Products Standards & Food Additives) Regulation, 2011 (“**FSS Regulations**”) and IS specification; (ii) products are substandard or the quality is not conforming to the standards of FSSA and/or FSS Regulations; and (iii) products misbranded as they contain misleading statements or information was not given or were not been labelled in accordance with Food Safety and Standards (Packaging and Labelling ) Regulations, 2011, (iv) contravention of provisions pertaining to Food Safety and Standards (Licensing and Registration of Food Businesses) Regulation, 2011 etc. As on the date of the DRHP, Our Company has either filed a reply or is in the process of filing the reply to the notices issued to us and/or have filed an appeal against the order passed by the adjudicating officer. All these matters are currently pending.
2. A total of 13 proceedings have been initiated by various designated authorities including among others, assistant labour inspector, joint labour commissioner, assistant regional provident fund commissioner, assistant commissioner of state tax profession tax, etc. against our Company under various labour law legislations including *inter alia*, Tamil Nadu Catering Establishments Act, 1958 , The Equal Remuneration Act, 1976, Payment of Wages Act, 1936, Minimum Wages Act, 1948, the Employee State Insurance Act, 1948, Tamil Nadu Shops and Establishment Act, 1947, Employee Provident Fund and Miscellaneous Provisions Act, 1952, Maharashtra Shops and Establishments (Regulation of Employment and Service Conditions) Act, 2017, Kerala Shops and Commercial Establishments Act, 1960, Payment of Bonus Act, 1965, and rules thereunder, etc., in connection with among others, submission of documents for compliance with labour law legislations, remittance of contribution, professional tax assessment etc. All these matters are currently pending.
3. The Hon’ble Collector of Stamps, Mumbai, passed an interim demand notice dated October 9, 2018, and thereafter, an order dated January 3, 2019, (“**Order**”) against our Company for payment of stamp duty amounting to ₹ 194.60 million with respect to scheme of merger/amalgamation between Company and SHRPL, Hansazone, Pizzeria, KFCH. Aggrieved by this, Our Company filed an appeal before the Chief Controlling Revenue Authority, Pune,

Maharashtra, challenging the Order on the grounds *inter alia*, that the amount of stamp duty has been calculated incorrectly and the current valuation of the stamp duty amounts to ₹ 2.74 million. Further, our Company had also filed application for granting interim stay on the effect and operation of the Order, during the pendency of the appeal. The matter is currently pending.

**C. Material outstanding litigation involving our Company**

*Material civil litigation initiated against our Company*

Except as disclosed below, there are no outstanding material civil litigation initiated against our Company:

Our Company (“**Petitioner**”) has filed a writ petition before the High Court of Gujarat at Ahmedabad (“**Writ Petition**”) challenging the anti-profiteering investigation conducted by the directorate general of anti-profiteering (“**Respondent**”), on the grounds that the anti-profiteering investigation is *inter alia ex-facie* illegal and unconstitutional and violates Article 14 and 19(1)(g) of the Constitution of India. Respondent had initiated an anti-profiteering investigation under section 171 of the Central Goods and Services Tax Act, 2017, against one of the restaurants operated by our Company located in Ahmedabad, Gujarat. This investigation was initiated basis a 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 our restaurant. Thereafter, Our 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 Petitioner 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 Petitioner other than the complained product. Subsequently Our 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.

*Material civil litigation initiated by our Company*

As on the date of the Draft Red Herring Prospectus, there are no outstanding material civil litigation initiated by our Company.

**II. Litigation involving our Directors**

**A. Outstanding criminal proceedings involving our Directors**

*Criminal proceedings against our Directors*

Except as disclosed below, there are no outstanding criminal proceedings initiated against our Directors:

1. A complaint has been filed by Ashok Sharma, managing director of ANTPL against among others, our directors Sumeet Subhash Narang and Manish Mehta. For details pertaining to this litigation see ‘Criminal proceedings initiated against our Company’ at page no. 351.
2. More Retail Private Limited, in which Girish Manjanath Bhat and Vikram Ranjan Agarwal are directors, has received 2 notices dated November 21, 2019, from Food and Drug Administration (Food Safety and Standards Authority) regarding two products which were picked up from their Kharghar store and which have been declared ‘unsafe’ after laboratory testing. Girish Manjanath Bhat and Vikram Ranjan Agarwal are named in the said notices. The matter is currently pending.

*Criminal proceedings initiated by our Directors*

As on the date of this Draft Red Herring Prospectus, there are no outstanding criminal proceedings initiated by our Directors.

**B. Pending action by statutory or regulatory authorities against our Directors**

Except as disclosed below, there are no pending actions by any statutory or regulatory authorities against our Directors:

3. Our directors namely Girish Manjanath Bhat, Sumeet Subhash Narang, Vikram Ranjan Agarwal, Manish Mehta, and Sanjay Purohit are involved in two of the 11 proceedings that have been initiated against our Company by designated food safety officers under the FSSA. For details of these proceedings refer to “*Action by statutory or regulatory authorities against our Company*” at page no. 352.

**C. *Material outstanding litigation involving our Directors***

*Material civil litigations initiated against our Directors*

As on the date of this Draft Red Herring Prospectus, there are no outstanding material civil litigations initiated against our Directors.

*Material civil litigations initiated by our Directors*

Except as disclosed below, there are no outstanding material civil litigations initiated by our Directors:

1. Our director Kabir Thakur (“**Petitioner**”) has filed a contempt petition before the High Court of Judicature at Bombay (“**Contempt Petition**”) against Jasani Realty Private Limited and Others (“**Respondents**”). The Respondents had failed to pay a sum of ₹ 75 million to the Petitioner and despite several letters and attempts, the Respondents refused to comply with requirement of the order dated July 10, 2019. The matter is currently pending.

**III. Litigation involving our Promoters**

**A. *Outstanding criminal proceedings involving our Promoters***

*Criminal proceedings against our Promoters*

As on the date of this Draft Red Herring Prospectus, there are no outstanding criminal proceedings initiated against our Promoters.

*Criminal proceedings initiated by our Promoters*

As on the date of this Draft Red Herring Prospectus, there are no outstanding criminal proceedings initiated by our Promoters.

**B. *Pending action by statutory or regulatory authorities against our Promoter***

As on the date of this Draft Red Herring Prospectus, there are no pending actions by statutory or regulatory authorities against our Promoters.

**C. *Material outstanding litigation involving our Promoters***

*Material civil litigations against our Promoters*

As on the date of this Draft Red Herring Prospectus, there are no outstanding material civil litigations initiated against our Promoters.

*Material civil litigations initiated by our Promoters*

As on the date of this Draft Red Herring Prospectus, there are no outstanding material civil litigations initiated by our Promoters.

**D. *Disciplinary action including penalty imposed by SEBI or stock exchanges against our Promoters in the last five financial years immediately preceding the date of filing of this Draft Red Herring Prospectus***

There has been no disciplinary action including penalty imposed by SEBI or stock exchanges against the Promoters in the last five financial years immediately preceding the date of filing of this Draft Red Herring Prospectus.

#### **IV. Litigation involving our Subsidiaries**

##### **A. Outstanding criminal proceedings involving our Subsidiaries**

###### *Criminal proceedings against our Subsidiaries*

As on the date of this Draft Red Herring Prospectus, there are no outstanding criminal proceedings initiated against our Subsidiaries.

###### *Criminal proceedings initiated by our Subsidiaries*

As on the date of this Draft Red Herring Prospectus, there are no outstanding criminal proceedings initiated by our Subsidiaries.

##### **B. Pending action by statutory or regulatory authorities against our Subsidiaries**

As on the date of this Draft Red Herring Prospectus, there are no pending actions by statutory or regulatory authorities against our Subsidiaries.

##### **C. Material outstanding litigation involving our Subsidiaries**

###### *Material civil litigations initiated against our Subsidiaries*

As on the date of this Draft Red Herring Prospectus there are no outstanding material civil litigation initiated against our Subsidiaries.

###### *Material civil litigations initiated by our Subsidiaries*

As on the date of this Draft Red Herring Prospectus there are no outstanding material civil litigation initiated by our Subsidiaries.

#### **V. Litigation involving our Group Companies which may have a material impact on our Company**

As on the date of this Draft Red Herring Prospectus, there are no outstanding material litigations involving our Group Companies which may have a material impact on our Company.

#### **VI. Tax claims**

Except as disclosed below, there are no claims related to direct and indirect taxes, involving our Company, Directors, Promoters and Subsidiaries.

<b>Nature of case</b>	<b>Number of cases</b>	<b>Amount involved (in ₹ million)*</b>
<b>Company</b>		
Direct tax	10	69.57 <sup>(iii)</sup>
Indirect tax	69 <sup>(i)</sup>	125.86 <sup>(iv)</sup>
<b>Directors</b>		
Direct tax	-	-
Indirect tax	-	-
<b>Promoters</b>		
Direct tax	-	-
Indirect tax	-	-
<b>Subsidiaries</b>		
<i>Gamma Pizzakraft Overseas Private Limited</i>		

Direct tax	3	82.66
Indirect tax	-	-
<b>Gamma Pizzakraft Lanka (Private) Limited</b>		
Direct tax	-	-
Indirect tax	1	26.22 <sup>(ii)</sup>

*\*To the extent quantifiable*

*(i) This includes an anti-profiteering investigation which was initiated against one of our restaurants, pursuant to which our Company has filed a writ petition in High Court of Gujarat at Ahmedabad challenging the conduct of the investigation. For details of this matter, please refer to – “Material civil litigation initiated against our Company” at page no. 353.*

*(ii) Amount considered at the exchange rate of 2.65062 LKR per ₹ as on July 15, 2021.*

*(iii) This includes an amount of ₹ 10.78 million which has been paid by our Company under protest to the relevant authorities.*

*(iv) This includes an amount of ₹ 17.33 million which has been paid by our Company under protest to the relevant authorities.*

## VII. Outstanding dues to creditors

As of March 31, 2021, we had 2,408 creditors to whom an aggregate outstanding amount of ₹ 1,439.71 million was due. Further, based on available information regarding status of the creditor as a micro, small or a medium scale enterprise as defined under section 2 of the Micro, Small and Medium Enterprises Development Act, 2006, as of March 31, 2021, our Company owes an amount of ₹ 16.02 million to micro, small and medium enterprises.

As per the Materiality Policy, outstanding dues to any creditor of our Company having monetary value which exceed ₹ 71.99 million, which is 5 % of the consolidated trade payable of our Company as per the latest Restated Financial Statements of our Company included in this Draft Red Herring Prospectus, shall be considered as ‘material’. As of March 31, 2021, there are no material creditors of our Company. The details pertaining to outstanding dues towards our material creditors (if, any) shall be made available on the website of our Company at <https://www.sapphirefoods.in/investor-relation>.

Details of outstanding dues owed to micro, small and medium enterprises and other creditors as of March 31, 2021, is set out below:

Types of Creditors	Number of Creditors	Amount involved (in ₹ million)
Micro, Small and Medium Enterprises	51	16.02
Material creditors	None	Nil
Other creditors	2,357	1,423.69
<b>Total</b>	<b>2,408</b>	<b>1,439.71</b>

## VIII. Material developments since the last balance sheet date

Except as stated in “*Management’s Discussion and Analysis of Financial Condition and Results of Operation – Significant Developments after March 31, 2021*” on page 326, there have been no developments subsequent to March 31, 2021, that are expected to have a material impact on trading and profitability of our Company.

## GOVERNMENT AND OTHER APPROVALS

We have set out below a list of the material and necessary consents, licenses, permissions, registrations and approvals required to be obtained from the Government, various governmental agencies and other statutory and/or regulatory authorities for carrying out our present business activities (“**Material Approvals**”). In view of the approvals listed below, our Company can undertake this Offer and its business activities, as applicable. In addition, certain of our Material Approvals may have lapsed or expired or may lapse in their normal course and our Company and our material subsidiary namely, Gamma Pizzakraft Lanka (Private) Limited (“**Material Subsidiary**”) have either already made applications to the appropriate authorities for renewal of such Material Approvals or is in the process of making such renewal applications in accordance with the applicable requirements and procedures.

For details of risk associated with not obtaining or delay in obtaining the requisite approvals, see “Risk Factors - We require various licenses and permits to operate our business and the loss of or failure to obtain or renew any or all of these licenses and permits could adversely affect our business and results of operations.” on page 43. For details in connection with the regulatory and legal framework within which we operate, see “Key Regulations and Policies and policies in India” beginning on 183.

### Approvals in relation to our Company

The approvals required to be obtained by our Company include the following:

#### I. Incorporation details of our Company

1. Certificate of incorporation dated November 10, 2009 issued by the RoC to our Company, in its former name, being Samarjit Advisors Private Limited.
2. Fresh certificate of incorporation dated January 7, 2015 issued by the RoC to our Company upon change of name from Samarjit Advisors Private Limited to Sapphire Foods India Private Limited.
3. Fresh certificate of incorporation dated July 8, 2021 issued by the RoC to our Company consequent upon change of name on conversion to public limited company to Sapphire Foods India Limited.

#### II. Approvals in relation to the Offer

For details, see “*Other Regulatory and Statutory Disclosures*” and “*The Offer*” on pages 359 and 79, respectively.

#### III. Approvals under tax laws of our Company

- (a) Permanent account number of our Company is AANCS5595A.
- (b) GST registration certificate issued by Government of India and State Governments for GST payments in the states where our business operations are situated.
- (c) Tax deduction account number of our Company is MUMS65256C.
- (d) Professional tax registration under the applicable state specific laws.

#### IV. Material approvals in relation to business operations of our Company

In order to operate our restaurants in India, our Company requires various approvals and/ or licenses under various applicable state and central laws, rules and regulations. These approvals and/ or licenses, *inter alia*, include licenses under the FSSA, consents of state pollution control boards under the Air Act and the Water Act, trade/health license and no objection certificate from the fire department of respective state.

We have obtained the necessary permits, licenses and approvals from the appropriate regulatory and governing authorities required to operate our restaurants. Certain approvals may have lapsed in their normal course and our Company has either made applications to the appropriate authorities for renewal of such licenses and/or approvals or is in the process of making such applications.



**V. Registrations under employment laws**

Our Company has obtained the relevant shops and establishments' registrations. Our Company has made or is in the process of making renewal applications for shops and establishments' registrations that have expired in the ordinary course. Further, our Company has also received its registrations under the Employees' Provident Fund and Miscellaneous Provisions Act, 1952 and Employee State Insurance Act, 1948.

**VI. Material Approvals in relation to our Material Subsidiary**

- (a) Certificate of incorporation dated September 30, 2008 issued to the Material Subsidiary under the Companies Act No.7 of 2007, as amended, bearing registration number PV 7815.
- (b) In order to operate restaurants in Sri Lanka, our Material Subsidiary requires various approvals and licenses such as trade license, environmental protection license and license under the Food (Registration of Premises) Regulations, 2019. Our Material Subsidiary has obtained the necessary licenses and approvals from the appropriate regulatory and governing authorities required to operate the restaurants in Sri Lanka. Certain approvals that have expired in their normal course and our Material Subsidiary has either made applications to the appropriate authorities for renewal of such licenses and/or approvals or is in the process of making such applications.

## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for this Offer

Our Board has authorised the Offer, pursuant to their resolution dated August 6, 2021. Further, the Board has taken on record the Offer for Sale pursuant to its resolution dated August 6, 2021.

Each of the Selling Shareholders have, severally and not jointly, confirmed and authorized its participation in the Offer for Sale in relation to its portion of the Offered Shares. For details, see “*The Offer*” on page 79.

This Draft Red Herring Prospectus has been approved by our Board pursuant to its resolution dated August 6, 2021.

Our Company has received in-principle approvals from the BSE and NSE for the listing of the Equity Shares pursuant to letters dated [●] and [●], respectively.

### Prohibition by SEBI or other Governmental Authorities

Our Company, Selling Shareholders, Promoters, members of the Promoter Group, Directors, and the persons in control of our Company and the persons in control of our Promoters are not prohibited from accessing the capital markets or debarred from buying, selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any other jurisdiction or any other authority/court.

### Compliance with the Companies (Significant Beneficial Owners) Rules, 2018

Our Company, the Selling Shareholders, our Promoters and members of our Promoter Group severally and not jointly confirm that they are in compliance with the Companies (Significant Beneficial Owners) Rules, 2018, to the extent applicable, as on the date of this Draft Red Herring Prospectus.

### Directors associated with securities market

None of our Directors are associated with the securities market. There are no outstanding actions initiated by SEBI in the last five years against our Directors.

### Eligibility for the Offer

Our Company is eligible for the Offer in accordance with Regulation 6(2) of the SEBI ICDR Regulations, which states as follows:

*“An issuer not satisfying the condition stipulated in sub-regulation (1) shall be eligible to make an initial public offer only if the issue is made through the book-building process and the issuer undertakes to allot at least seventy five per cent. of the net offer to qualified institutional buyers and to refund the full subscription money if it fails to do so.”*

We are an unlisted company, not satisfying the conditions specified in Regulation 6(1) of the SEBI ICDR Regulations and are therefore required to allot not less than 75% of the Offer to QIBs to meet the conditions as detailed under Regulation 6(2) of the SEBI ICDR Regulations. In the event we fail to do so, the full application monies shall be refunded to the Bidders, in accordance with the SEBI ICDR Regulations.

Our Company confirms that it is in compliance with the conditions specified in Regulation 7(1) of the SEBI ICDR Regulations, to the extent applicable, and will ensure compliance with the conditions specified in Regulation 7(2) of the SEBI ICDR Regulations, to the extent applicable.

Our Company is in compliance with the following conditions specified under Regulations 5 of the SEBI ICDR Regulations:

- (i) Our Company, the Selling Shareholders, our Promoters, the members of our Promoter Group, and our Directors are not debarred from accessing the capital markets;
- (ii) None of the Promoter or the Directors are promoter or directors of companies which are debarred from

accessing the capital markets by SEBI;

- (iii) None of our Company, our Promoters or our Directors have been categorized as a Wilful Defaulter;
- (iv) None of our Promoters and our Directors are fugitive economic offenders; and
- (v) Except for the options granted pursuant to the ESOP Scheme, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments convertible into, or which would entitle any person any option to receive Equity Shares, as on the date of this Draft Red Herring Prospectus.

Each of the Selling Shareholders confirm for themselves that the Equity Shares offered by them as part of the Offer for Sale have been held in compliance with Regulation 8 of the SEBI ICDR Regulations.

#### **DISCLAIMER CLAUSE OF SEBI**

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THIS DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, BEING JM FINANCIAL LIMITED, BOFA SECURITIES INDIA LIMITED, ICICI SECURITIES LIMITED AND IIFL SECURITIES LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT RED HERRING PROSPECTUS, EACH OF THE SELLING SHAREHOLDERS WILL BE RESPONSIBLE ONLY FOR THE STATEMENTS SPECIFICALLY CONFIRMED OR UNDERTAKEN BY IT IN THIS DRAFT RED HERRING PROSPECTUS IN RELATION TO ITSELF FOR ITS PORTION OF OFFERED SHARES, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY AND THE SELLING SHAREHOLDERS DISCHARGE THEIR RESPONSIBILITIES ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED AUGUST 10, 2021, IN THE FORMAT PRESCRIBED UNDER SCHEDULE V(A) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018.**

**THE FILING OF THIS DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE OUR COMPANY FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED OFFER. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGERS ANY IRREGULARITIES OR LAPSES IN THIS DRAFT RED HERRING PROSPECTUS.**

#### **Disclaimer from our Company, our Directors and the BRLMs**

Our Company, our Directors, the BRLMs accept no responsibility for statements made otherwise than those confirmed in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at our Company's instance. Anyone placing reliance on any other source of information, including our Company's website [www.sapphirefoods.in](http://www.sapphirefoods.in) or any website of any of the Subsidiaries, any of the Group Companies or the members of the Promoter Group, would be doing so at his or her or their own risk.

The BRLMs accept no responsibility, save to the limited extent as provided in the Offer Agreement and the

Underwriting Agreement to be entered into between the Underwriters, the Selling Shareholders and our Company.

All information shall be made available by our Company and the BRLMs to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at Bidding centres or elsewhere.

None among our Company, or any member of the Syndicate shall be liable for any failure in (i) uploading the Bids due to faults in any software/ hardware system or otherwise; or (ii) the blocking of Bid Amount in the ASBA Account on receipt of instructions from the Sponsor Bank on account of any errors, omissions or non-compliance by various parties involved in, or any other fault, malfunctioning or breakdown in, or otherwise, in the UPI Mechanism.

Investors who Bid in the Offer will be required to confirm and will be deemed to have represented to our Company, BRLMs and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and will not issue, sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, Underwriters and their respective directors, officers, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares.

The BRLMs and their respective associates and affiliates, in their capacity as principals and agents may engage in transactions with, and perform services for, our Company, the Subsidiaries, the Selling Shareholders and their respective group companies, affiliates or associates or third parties in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with our Company, the Selling Shareholders and their respective group companies, affiliates or associates or third parties, for which they have received, and may in the future receive, compensation. As used herein, the term 'affiliate' means any person or entity that controls or is controlled by or is under common control with another person or entity.

#### **Disclaimer from the Selling Shareholders**

The Selling Shareholders accepts no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information, including our Company's website [www.sapphirefoods.in](http://www.sapphirefoods.in) or the respective websites of our Promoter, Promoter Group or any affiliate of our Company would be doing so at his or her own risk. Each of the Selling Shareholders, its directors, affiliates, associates, and officers accept no responsibility for any statements made in this Draft Red Herring Prospectus other than those specifically made or confirmed by such Selling Shareholder in relation to itself as a Selling Shareholder and its portion of the Offered Shares.

The Selling Shareholders shall not be liable for any failure in (i) uploading the Bids due to faults in any software/ hardware system or otherwise; or (ii) the blocking of Bid Amount in the ASBA Account on receipt of instructions from the Sponsor Bank on account of any errors, omissions or non-compliance by various parties involved in, or any other fault, malfunctioning or breakdown in, or otherwise, in the UPI Mechanism.

Bidders will be required to confirm and will be deemed to have represented to each of the Selling Shareholders and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and will not sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. The Selling Shareholders and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares.

#### **Disclaimer in respect of Jurisdiction**

This Offer is being made in India to persons resident in India (including Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, as amended, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, domestic Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to permission from RBI), systemically important NBFCs or trusts under applicable trust law and who are authorised under their respective constitutions to hold and invest in shares, public financial institutions as specified

in Section 2(72) of the Companies Act, 2013, multilateral and bilateral development financial institutions, state industrial development corporations, insurance companies registered with IRDAI, provident funds (subject to applicable law) and pension funds, National Investment Fund, insurance funds set up and managed by army, navy or air force of Union of India, insurance funds set up and managed by the Department of Posts, GoI, NBFC-SIs and permitted Non-Residents including FPIs and Eligible NRIs, AIFs, FVCIs, and other eligible foreign investors, if any, provided that they are eligible under all applicable laws and regulations to purchase the Equity Shares.

Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) at Mumbai, India only.

This Draft Red Herring Prospectus does not constitute an invitation to subscribe to or purchase the Equity Shares in the Offer in any jurisdiction, including India. Invitations to subscribe to or purchase the Equity Shares in the Offer will be made only pursuant to the Red Herring Prospectus if the recipient is in India or the preliminary offering memorandum for the Offer, which comprises the Red Herring Prospectus and the preliminary international wrap for the Offer, if the recipient is outside India except the United States of America. Any person into whose possession the Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus has been filed with SEBI for its observations. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus nor any offer or sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company or any of the Selling Shareholders from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (“**U.S. Securities Act**”) or any state securities laws in the United States, and unless so registered may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, such Equity Shares are being offered and sold (i) outside of the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur; and (ii) in the United States, to persons reasonably believed to be “qualified institutional buyers” (as defined in Rule 144A under the U.S. Securities Act), pursuant to Section 4(a) of the U.S. Securities Act.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction except in compliance with the applicable laws of such jurisdiction.

Bidders are advised to ensure that any Bid from them does not exceed investment limits or maximum number of Equity Shares that can be held by them under applicable law. Further, each Bidder where required must agree in the Allotment Advice that such Bidder will not sell or transfer any Equity Shares or any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than in accordance with applicable laws.

No person outside India is eligible to Bid for Equity Shares in the Offer unless that person has received the preliminary offering memorandum for the Offer, which contains the selling restrictions for the Offer outside India.

#### **Disclaimer Clause of BSE**

As required, a copy of this Draft Red Herring Prospectus shall be submitted to the BSE. The disclaimer clause as intimated by BSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to its filing with the RoC.

#### **Disclaimer Clause of NSE**

As required, a copy of this Draft Red Herring Prospectus shall be submitted to the NSE. The disclaimer clause as intimated by NSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to its filing with the RoC.

## Listing

The Equity Shares issued through the Red Herring Prospectus and the Prospectus are proposed to be listed on the BSE and NSE. Applications will be made to the Stock Exchanges for obtaining permission to deal in and for an official quotation of the Equity Shares to be issued and sold in the Offer. The [●] will be the Designated Stock Exchange with which the Basis of Allotment will be finalised.

If the listing or trading approval is not granted by any of the Stock Exchanges mentioned above, our Company and Selling Shareholders, to the extent applicable, will forthwith refund without interest, all monies received from the Bidders in pursuance of the Red Herring Prospectus. If such money is not repaid within the prescribed time, then our Company, and every officer in default shall be liable to repay the money, with interest, as prescribed under applicable law. The Selling Shareholders shall reimburse, severally and not jointly, and only to the extent of the Equity Shares offered by such Selling Shareholder in the Offer, any expenses and interest incurred by our Company on behalf of the Selling Shareholders for any delays in making refunds as required under the Companies Act and any other applicable law, provided that the Selling Shareholders shall not be responsible or liable for payment of such expenses or interest, unless such delay is solely and directly attributable to an act or omission such Selling Shareholder in relation to its portion of the Offered Shares.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading of the Equity Shares at the Stock Exchanges are taken within six Working Days from the Bid/ Offer Closing Date or within such other period as may be prescribed.

If our Company does not Allot the Equity Shares within six Working Days from the Bid/ Offer Closing Date or within such timeline as prescribed by SEBI, all amounts received in the Public Offer Accounts will be transferred to the Refund Account and it shall be utilised to repay, without interest, all monies received from Bidders, failing which interest shall be due to be paid to the Bidders at the rate of 15% per annum for the delayed period, subject to applicable law.

## Consents

Consents in writing of (a) the Selling Shareholders, our Directors, our Company Secretary and Compliance Officer, Chief Financial Officer, the BRLMs, legal counsel, bankers/lenders to our Company, Technopak and the Registrar to the Offer, in their respective capacities have been obtained; and consents in writing of (b) the Syndicate Members, the Escrow Collection Bank(s), Public Offer Account Bank(s) the Sponsor Bank and Refund Bank(s) to act in their respective capacities, will be obtained and filed along with a copy of the Red Herring Prospectus with the RoC as required under Sections 26 and 32 of the Companies Act, 2013. Further, consents received prior to filing of this Draft Red Herring Prospectus have not been withdrawn up to the time of delivery of this Draft Red Herring Prospectus with SEBI.

## Expert to the Offer

Except as stated herein, our Company has not obtained any expert opinions.

Our Company has received written consent dated August 10, 2021 from S R B C & CO LLP, Chartered Accountants, to include their name as required under section 26 (1) of the Companies Act, 2013 read with SEBI ICDR Regulations, in this Draft Red Herring Prospectus and as an “expert” as defined under section 2(38) of the Companies Act, 2013 to the extent and in their capacity as our Statutory Auditors, and in respect of their (i) examination report, dated August 6, 2021 on our Restated Financial Statements; and (ii) their report dated August 6, 2021 on the Statement of Special Tax Benefits in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus. However, the term “expert” shall not be construed to mean an “expert” as defined under the U.S. Securities Act.

## Public or rights issues by our Company during the last five years

Our Company has not made any public issue during the five years immediately preceding the date of this Draft Red Herring Prospectus. Further, except as stated below, our Company has not made any rights issues during the five years preceding the date of this Draft Red Herring Prospectus:

Year of Issue	Closing Date	Date of Allotment	Date of Refunds	Date of listing on the stock	Premium/discount amount (in ₹)
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				<b>exchanges</b>	
2020	July 31, 2020	August 3, 2020	N.A.	N.A.	177 (premium)
2021	March 30, 2021	March 31, 2021	N.A.	N.A.	177 (premium)

For further details, see “*Capital Structure – Notes to Capital Structure – Share Capital History – History of Equity Share Capital of our Company*” on page 89.

#### **Commission and brokerage paid on previous issues**

Since this is an initial public offer of Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since our Company’s incorporation.

#### **Capital issue during the previous three years by our Company, our listed Group Companies, subsidiaries and associates**

Our Company does not have any listed Group Companies or listed Subsidiaries. Our Company does not have any associates. For details in relation to the capital issuances by our Company in the three years preceding the date of filing the Draft Red Herring Prospectus, see “*Capital Structure – Notes to Capital Structure*” beginning on page 89.

#### **Performance vis-à-vis objects – our Company**

Our Company has not made any public issue during the five years immediately preceding the date of this Draft Red Herring Prospectus. For details of rights issue made by our Company in the past five years, preceding the date of filing of this Draft Red Herring Prospectus, see “*Capital Structure*” beginning on page 89. Further, our Company has not experienced any shortfall or delays in the achievement of objects.

#### **Performance vis-à-vis objects – Last issue of Subsidiaries or Promoters**

Our Promoters and Subsidiaries are not listed on any stock exchange.

#### **Price information of past issues handled by the BRLMs (during the current fiscal year and the two fiscal years preceding the current fiscal year)**

- **JM Financial Limited**

1. Price information of past issues handled by JM:

Sr. No.	Issue Name	Issue Size (₹ million)	Issue Price (₹)	Listing Date	Opening Price on listing date	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1.	Rolex Rings Limited	7,310.00	900.00	August 09, 2021	1,250.00	Not Applicable	Not Applicable	Not Applicable
2.	Tatva Chintan Pharma Chem Limited	5,000.00	1,083.00	July 29, 2021	2,111.85	Not Applicable	Not Applicable	Not Applicable
3.	Clean Science and Technology Limited	15,466.22	900.00	July 19, 2021	1,755	Not Applicable	Not Applicable	Not Applicable
4.	India Pesticides Limited	8,000.00	296.00	July 5, 2021	350.00	12.64% [1.87%]	Not Applicable	Not Applicable
5.	Shyam	9,085.50	306.00	June	380.00	40.95% [0.42%]	Not Applicable	Not Applicable

Sr. No.	Issue Name	Issue Size (₹ million)	Issue Price (₹)	Listing Date	Opening Price on listing date	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
	Metalics and Energy Limited <sup>7</sup>			24, 2021				
6.	Sona BLW Precision Forgings Limited	55,500.00	291.00	June 24, 2021	301.00	45.45% [0.42%]	Not Applicable	Not Applicable
7.	Macrotech Developers Limited	25,000.00	486.00	April 19, 2021	436.00	30.22% [5.21%]	75.43% [10.89%]	Not Applicable
8.	Anupam Rasayan India Limited <sup>8</sup>	7,600.00	555.00	March 24, 2021	520.00	-0.11% [-0.98%]	30.49% [8.23%]	Not Applicable
9.	Easy Trip Planners Limited	5,100.00	187.00	March 19, 2021	212.25	-7.27% [-0.86%]	124.68% [6.94%]	Not Applicable
10.	MTAR Technologies Limited	5,964.14	575.00	March 15, 2021	1050.00	69.45% [-2.84%]	78.83% [5.83%]	Not Applicable

Source: www.nseindia.com for price information and prospectus/basis of allotment for issue details

Notes:

- Opening price information as disclosed on the website of NSE.
- Change in closing price over the issue/offer price as disclosed on NSE.
- Change in closing price over the closing price as on the listing date for benchmark index viz. NIFTY 50.
- In case of reporting dates falling on a trading holiday, values for the trading day immediately preceding the trading holiday have been considered.
- 30<sup>th</sup> calendar day has been taken as listing date plus 29 calendar days; 90<sup>th</sup> calendar day has been taken as listing date plus 89 calendar days; 180<sup>th</sup> calendar day has been taken as listing date plus 179 calendar days.
- Restricted to last 10 issues.
- A discount of 4.90 % on the Offer Price was offered to the Eligible Employees Bidding in the Employee Reservation Portion ("Employee Discount") equivalent to ₹ 15 per Equity Share.
- A discount of Rs. 55 per Equity Share was offered to Eligible Employees bidding in the Employee Reservation Portion.
- Not Applicable – Period not completed

## 2. Summary statement of price information of past public issues handled by JM:

Financial Year	Total no. of IPOs	Total funds raised (₹ million)	Nos. of IPOs trading at discount as on 30th calendar day from listing date			Nos. of IPOs trading at premium as on 30th calendar day from listing date			Nos. of IPOs trading at discount as on 180th calendar day from listing date			Nos. of IPOs trading at premium as on 180th calendar day from listing date		
			Over 50 %	Between 25%- 50%	Less than 25 %	Over 50%	Between 25%- 50%	Less than 25 %	Over 50%	Between 25%- 50%	Less than 25 %	Over 50%	Between 25%- 50%	Less than 25 %
2021-2022	7	1,25,361.72	-	-	-	-	3	1	-	-	-	-	-	-
2020-2021	8	62,102.09	-	-	3	2	1	2	-	-	-	3	1	1
2019-2020	4	36,400.83*	-	-	1	-	1	2	-	1	1	-	1	1

\*\*Spandana Sphoorty Financial Limited raised Rs. 11,898.49 million as against the issue size of Rs. 12,009.36 million

### • BofA Securities India Limited

#### 1. Price information of past issues handled by BofA:



Sr. No.	Issue name	Issue size (in ₹ million)	Issue price (₹)	Listing date	Opening price on listing date (in ₹) <sup>(2)</sup>	+/- % change in closing price, [+/- % change in closing benchmark]-30th calendar days from listing <sup>(3) (4) (5)</sup>	+/- % change in closing price, [+/- % change in closing benchmark]-90th calendar days from listing <sup>(3) (4) (6)</sup>	+/- % change in closing price, [+/- % change in closing benchmark]-180th calendar days from listing <sup>(3) (4) (7)</sup>
1.	Glenmark Life Sciences Limited	15,136.00	720.00	6-Aug-2021	750.00	-	-	-
2.	Zomato Limited	93,750.00	76.00	23-July-21	116.00	-	-	-
3.	UTI Asset Management Company Limited	21,598.80	554.00	12-Oct-20	500.00	-10.43% [5.87%]	-1.02% [21.40%]	5.81% [24.34%]
4.	SBI Cards and Payment Services Limited	103,407.80	755.00	16-Mar-20	661.00	-33.16% [-2.96%]	-21.52% [6.70%]	12.50% [24.65%]

Source: www.nseindia.com; for price information and prospectus/ basis of allotment for issue details

Notes:

- Equity public issues in last 3 financial years considered.
- Opening price information as disclosed on the website of NSE.
- Benchmark index is CNX Nifty.
- In case 30th day, 90th day or 180th day is not a trading day, closing price on NSE of next trading day is considered.
- 30th listing day has been taken as listing date plus 29 calendar days.
- 90th listing day has been taken as listing date plus 89 calendar days.
- 180th listing day has been taken as listing date plus 179 calendar days.

## 2. Summary statement of price information of past issues handled by BofA:

Fiscal	Total no. of IPOs	Total amount of funds raised (₹ in million)	No. of IPOs trading at discount as on 30 <sup>th</sup> calendar day from listing date			No. of IPOs trading at premium as on 30 <sup>th</sup> calendar day from listing date			No. of IPOs trading at discount as on 180 <sup>th</sup> calendar day from listing date			No. of IPOs trading at premium as on 180 <sup>th</sup> calendar day from listing date		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2021-22	2	108,886.00	-	-	-	-	-	-	-	-	-	-	-	-
2020-21	1	21,598.80	-	-	1	-	-	-	-	-	-	-	-	1
2019-20	1	103,407.80	-	1	-	-	-	-	-	-	-	-	-	1

Notes:

- The information is as on the date of this Draft Red Herring Prospectus.
- Based on the day of listing

### • ICICI Securities Limited

#### 1. Price information of past issues handled by I-Sec:

Sr. No.	Issue name	Issue size (in ₹ million)	Issue price (₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1.	Home First Finance Company India Limited	11,537.19	518.00	03-Feb-21	618.80	+4.98%, [+1.97%]	-5.64%, [-1.05%]	+15.86%, [+6.58%]
2.	Railtel Corporation of India Limited	8,192.42	94.00	26-Feb-21	109.00	+35.64%, [-0.15%]	+37.50%, [+5.32%]	NA*
3.	Kalyan Jewellers India Limited	11,748.16	87.00 <sup>(1)</sup>	26-Mar-21	73.95	-24.60%, [-1.14%]	-7.07%, [+8.13%]	NA*
4.	Suryoday Small Finance Bank Limited	5,808.39	305.00 <sup>(2)</sup>	26-Mar-21	292.00	-18.38%, [-1.14%]	-26.87%, [+8.13%]	NA*
5.	Nazara Technologies Limited	5,826.91	1,101.00 <sup>(3)</sup>	30-Mar-21	1,990.00	+62.57%, [+0.13%]	+37.59%, [+6.84%]	NA*
6.	Macrotech Developers Limited	25,000.00	486.00	19-Apr-21	436.00	+30.22%, [+5.21%]	+75.43%, [+10.89%]	NA*
7.	Shyam Metalics and Energy Limited	9,087.97	306.00 <sup>(4)</sup>	24-Jun-21	380.00	+40.95%, [+0.42%]	NA*	NA*
8.	Dodla Dairy Limited	5,201.77	428.00	28-Jun-21	550.00	+44.94%, [-0.43%]	NA*	NA*
9.	G R Infraprojects Limited	9,623.34	837.00 <sup>(5)</sup>	19-Jul-21	1,715.85	NA*	NA*	NA*
10.	Tatva Chintan Pharma Chem Limited	5,000.00	1,083.00	29-July-21	2,111.85	NA*	NA*	NA*

\*Data not available

- (1) Discount of Rs. 8 per equity share offered to eligible employees All calculations are based on Issue Price of Rs. 87.00 per equity share.
- (2) Discount of Rs. 30 per equity share offered to eligible employees All calculations are based on Issue Price of Rs. 305.00 per equity share.
- (3) Discount of Rs. 110 per equity share offered to eligible employees All calculations are based on Issue Price of Rs. 1,101.00 per equity share.
- (4) Discount of Rs. 15 per equity share offered to eligible employees All calculations are based on Issue Price of Rs. 306.00 per equity share.
- (5) Discount of Rs. 42 per equity share offered to eligible employees All calculations are based on Issue Price of Rs. 837.00 per equity share.

## 2. Summary statement of price information of past issues handled by I-Sec:

Fiscal	Total no. of IPOs	Total amount of funds raised (₹ in million)	No. of IPOs trading at discount as on 30 <sup>th</sup> calendar day from listing date			No. of IPOs trading at premium as on 30 <sup>th</sup> calendar day from listing date			No. of IPOs trading at discount as on 180 <sup>th</sup> calendar day from listing date			No. of IPOs trading at premium as on 180 <sup>th</sup> calendar day from listing date		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2021-22*	5	53,913.08	-	-	-	-	3	-	-	-	-	-	-	-
2020-21	14	1,74,546.09	-	-	5	5	2	2	-	-	2	4	2	2
2019-20	4	49,850.66	-	-	2	-	1	1	1	-	-	2	-	1

\*This data covers issues upto YTD

**Notes:**

1. All data sourced from [www.nseindia.com](http://www.nseindia.com), except for Computer Age Management Services Limited for which the data is sourced from [www.bseindia.com](http://www.bseindia.com)
2. Benchmark index considered is NIFTY
3. 30<sup>th</sup>, 90<sup>th</sup>, 180<sup>th</sup> calendar day from listed day have been taken as listing day plus 29, 89 and 179 calendar days, except wherever 30<sup>th</sup>, 90<sup>th</sup>, 180<sup>th</sup> calendar day is a holiday, in which case we have considered the closing data of the previous trading day

● **IIFL Securities Limited**

1. Price information of past issues handled by IIFL:

Sr. No.	Issue name	Issue size (in ₹ million)	Issue price (₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1.	Antony Waste Handling Cell Limited	2,999.85	315.00	January 1, 2021	436.10	-10.27%, [-2.74%]	-23.21%, [+4.80%]	+2.14%, [+12.34%]
2.	MTAR Technologies Limited	5964.14	575.00	March 15, 2021	1,050.00	+69.45%, [-2.84%]	+78.83%, [+5.83%]	N.A.
3.	Anupam Rasayan India Ltd	7,600.00	555.00	March 24, 2021	520.00	-0.11%, [-0.98%]	+30.49%, [+8.23%]	N.A.
4.	Craftsman Automation Limited	8,236.96	1,490.00	March 25, 2021	1,359.00	-13.82%, [+0.11%]	+16.81%, [+10.11%]	N.A.
5.	Suryoday Small Finance Bank Ltd	5,808.39	305.00	March 26, 2021	292.00	-18.38%, [-1.14%]	-26.87%, [-98.46%]	N.A.
6.	Nazara Technologies Ltd	5,826.91	1,101.00	March 30, 2021	1,990.00	+62.57%, [0.13%]	+38.22%, [6.84%]	N.A.
7.	Barbeque-Nation Hospitality Limited	4,528.74	500.00	April 7, 2021	489.85	+18.77%, [-0.64%]	+76.97%, [+6.85%]	N.A.
8.	Macrotech Developers Ltd	25,000.00	486.00	April 19, 2021	436.00	+30.22%, [+5.21%]	+75.43%, [+10.89%]	N.A.

Sr. No.	Issue name	Issue size (in ₹ million)	Issue price (₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
9.	Shyam Metalics and Energy Ltd	9,085.50	306.00	June 24, 2021	380.00	+40.95%;[+0.42%]	N.A.	N.A.
10.	Krishna Institute of Medical Sciences Limited	21,437.44	825.00	June 28, 2021	1,009.00	+48.10%;[-0.43%]	N.A.	N.A.

Source: [www.nseindia.com](http://www.nseindia.com)

Note: Benchmark Index taken as CNX NIFTY. Price on NSE is considered for all of the above calculations. The 30th, 90th and 180th calendar day from listed day have been taken as listing day plus 29, 89 and 179 calendar days, except wherever 30th /90th / 180th calendar day from listing day is a holiday, the closing data of the previous trading day has been considered. % change taken against the Issue Price in case of the Issuer. The Nifty 50 index is considered as the benchmark index. NA means Not Applicable.

## 2. Summary statement of price information of past issues handled by IIFL:

Fiscal	Total no. of IPOs	Total amount of funds raised (₹ in million)	No. of IPOs trading at discount as on 30 <sup>th</sup> calendar day from listing date			No. of IPOs trading at premium as on 30 <sup>th</sup> calendar day from listing date			No. of IPOs trading at discount as on 180 <sup>th</sup> calendar day from listing date			No. of IPOs trading at premium as on 180 <sup>th</sup> calendar day from listing date		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2019-20	5	65,827.61	-	-	2	-	1	2	1	1	1	-	-	2
2020-21	8	47,017.65	-	-	4	2	1	1	-	-	-	1	1	1
2021-22	4	60,051.68	-	-	-	-	3	1	-	-	-	-	-	-

Source: [www.nseindia.com](http://www.nseindia.com)

Note: Data for number of IPOs trading at premium/discount taken at closing price on NSE on the respective date. In case any of the days falls on a non-trading day, the closing price on the previous trading day has been considered.

NA means Not Applicable.

## Track record of past issues handled by the BRLMs

For details regarding the track record of the BRLMs, as specified in circular reference CIR/MIRSD/1/2012 dated January 10, 2012 issued by SEBI, please see the websites of the BRLMs, as set forth in the table below:

Sr. No	Name of the BRLM	Website
1.	JM Financial Limited	<a href="http://www.jmfl.com">www.jmfl.com</a>
2.	BofA Securities India Limited	<a href="http://www.ml-india.com">www.ml-india.com</a>
3.	ICICI Securities Limited	<a href="http://www.icicisecurities.com">www.icicisecurities.com</a>
4.	IIFL Securities Limited	<a href="http://www.iiflcap.com">www.iiflcap.com</a>

## Stock Market Data of Equity Shares

This being an initial public offer of our Company, the Equity Shares are not listed on any stock exchange and accordingly, no stock market data is available for the Equity Shares.

## Mechanism for Redressal of Investor Grievances

The agreement between the Registrar to the Offer, our Company and the Selling Shareholders provides for retention of records with the Registrar to the Offer for a period of at least eight years from the last date of dispatch of the letters of allotment and demat credit to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

All grievances in relation to the Bidding process may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary to whom the Bid cum Application Form was submitted. The Bidder should give full details such as name of the sole or First Bidder, Bid cum Application Form number, Bidder DP ID, Client ID, UPI ID, PAN, date of the submission of Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for and the name and address of the Designated Intermediary where the Bid cum Application Form was submitted by the Bidder. Anchor Investors are required to address all grievances in relation to the BRLMs. Further, the Bidder shall also enclose a copy of the Acknowledgment Slip duly received from the concerned Designated Intermediary in addition to the information mentioned hereinabove.

In terms of SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2018/22 dated February 15, 2018 and SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 and as amended pursuant to the SEBI Circular bearing number SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 and subject to any applicable law, any ASBA Bidder whose Bid has not been considered for Allotment, due to failure on the part of any SCSB, shall have the option to seek redressal of the same by the concerned SCSB within three months of the date of listing of the Equity Shares. SCSBs are required to resolve these complaints within 15 days, failing which the concerned SCSB would have to pay interest at the rate of 15% per annum for any delay beyond this period of 15 days. Further, the investors shall be compensated by the SCSBs in accordance with SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 in the events of delayed unblock for cancelled/withdrawn/ deleted applications, blocking of multiple amounts for the same UPI application, blocking of more amount than the application amount, delayed unblocking of amounts for non-allotted/partially-allotted applications, for the stipulated period. In an event there is a delay in redressal of the investor grievance in relation to unblocking of amounts, the Book Running Lead Managers shall compensate the investors at the rate higher of ₹ 100 or 15% per annum of the application amount for the period of such delay.

For helpline details of the BRLMs pursuant to SEBI circular SEBI/HO/CFD/DIL-2/OW/P/2021/2481/1/M dated March 16, 2021, see “*General Information – Book Running Lead Managers*” on page 82.

The Registrar to the Offer shall obtain the required information from the SCSBs for addressing any clarifications or grievances of ASBA Bidders.

Our Company, the Selling Shareholders, the BRLMs and the Registrar to the Offer accept no responsibility for errors, omissions, commission or any acts of SCSBs including any defaults in complying with their obligations under applicable SEBI ICDR Regulations.

Investors can contact the Company Secretary & Compliance Officer or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems such as non-receipt of letters of Allotment, non-credit of allotted Equity Shares in the respective beneficiary account, non-receipt of refund intimations and non-receipt of funds by electronic mode.

In terms of SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/22, dated February 15, 2018, any ASBA Bidder whose Bid has not been considered for Allotment, due to failure on the part of any SCSB, shall have the option to seek redressal of the same by the concerned SCSB within three months of the date of listing of the Equity Shares. SCSBs are required to resolve these complaints within 15 days, failing which the concerned SCSB would have to pay interest at the rate of 15% per annum for any delay beyond this period of 15 days.

The Company has obtained authentication on the SCORES and will comply with the SEBI circular no. CIR/OIAE/1/2013 dated April 17, 2013 and SEBI circular (CIR/OIAE/1/2014) dated December 18, 2014 in relation to redressal of investor grievances through SCORES.

Our Company has constituted a Stakeholders’ Relationship Committee. For details, see “*Our Management*” on page 217.

Our Company has appointed Sachin Tukaram Dudam as our Company Secretary and Compliance Officer for the Company who may be contacted in case of any pre-Offer or post-Offer related grievances. His contact details are

as follows:

702, Prism Tower, A Wing, Mindspace,  
Link Road, Goregaon (West),  
Mumbai, 400 062, Maharashtra, India  
**Tel:** +91 22 6752 2343  
**E-mail:** investor@sapphirefoods.in

The Selling Shareholders (excluding WWD Ruby Limited) have authorised the Company Secretary and Compliance Officer of the Company, and the Registrar to the Offer to redress any complaints received from Bidders in respect of the Offer for Sale.

Our Company has not received any investor complaint during the three years preceding the date of this Draft Red Herring Prospectus. Further, no investor complaint in relation to our Company is pending as on the date of this Draft Red Herring Prospectus.

#### **Disposal of Investor Grievances by our Company**

Our Company estimates that the average time required by our Company or the Registrar to the Offer or the SCSB in case of ASBA Bidders, for the redressal of routine investor grievances shall be 10 Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

## SECTION VII – OFFER INFORMATION

### TERMS OF THE OFFER

The Equity Shares being issued, offered and Allotted pursuant to the Offer shall be subject to the provisions of the Companies Act, SEBI ICDR Regulations, SCRA, SCRR, the MoA, AoA, Listing Regulations, the terms of the Red Herring Prospectus, the Prospectus, the abridged prospectus, Bid cum Application Form, the Revision Form, the CAN/Allotment Advice and other terms and conditions as may be incorporated in other documents/certificates that may be executed in respect of the Offer. The Equity Shares shall also be subject to laws as applicable, guidelines, rules, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the RBI, RoC and/or other authorities, as in force on the date of the Offer and to the extent applicable or such other conditions as may be prescribed by the SEBI, the Government of India, the Stock Exchanges, the RoC and/or any other authorities while granting its approval for the Offer.

The Allottees upon Allotment of Equity Shares under the Offer will be entitled to dividend and other corporate benefits, if any, declared by our Company after the date of Allotment. The Equity Shares issued in the Offer shall be pari passu with the existing Equity Shares in all respects including dividends. For further details, see “*Main Provisions of Articles of Association*” on page 399.

#### Mode of Payment of Dividend

Our Company shall pay dividends, if declared, to the Shareholders in accordance with the provisions of the Companies Act, the Memorandum and Articles of Association and provisions of the Listing Regulations and any other guidelines or directions which may be issued by the Government in this regard. Dividends, if any, declared by our Company after the date of Allotment (pursuant to the transfer of Equity Shares from the Offer for Sale), will be payable to the Bidders who have been Allotted Equity Shares in the Offer, for the entire year, in accordance with applicable laws. For further details, in relation to dividends, see “*Dividend Policy*” and “*Main Provisions of Articles of Association*” beginning on pages 235 and 399, respectively.

#### Face Value, Offer Price, Floor Price and Price Band

The face value of each Equity Share is ₹ 10 and the Offer Price at the lower end of the Price Band is ₹[●] per Equity Share and at the higher end of the Price Band is ₹[●] per Equity Share. The Anchor Investor Offer Price is ₹ [●] per Equity Share. The Price Band and the minimum Bid Lot size for the Offer will be decided by our Company and the Selling Shareholders in consultation with the BRLMs, and advertised in [●] editions of [●], an English national daily newspaper, [●] editions of [●], a Hindi national daily newspaper and [●] editions of [●], a Marathi newspaper, Marathi being the regional language of Maharashtra, where our Registered and Corporate Office is located, each with wide circulation, at least two Working Days prior to the Bid/Offer Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading the same on their websites. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price, shall be pre-filled in the Bid cum Application Forms available on the respective websites of the Stock Exchanges. At any given point of time, there shall be only one denomination for the Equity Shares.

#### The Offer

The Offer comprises an Offer for Sale by the Selling Shareholders.

Expenses for the Offer shall be shared amongst our Company and the Selling Shareholders in the manner specified in “*Objects of the Offer – Offer related expenses*” on page 115.

#### Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, our equity Shareholders shall have the following rights:

- Right to receive dividends, if declared;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;

- Right to vote on a poll either in person or by proxy, in accordance with the provisions of the Companies Act;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation, subject to any statutory and preferential claim being satisfied;
- Right of free transferability, subject to applicable laws including any RBI rules and regulations; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the SEBI Listing Regulations and the Articles of Association of our Company.

For a detailed description of the main provisions of the Articles of Association of our Company relating to voting rights, dividend, forfeiture and lien, transfer, transmission and/or consolidation/splitting, see “*Main Provisions of Articles of Association*” beginning on page 399.

#### **Allotment only in dematerialised form**

Pursuant to Section 29 of the Companies Act, 2013 the Equity Shares shall be Allotted only in dematerialised form. As per the SEBI ICDR Regulations, the trading of the Equity Shares shall only be in dematerialised form on the Stock Exchanges. In this context, our Company has entered into the following agreements with the respective Depositories and Registrar to the Offer:

- Tripartite agreement dated December 1, 2015 amongst our Company, NSDL and Registrar to the Offer.
- Tripartite agreement dated May 12, 2021 amongst our Company, CDSL and Registrar to the Offer.

#### **Market Lot and Trading Lot**

Since trading of the Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in his Offer will be in multiples of one Equity Share subject to a minimum Allotment of [●] Equity Shares.

#### **Joint Holders**

Subject to the provisions of the Articles of Association, where two or more persons are registered as the holders of the Equity Shares, they will be deemed to hold such Equity Shares as joint tenants with benefits of survivorship.

#### **Nomination facility to investors**

In accordance with Section 72 of the Companies Act, 2013, read with the Companies (Share Capital and Debentures) Rules, 2014, the sole Bidder, or the first Bidder along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered and Corporate Office or to the registrar and transfer agents of our Company.

Any person who becomes a nominee by virtue of the provisions of Section 72 of the Companies Act, 2013 shall upon the production of such evidence as may be required by the Board, elect either:

- a) to register himself or herself as the holder of the Equity Shares; or
- b) to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with. Since the Allotment of Equity Shares in the Offer



will be made only in dematerialized mode, there is no need to make a separate nomination with our Company. Nominations registered with respective Depository Participant of the Bidder would prevail. If the Bidder wants to change the nomination, they are requested to inform their respective Depository Participant. Our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

## Bid/Offer Programme

<b>BID/ OFFER OPENS ON*</b>	<b>[●]</b>
<b>BID/ OFFER CLOSSES ON**</b>	<b>[●]<sup>(1)</sup></b>

\*Our Company and the Selling Shareholders (excluding WWD Ruby Limited), in consultation with the BRLMs, may consider participation by Anchor Investors. The Anchor Investor Bid/ Offer Period shall be one Working Day prior to the Bid/ Offer Opening Date in accordance with the SEBI ICDR Regulations.

\*\*Our Company and the Selling Shareholders (excluding WWD Ruby Limited) in consultation with the BRLMs may consider closing the Bid/Offer Period for QIBs one day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations.

<sup>(1)</sup>UPI mandate end time and date shall be at 12.00pm on [●]

An indicative timetable in respect of the Offer is set out below:

<b>Event</b>	<b>Indicative Date</b>
Finalisation of Basis of Allotment with the Designated Stock Exchange	On or about [●]
Initiation of refunds (if any, for Anchor Investors) / unblocking of funds from ASBA Account*	On or about [●]
Credit of the Equity Shares to demat accounts of Allottees	On or about [●]
Commencement of trading of the Equity Shares on the Stock Exchanges	On or about [●]

\*In case of (i) any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) for cancelled/ withdrawn/ deleted ASBA Forms, the Bidder shall be compensated at a uniform rate of ₹100 per day or 15% per annum of the Bid Amount, whichever is higher from the date on which the request for cancellation/ withdrawal/ deletion is placed in the Stock Exchanges bidding platform until the date on which the amounts are unblocked (ii) any blocking of multiple amounts for the same ASBA Form (for amounts blocked through the UPI Mechanism), the Bidder shall be compensated at a uniform rate ₹100 per day or 15% per annum of the total cumulative blocked amount except the original application amount, whichever is higher from the date on which such multiple amounts were blocked till the date of actual unblock; (iii) any blocking of amounts more than the Bid Amount, the Bidder shall be compensated at a uniform rate of ₹100 per day or 15% per annum of the difference in amount, whichever is higher from the date on which such excess amounts were blocked till the date of actual unblock; (iv) any delay in unblocking of non-allotted/ partially allotted Bids, exceeding four Working Days from the Bid/Offer Closing Date, the Bidder shall be compensated at a uniform rate of ₹100 per day or 15% per annum of the Bid Amount, whichever is higher for the entire duration of delay exceeding four Working Days from the Bid/Offer Closing Date by the SCSB responsible for causing such delay in unblocking. The post Offer BRLMs shall be liable for compensating the Bidder at a uniform rate of ₹100 per day or 15% per annum of the Bid Amount, whichever is higher from the date of receipt of the Investor grievance until the date on which the blocked amounts are unblocked. The Bidder shall be compensated in the manner specified in the SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021 and SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, which for the avoidance of doubt, shall be deemed to be incorporated in the deemed agreement of the Company with the SCSBs, to the extent applicable.

**The above timetable, other than the Bid/Offer Closing Date, is indicative and does not constitute any obligation or liability on our Company, our Selling Shareholders or the BRLMs.**

**Whilst our Company shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchanges are taken within six Working Days of the Bid/Offer Closing Date, the timetable may be extended due to various factors, such as extension of the Bid/Offer Period by our Company and the Selling Shareholders (excluding WWD Ruby Limited) in consultation with the BRLMs, revision of the Price Band or any delay in receiving the final listing and trading approval from the Stock Exchanges. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws. Each of the Selling Shareholder confirms that it shall extend such reasonable support and co-operation required by our Company and the BRLMs for completion of the necessary formalities for listing and commencement of trading of the Equity Shares at the Stock Exchanges within six Working Days from the Bid/Offer Closing Date or such other period as may be prescribed by SEBI.**

In terms of the UPI Circulars, in relation to the Offer, the BRLMs will be required to submit reports of compliance with timelines and activities prescribed by SEBI in connection with the allotment and listing procedure within six

Working Days from the Bid/Offer Closing Date, identifying non-adherence to timelines and processes and an analysis of entities responsible for the delay and the reasons associated with it.

**Submission of Bids (other than Bids from Anchor Investors):**

<b>Bid/ Offer Period (except the Bid/ Offer Closing Date)</b>	
Submission and Revision in Bids	Only between 10:00 am and 5:00 pm (Indian Standard Time (“IST”))
<b>Bid/ Offer Closing Date*</b>	
Submission and Revision in Bids	Only between 10:00 am and 3:00 pm IST

*\*UPI mandate end time and date shall be at 12.00pm on [●]*

**On the Bid/ Offer Closing Date:**

- (i) In case of Bids by QIBs and Non-Institutional Bidders, the Bids and the revisions in Bids shall be accepted only between 10.00 a.m. and 3.00 p.m.(IST) and uploaded by 4.00 p.m. IST, and
- (ii) In case of Bids by Retail Individual Bidders and Eligible Employees in the Employees Reservation Portion, the Bids and the revisions in Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (IST) and uploaded until 5.00 p.m. IST or such extended time as permitted by the Stock Exchanges, in case of Bids by RIBs.

On Bid/Offer Closing Date, extension of time may be granted by Stock Exchanges only for uploading Bids received by Retail Individual Bidders, after taking into account the total number of Bids received and as reported by the BRLMs to the Stock Exchanges.

**It is clarified that Bids not uploaded on the electronic bidding system or in respect of which the full Bid Amount is not blocked by SCSBs or not blocked under the UPI Mechanism in the relevant ASBA Account, as the case may be, would be rejected.**

Due to limitation of time available for uploading the Bids on the Bid/Offer Closing Date, Bidders are advised to submit their Bids one day prior to the Bid/Offer Closing Date. Any time mentioned in this Draft Red Herring Prospectus is IST. Bidders are cautioned that, in the event a large number of Bids are received on the Bid/Offer Closing Date, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under this Offer. Bids will be accepted only during Working Days.

Investors may please note that as per letter no. List/SMD/SM/2006 dated July 3, 2006 and letter no. NSE/IPO/25101-6 dated July 6, 2006 issued by BSE and NSE respectively, Bids and any revision in Bids shall not be accepted on Saturdays and public holidays as declared by the Stock Exchanges. Bids by ASBA Bidders shall be uploaded by the relevant Designated Intermediary in the electronic system to be provided by the Stock Exchanges. None among our Company and the Selling Shareholders or any member of the Syndicate is liable for any failure in (i) uploading the Bids due to faults in any software/ hardware system or otherwise; (ii) the blocking of Bid Amount in the ASBA Account on receipt of instructions from the Sponsor Bank on account of any errors, omissions or non-compliance by various parties involved in, or any other fault, malfunctioning or breakdown in, or otherwise, in the UPI Mechanism.

In case of any discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical Bid cum Application Form, for a particular Bidder, the details as per the Bid file received from the Stock Exchanges shall be taken as the final data for the purpose of Allotment.

Our Company and the Selling Shareholders, in consultation with the BRLMs reserves the right to revise the Price Band during the Bid/Offer Period. The revision in the Price Band shall not exceed 20% on either side, i.e. the Floor Price can move up or down to the extent of 20% of the Floor Price and the Cap Price will be revised accordingly, but the Floor Price shall not be less than the face value of the Equity Shares.

**In case of revision in the Price Band, the Bid/Offer Period shall be extended for at least three additional Working Days after such revision, subject to the Bid/Offer Period not exceeding 10 Working Days. In cases of force majeure, banking strike or similar circumstances, our Company and the Selling Shareholders (excluding WWD Ruby Limited) in consultation with the BRLMs, for reasons to be recorded in writing, extend the Bid/Offer Period for a minimum of three Working Days, subject to the Bid/ Offer Period not exceeding 10 Working Days. Any revision in Price Band, and the revised Bid/Offer Period, if applicable,**

**shall be widely disseminated by notification to the Stock Exchanges, by issuing a press release and also by indicating the change on the terminals of the Syndicate Members and by intimation to the Designated Intermediaries.**

In case of discrepancy in data entered in the electronic book vis-vis data contained in the Bid cum Application Form for a particular Bidder, the details as per the Bid file received from the Stock Exchanges shall be taken as the final data for the purpose of Allotment.

None among our Company, the Selling Shareholder or members of the Syndicate is liable for any failure in uploading the Bids due to faults in any software/ hardware system or the blocking of Bid Amount in the ASBA Account on receipt of instructions from the Sponsor Bank on account of any errors, omissions or non-compliance by various parties involved in, or any other fault, malfunctioning or breakdown in, or otherwise, in the UPI Mechanism.

### **Minimum Subscription**

The requirement of minimum subscription is not applicable to the Offer in accordance with the SEBI ICDR Regulations. However, if our Company does not receive the minimum subscription in the Offer as specified under the terms of Rule 19(2)(b) of the SCRR, as applicable, on the date of closure of the Offer or withdrawal of applications; or after technical rejections; or if the listing or trading permission are not obtained from the Stock Exchanges for the Equity Shares so offered under the Offer document, our Company and the Selling Shareholders, to the extent applicable, shall forthwith refund the entire subscription amount received. If there is a delay beyond the prescribed time, the Selling Shareholders, to the extent applicable, and our Company shall pay interest prescribed under the applicable law. Further, our Company shall ensure that the number of prospective Allottees to whom the Equity Shares will be Allotted shall not be less than 1,000 in compliance with Regulation 49(1) of the SEBI ICDR Regulations failing which the entire application money shall be unblocked in the respective ASBA Accounts of the Bidders. In case of delay, if any, in unblocking the ASBA Accounts within such timeline as prescribed under applicable laws, our Company shall be liable to pay interest on the application money in accordance with applicable laws. The Selling Shareholders shall not be liable or responsible to pay interest unless such delay is solely and directly attributable to an act or omission of such Selling Shareholder with respect to its Offered Shares and in any other case the Company shall take on the responsibility to pay interest.

Undersubscription, if any, in any category except the QIB portion, would be met with spill-over from the other categories.

### **Arrangements for Disposal of Odd Lots**

There are no arrangements for disposal of odd lots since our Equity Shares will be traded in dematerialised form only and market lot for our Equity Shares will be one Equity Share.

### **New financing instruments**

Our Company is not issuing any new financial instruments through this Offer.

### **Restrictions, if any on Transfer and Transmission of Equity Shares**

Except for lock-in of the pre-Offer capital of our Company, lock-in of the Promoters' minimum contribution under the SEBI ICDR Regulations and the Anchor Investor lock-in as provided in "*Capital Structure*" on page 94, and the restrictions on share transfers as included under the Licensee SHA Amendment Agreement and the New Licensee SHA as provided in "*History and Other Corporate Matters*" on page 194 and except as provided under the Articles of Association, there are no restrictions on transfer of the Equity Shares. Further, there are no restrictions on transmission of any shares of our Company and on their consolidation or splitting, except as provided in the Articles of Association. For details, see "*Main Provisions of Articles of Association*" beginning on page 399.

## OFFER STRUCTURE

Initial public offering of up to 17,569,941 Equity Shares of our Company for cash at a price of ₹ [●] per Equity Share including a securities premium of ₹ [●] per Equity Share (the “Offer Price”) through an offer for sale aggregating up to ₹ [●] million (the “Offer” or “Offer For Sale”) by the Selling Shareholders, comprising of up to 850,000 Equity Shares aggregating up to ₹ [●] million by QSR Management Trust, up to 5,569,533 Equity Shares aggregating up to ₹ [●] million by Sapphire Foods Mauritius Limited, up to 4,846,706 Equity Shares aggregating up to ₹ [●] Million By WWD Ruby Limited, up to 3,961,737 Equity Shares aggregating up to ₹ [●] million by Amethyst Private Limited, up to 80,169 Equity Shares aggregating up to ₹ [●] million by AAJV Investment Trust, up to 1,615,569 Equity Shares aggregating up to ₹ [●] million by Edelweiss Crossover Opportunities Fund and up to 646,227 Equity Shares aggregating up to ₹ [●] million by Edelweiss Crossover Opportunities Fund – Series II.

The Offer comprises of a Net Offer of up to [●] Equity Shares and Employee Reservation Portion of up to [●] Equity Shares. The Employee Reservation Portion shall not exceed 1% of our post-Offer paid-up Equity Share capital. The Offer and the Net Offer shall constitute [●]% and [●]%, respectively of the post-Offer paid-up Equity Share capital of our Company. The face value of the Equity Shares is ₹ 10 each.

The Offer is being made through the Book Building Process.

Particulars	QIBs <sup>(1)</sup>	Eligible Employees	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares available for Allotment/ allocation* <sup>(2)</sup>	Not less than [●] Equity Shares	Up to [●] Equity Shares	Not more than [●] Equity Shares available for allocation or Net Offer less allocation to QIB Bidders and Retail Individual Bidders	Not more than [●] Equity Shares available for allocation or Net Offer less allocation to QIB Bidders and Non-Institutional Bidders
Percentage of Offer Size available for Allotment/ allocation	Not less than 75% of the Net Offer Size shall be Allotted to QIBs. However, 5% of the Net QIB Portion will be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the Mutual Fund Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion in the Mutual Fund Portion will be available for allocation to QIBs	The Employee Reservation Portion shall constitute up to [●]% of the Offer Size	Not more than 15% of the Net Offer or Net Offer less allocation to QIBs and Retail Individual Bidders will be available for allocation	Not more than 10% of the Net Offer or Net Offer less allocation to QIBs and Non-Institutional Bidders will be available for allocation
Basis of Allotment/ allocation if respective category is oversubscribed*	Proportionate as follows (excluding the Anchor Investor Portion): (a) Up to [●] Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds only; and (b) [●] Equity Shares shall be Allotted on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above  Up to [●] Equity Shares may be allocated on a discretionary basis to Anchor Investors	Proportionate <sup>(5)</sup>	Proportionate	The allotment to each Retail Individual Bidder shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Portion and the remaining available Equity Shares if any, shall be allotted on a proportionate basis. For details, see “Offer Procedure” beginning on page 293

Particulars	QIBs <sup>(1)</sup>	Eligible Employees	Non-Institutional Bidders	Retail Individual Bidders
Minimum Bid	Such number of Equity Shares in multiples of [●] Equity Shares, that the Bid Amount exceeds ₹200,000	[●] Equity Shares	Such number of Equity Shares that the Bid Amount exceeds ₹200,000 and in multiples of [●] Equity Shares thereafter	[●] Equity Shares and in multiples of [●] Equity Shares thereafter
Maximum Bid	Such number of Equity Shares in multiples of [●] Equity Shares not exceeding the size of the Offer, subject to applicable limits	Such number of Equity Shares in multiples of [●] Equity Shares so as to ensure that the Bid Amount does not exceed ₹500,000 (net of Employee Discount) <sup>(5)</sup>	Such number of Equity Shares in multiples of [●] Equity Shares not exceeding the size of the Offer (excluding the QIB portion), subject to applicable limits	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount does not exceed ₹200,000
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter			
Mode of allotment	Compulsorily in dematerialised form			
Allotment lot	[●] Equity Shares and in multiples of one Equity Share thereafter			
Trading lot	One Equity Share			
Who can apply <sup>(3)</sup>	Public financial institutions as specified in section 2(72) of the Companies Act, 2013, scheduled commercial banks, Mutual Funds, FPIs other than individuals, corporate bodies and family offices, VCFs, AIFs, FVCIs registered with SEBI, multilateral and bilateral development financial institutions, state industrial development corporation, insurance companies registered with IRDAI, provident funds (subject to applicable law) with minimum corpus of ₹250 million, pension funds with minimum corpus of ₹250 million, National Investment Fund set up by the Government, the insurance funds set up and managed by army, navy or air force of the Union of India, insurance funds set up and managed by the Department of Posts, India and NBFC-SI	Eligible Employees	Resident Indian individuals, Eligible NRIs, HUFs (in the name of the karta), companies, corporate bodies, scientific institutions societies, trusts, family offices and FPIs who are individuals, corporate bodies and family offices	Resident Indian individuals, Eligible NRIs and HUFs (in the name of the karta)
Terms of payment	<p><b>In case of Anchor Investors:</b> Full Bid Amount shall be payable by the Anchor Investors at the time of submission of their Bids<sup>(4)</sup></p> <p><b>In case of all other Bidders:</b> Full Bid Amount shall be blocked by the SCSBs in the bank account of the ASBA Bidder or by the Sponsor Bank through the UPI Mechanism (for Retail Individual Bidders) that is specified in the ASBA Form at the time of submission of the ASBA Form</p>			

\* Assuming full subscription in the Offer.

<sup>(1)</sup> Our Company and the Selling Shareholders(excluding WWD Ruby Limited), in consultation with the BRLMs, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being made to other Anchor Investors.

<sup>(2)</sup> Subject to valid Bids being received at or above the Offer Price. This Offer is being made in accordance with Rule 19(2)(b) of the SCRR and under Regulation 6(2) of the SEBI ICDR Regulations.

<sup>(3)</sup> If the Bid is submitted in joint names, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the depository account held in joint names. The signature of only the First Bidder would be required in the Bid cum Application Form and such First Bidder would be deemed to have signed on behalf of the joint holders. Bidders will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholders, the Underwriters, their respective directors, officers, agents, affiliates and representatives that they are eligible under applicable law, rules, regulations, guidelines and approvals to acquire the Equity Shares.

- (4) *Full Bid Amount shall be payable by the Anchor Investors at the time of submission of the Anchor Investor Application Form, provided that any difference between the price at which Equity Shares are allocated to the Anchor Investors and the Anchor Investor Offer Price, shall be payable by the Anchor Investor pay-in date as mentioned in the CAN.*
- (5) *Allotment to an Eligible Employee in the Employee Reservation Portion may exceed ₹200,000 (net of Employee Discount) in value. Only in the event of an under-subscription in the Employee Reservation Portion, post the initial allotment, such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, subject to the total Allotment to an Eligible Employee not exceeding ₹500,000 (net of Employee Discount) in value.*

Eligible Employees bidding in the Employee Reservation Portion at a price within the Price Band can make payment based on Bid Amount, at the time of making a Bid. Eligible Employees bidding in the Employee Reservation Portion at the Cut-Off Price have to ensure payment at the Cap Price, at the time of making a Bid.

Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in the Non-Institutional Portion or the Retail Portion, would be allowed to be met with spill over from any other category or combination of categories of Bidders at the discretion of our Company and the Selling Shareholders (excluding WWD Ruby Limited) in consultation with the Managers and the Designated Stock Exchange. Under-subscription, if any, in the Net QIB Portion would not be allowed to be met with spill-over from other categories or a combination of categories. Under subscription, if any, in any category except the QIB Portion, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of the Company, the Managers and the Designated Stock Exchange. In case of an undersubscription in the Offer, the Equity Shares to be sold by each Selling Shareholder shall be in proportion to the Offered Shares offered by such Selling Shareholder. For further details, see, “*Terms of the Offer*” on page 372.

### **Withdrawal of the Offer**

Our Company and the Selling Shareholders, in consultation with the BRLMs, reserves the right not to proceed with the Offer for Sale, in whole or in part thereof, after the Bid/ Offer Opening Date but before the Allotment. In such an event, our Company would issue a public notice in the newspapers in which the pre-Offer advertisements were published, within two days of the Bid/ Offer Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Offer and inform the Stock Exchanges promptly on which the Equity Shares are proposed to be listed. The BRLMs, through the Registrar to the Offer, shall notify the SCSBs and the Sponsor Bank, to unblock the bank accounts of the ASBA Bidders within one Working Day from the date of receipt of such notification and also inform the Bankers to the Offer to process refunds to the Anchor Investors, as the case may be. The notice of withdrawal will be issued in the same newspapers where the pre-Offer advertisements have appeared and the Stock Exchanges will also be informed promptly.

If our Company and the Selling Shareholders, in consultation with the BRLMs withdraws the Offer at any stage and thereafter determines that it will proceed with a public issue of the Equity Shares, our Company shall file a fresh draft red herring prospectus with SEBI. Notwithstanding the foregoing, this Offer is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment; and (ii) the filing of the Prospectus with the RoC.

## OFFER PROCEDURE

All Bidders should read the General Information Document for Investing in Public Issues prepared and issued in accordance with the circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/37 dated March 17, 2020 and the UPI Circulars (the “**General Information Document**”) which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations. The General Information Document is available on the websites of the Stock Exchanges and the BRLMs. Please refer to the relevant provisions of the General Information Document which are applicable to the Offer especially in relation to the process for Bids by RIBs through the UPI Mechanism. The investors should note that the details and process provided in the General Information Document should be read along with this section.

Additionally, all Bidders may refer to the General Information Document for information in relation to (i) Category of investors eligible to participate in the Offer; (ii) maximum and minimum Bid size; (iii) price discovery and allocation; (iv) Payment Instructions for ASBA Bidders/Applicants; (v) Issuance of CAN and allotment in the Offer; (vi) General instructions (limited to instructions for completing the Bid Form); (vii) Submission of Bid cum Application Form; (viii) Other Instructions (limited to joint bids in cases of individual, multiple bids and instances when an application would be rejected on technical grounds); (ix) disposal of application (x) applicable provisions of the Companies Act, 2013 relating to punishment for fictitious applications; (xi) mode of making refunds; (xii) Designated Date and (xiii) interest in case of delay in allotment or refund.

SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018 read with its circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, has introduced an alternate payment mechanism using Unified Payments Interface (“**UPI**”) and consequent reduction in timelines for listing in a phased manner. From January 1, 2019, the UPI Mechanism for RIBs applying through Designated Intermediaries was made effective along with the existing process and existing timeline of T+6 days. (“**UPI Phase I**”). The UPI Phase I was effective till June 30, 2019.

With effect from July 1, 2019, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, read with circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 with respect to Bids by RIBs through Designated Intermediaries (other than SCSBs), the existing process of physical movement of forms from such Designated Intermediaries to SCSBs for blocking of funds has been discontinued and only the UPI Mechanism for such Bids with existing timeline of T+6 days was mandated for a period of three months or launch of five main board public issues, whichever is later (“**UPI Phase II**”). Subsequently, however, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020 extended the timeline for implementation of UPI Phase II till further notice. The final reduced timeline will be made effective using the UPI Mechanism for applications by RIBs (“**UPI Phase III**”), as may be prescribed by SEBI. The Offer will be undertaken pursuant to the processes and procedures under UPI Phase II, subject to any circulars, clarification or notification issued by the SEBI from time to time. Further, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, has introduced certain additional measures for streamlining the process of initial public offers and redressing investor grievances. This circular shall come into force for initial public offers opening on/or after May 1, 2021, except as amended pursuant to SEBI circular SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, and the provisions of this circular, are deemed to form part of this Draft Red Herring Prospectus.

Our Company, the Selling Shareholders and the BRLMs do not accept any responsibility for the completeness and accuracy of the information stated in this section and are not liable for any amendment, modification or change in the applicable law which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of the Equity Shares that can be held by them under applicable law or as specified in the Red Herring Prospectus and the Prospectus.

Further, our Company, Selling Shareholders and the members of the Syndicate are not liable for any adverse occurrences consequent to the implementation of the UPI Mechanism for application in this Offer.

### Book Building Procedure

The Offer is being made through the Book Building Process in accordance with Regulation 6(2) of the SEBI ICDR Regulations wherein not less than 75% of the Net Offer shall be allocated on a proportionate basis to QIBs,

provided that our Company and the Selling Shareholders (excluding WWD Ruby Limited) may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations, of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription, or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the QIB Portion. Further, 5% of the QIB Portion shall be available for allocation on a proportionate basis only to Mutual Funds, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not more than 15% of the Net Offer shall be available for allocation on a proportionate basis to Non-Institutional Investors and not more than 10% of the Net Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. Furthermore, up to [●] Equity Shares, aggregating to ₹ [●] million shall be made available for allocation on a proportionate basis only to Eligible Employees Bidding in the Employee Reservation Portion, subject to valid Bids being received at or above the Offer Price, if any.

Under-subscription, if any, in any category, except in the QIB Portion, would be allowed to be met with spill over from any other category or combination of categories of Bidders at the discretion of our Company and the Selling Shareholders (excluding WWD Ruby Limited), in consultation with the BRLMs and the Designated Stock Exchange subject to receipt of valid Bids received at or above the Offer Price. Under-subscription, if any, in the QIB Portion, would not be allowed to be met with spill-over from any other category or a combination of categories. Further, in the event of an under subscription in the Employee Reservation Portion, such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, for a value in excess of ₹ 200,000, subject to the total Allotment to an Eligible Employee not exceeding ₹ 500,000. The unsubscribed portion, if any, in the Employee Reservation Portion shall be added to the Net Offer.

The Equity Shares, on Allotment, shall be traded only in the dematerialized mode on the platform of the Stock Exchanges.

Investors should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialised form. The Bid cum Application Forms which do not have the details of the Bidders' depository account, including DP ID, Client ID, PAN and UPI ID, for RIBs using the UPI Mechanism, shall be treated as incomplete and will be rejected. Eligible Employees Bidding in the Employee Reservation Portion Bidding using the UPI Mechanism, shall be treated as incomplete and will be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form. However, they may get the Equity Shares rematerialized subsequent to Allotment of the Equity Shares in the Offer.

### **Phased implementation of Unified Payments Interface**

SEBI has issued the UPI Circulars in relation to streamlining the process of public issue of inter alia, equity shares. Pursuant to the UPI Circulars, the UPI Mechanism has been introduced in a phased manner as a payment mechanism (in addition to mechanism of blocking funds in the account maintained with SCSBs under ASBA) for applications by RIBs through Designated Intermediaries with the objective to reduce the time duration from public issue closure to listing from six Working Days to up to three Working Days. Considering the time required for making necessary changes to the systems and to ensure complete and smooth transition to the UPI payment mechanism, the UPI Circulars have introduced the UPI Mechanism in three phases in the following manner:

**Phase I:** This phase was applicable from January 1, 2019 until March 31, 2019 or floating of five main board public issues, whichever was later. Subsequently, the timeline for implementation of Phase I was extended till June 30, 2019. Under this phase, a RIB had the option to submit the ASBA Form with any of the Designated Intermediary and use his/ her UPI ID for the purpose of blocking of funds. The time duration from public issue closure to listing continued to be six Working Days.

**Phase II:** This phase has become applicable from July 1, 2019 and was to initially continue for a period of three months or floating of five main board public issues, whichever is later. SEBI vide its circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019 has decided to extend the timeline for implementation of UPI Phase II until March 31, 2020. Subsequently, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020 extended the timeline for implementation of UPI Phase II till further notice. Under this phase, submission of the ASBA Form by RIBs through Designated Intermediaries (other than SCSBs) to SCSBs for blocking of funds has been discontinued and replaced by the UPI



Mechanism. However, the time duration from public issue closure to listing continues to be six Working Days during this phase.

**Phase III:** The commencement period of Phase III is yet to be notified. In this phase, the time duration from public issue closure to listing would be reduced to three Working Days.

Pursuant to the UPI Streamlining Circular, SEBI has set out specific requirements for redressal of investor grievances for applications that have been made through the UPI Mechanism. The requirements of the UPI Streaming Circular include, appointment of a nodal officer by the SCSB and submission of their details to SEBI, the requirement for SCSBs to send SMS alerts for the blocking and unblocking of UPI mandates, the requirement for the Registrar to submit details of cancelled, withdrawn or deleted applications, and the requirement for the bank accounts of unsuccessful Bidders to be unblocked no later than one day from the date on which the Basis of Allotment is finalised. Failure to unblock the accounts within the timeline would result in the SCSBs being penalised under the relevant securities law. Additionally, if there is any delay in the redressal of investors' complaints, the relevant SCSB as well as the post – Offer BRLM will be required to compensate the concerned investor.

The Offer will be made under UPI Phase II of the UPI Circular, unless UPI Phase III of the UPI Circular becomes effective and applicable on or prior to the Bid/Offer Opening Date. All SCSBs offering facility of making application in public issues shall also provide facility to make application using UPI. The Company will be required to appoint one of the SCSBs as a sponsor bank to act as a conduit between the Stock Exchanges and NPCI in order to facilitate collection of requests and / or payment instructions of the RIBs using the UPI.

For further details, refer to the General Information Document available on the websites of the Stock Exchanges and the BRLMs.

### **Bid cum Application Form**

Copies of the Bid cum Application Form (other than for Anchor Investors) and the abridged prospectus will be available with the Designated Intermediaries at the Bidding Centres, and our Registered and Corporate Office. An electronic copy of the Bid cum Application Form will also be available for download on the websites of NSE ([www.nseindia.com](http://www.nseindia.com)) and BSE ([www.bseindia.com](http://www.bseindia.com)) at least one day prior to the Bid/Offer Opening Date.

Copies of the Anchor Investor Application Form will be available with the BRLMs.

All Bidders (other than Anchor Investors) shall mandatorily participate in the Offer only through the ASBA process. Anchor Investors are not permitted to participate in the Offer through the ASBA process. The RIBs can additionally Bid through the UPI Mechanism.

RIBs bidding using the UPI Mechanism must provide the valid UPI ID in the relevant space provided in the Bid cum Application Form and the Bid cum Application Form that does not contain the UPI ID are liable to be rejected. Retail Individual Investors bidding using the UPI Mechanism may also apply through the SCSBs and mobile applications using the UPI handles as provided on the website of the SEBI. ASBA Bidders using UPI Mechanism must provide bank account details and authorisation to block funds in their respective ASBA Accounts in the relevant space provided in the ASBA Form and the ASBA Forms that do not contain such details are liable to be rejected or the UPI ID, as applicable, in the relevant space provided in the ASBA Form.

ASBA Bidders shall ensure that the Bids are made on ASBA Forms bearing the stamp of the Designated Intermediary, submitted at the Bidding Centres only (except in case of electronic ASBA Forms) and the ASBA Forms not bearing such specified stamp are liable to be rejected. RIBs using UPI Mechanism, may submit their ASBA Forms, including details of their UPI IDs, with the Syndicate, Sub-Syndicate members, Registered Brokers, RTAs or CDPs. RIBs authorising an SCSB to block the Bid Amount in the ASBA Account may submit their ASBA Forms with the SCSBs. ASBA Bidders must ensure that the ASBA Account has sufficient credit balance such that an amount equivalent to the full Bid Amount can be blocked by the SCSB or the Sponsor Bank, as applicable at the time of submitting the Bid. In order to ensure timely information to investors SCSBs are required to send SMS alerts to investors intimating them about the Bid Amounts blocked/unblocked.

The prescribed colour of the Bid cum Application Form for the various categories is as follows:

Category	Colour of Bid cum Application Form
Resident Indians, including resident QIBs, Non-Institutional Bidders, Retail Individual Bidders and Eligible NRIs applying on a non-repatriation basis	[●]
Eligible NRIs, FVCIs, FPIs and registered bilateral and multilateral institutions applying on a repatriation basis	[●]
Anchor Investors	[●]
Eligible Employees Bidding in the Employee Reservation Portion	[●]

Notes:

(1) *Electronic Bid cum Application forms and the abridged prospectus will also be available for download on the website of NSE ([www.nseindia.com](http://www.nseindia.com)) and BSE ([www.bseindia.com](http://www.bseindia.com))*

(2) *Bid cum Application Forms for Anchor Investors shall be available at the offices of the BRLMs*

In case of ASBA forms, the relevant Designated Intermediaries shall upload the relevant bid details in the electronic bidding system of the Stock Exchanges. For ASBA Forms (other than RIBs using UPI Mechanism) Designated Intermediaries (other than SCSBs) shall submit/ deliver the ASBA Forms to the respective SCSB where the Bidder has an ASBA bank account and shall not submit it to any non-SCSB bank or any Escrow Collection Bank. Stock Exchanges shall validate the electronic bids with the records of the CDP for DP ID/Client ID and PAN, on a real time basis and bring inconsistencies to the notice of the relevant Designated Intermediaries, for rectification and re-submission within the time specified by Stock Exchanges. Stock Exchanges shall allow modification of either DP ID/Client ID or PAN ID, bank code and location code in the Bid details already uploaded.

For Retail Individual Investors using the UPI Mechanism, the Stock Exchanges shall share the Bid details (including UPI ID) with the Sponsor Bank on a continuous basis through API integration to enable the Sponsor Bank to initiate a UPI Mandate Request to such Retail Individual Investors for blocking of funds. The Sponsor Bank shall initiate request for blocking of funds through NPCI to RIIs, who shall accept the UPI Mandate Request for blocking of funds on their respective mobile applications associated with UPI ID linked bank account. The NPCI shall maintain an audit trail for every Bid entered in the Stock Exchanges bidding platform, and the liability to compensate RIIs (Bidding through UPI Mechanism) in case of failed transactions shall be with the concerned entity (i.e. the Sponsor Bank, NPCI or the issuer bank) at whose end the lifecycle of the transaction has come to a halt. The NPCI shall share the audit trail of all disputed transactions/ investor complaints to the Sponsor Bank and the issuer bank. The Sponsor Bank and the Bankers to the Offer shall provide the audit trail to the BRLMs for analysing the same and fixing liability. For ensuring timely information to investors, SCSBs shall send SMS alerts as specified in SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021.

The Sponsor Bank will undertake a reconciliation of Bid responses received from Stock Exchanges and sent to NPCI and will also ensure that all the responses received from NPCI are sent to the Stock Exchanges platform with detailed error code and description, if any. Further, the Sponsor Bank will undertake reconciliation of all Bid requests and responses throughout their lifecycle on daily basis and share reports with the BRLMs in the format and within the timelines as specified under the UPI Circulars. Sponsor Bank and issuer banks shall download UPI settlement files and raw data files from the NPCI portal after every settlement cycle and do a three way reconciliation with Banks UPI switch data, CBS data and UPI raw data. NPCI is to coordinate with issuer banks and Sponsor Banks on a continuous basis.

## **ELECTRONIC REGISTRATION OF BIDS**

a) The Designated Intermediary may register the Bids using the on-line facilities of the Stock Exchanges. The Designated Intermediaries can also set up facilities for off-line electronic registration of Bids, subject to the condition that they may subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis before the closure of the issue.

b) On the Bid/Issue Closing Date, the Designated Intermediaries may upload the Bids till such time as may be permitted by the Stock Exchanges and as disclosed in this Draft Red Herring Prospectus.

c) Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/Allotment. The Designated Intermediaries are given till 1:00 pm on the next Working Day following the Bid/Offer Closing Date to modify select fields uploaded in the Stock Exchange Platform during the Bid/Offer Period after which the Stock Exchange(s) send the bid information to the Registrar to the Issue for further processing.

**The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States and unless so registered, may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. The Equity Shares are being offered and sold (i) outside of the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur; and (ii) in the United States, to persons reasonably believed to be “qualified institutional buyers” (as defined in Rule 144A under the U.S. Securities Act), pursuant to Section 4(a) of the U.S. Securities Act.**

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

#### **Participation by Promoters and members of the Promoter Group of the Company, the BRLMs and the Syndicate Members**

The BRLMs and the Syndicate Members shall not be allowed to purchase Equity Shares in this Offer in any manner, except towards fulfilling their underwriting obligations. However, the associates and affiliates of the BRLMs and the Syndicate Members may Bid for Equity Shares in the Offer, either in the QIB Portion or in the Non-Institutional Portion as may be applicable to such Bidders, where the allocation is on a proportionate basis and such subscription may be on their own account or on behalf of their clients. All categories of investors, including associates or affiliates of the BRLMs and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

Neither (i) the BRLMs or any associates of the BRLMs (except Mutual Funds sponsored by entities which are associates of the BRLMs or insurance companies promoted by entities which are associate of BRLMs or AIFs sponsored by the entities which are associate of the BRLMs or FPIs other than individuals, corporate bodies and family offices sponsored by the entities which are associates of the BRLMs) nor (ii) any “person related to the Promoters/ Promoter Group” shall apply in the Offer under the Anchor Investor Portion.

For the purposes of this section, a QIB who has any of the following rights shall be deemed to be a “person related to the Promoters/ Promoter Group”: (a) rights under a shareholders’ agreement or voting agreement entered into with the Promoters or Promoter Group; (b) veto rights; or (c) right to appoint any nominee director on our Board. Further, an Anchor Investor shall be deemed to be an associate of the BRLMs, if: (a) either of them controls, directly or indirectly through its subsidiary or holding company, not less than 15% of the voting rights in the other; or (b) either of them, directly or indirectly, by itself or in combination with other persons, exercises control over the other; or (c) there is a common director, excluding a nominee director, amongst the Anchor Investor and the BRLMs.

The Promoters and members of the Promoter Group will not participate in the Offer except in their capacity as Selling Shareholders tendering Equity Shares in the Offer for Sale.

#### **Bids by Mutual Funds**

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Company and Selling Shareholders (excluding WWD Ruby Limited) in consultation with the BRLMs reserve the right to reject any Bid without assigning any reason thereof.

Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

No Mutual Fund scheme shall invest more than 10% of its NAV in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific schemes. No Mutual Fund under all its schemes should own more than 10% of any company’s paid-up share capital carrying voting rights.

### **Bids by Eligible NRIs**

Eligible NRIs may obtain copies of Bid cum Application Form from the Designated Intermediaries. Only Bids accompanied by payment in Indian Rupees or freely convertible foreign exchange will be considered for Allotment. Eligible NRI Bidders bidding on a repatriation basis by using the Non-Resident Forms should authorize their respective SCSB or confirm or accept the UPI Mandate Request (in case of RIBs bidding through the UPI Mechanism) to block their Non-Resident External (“**NRE**”) accounts, or FCNR Accounts, and eligible NRI Bidders bidding on a non-repatriation basis by using Resident Forms should authorize their respective SCSB or confirm or accept the UPI Mandate Request (in case of RIBs bidding through the UPI Mechanism) to block their Non-Resident Ordinary (“**NRO**”) accounts for the full Bid Amount, at the time of the submission of the Bid cum Application Form.

Eligible NRIs Bidding on non-repatriation basis are advised to use the Bid cum Application Form for residents (White in colour). Eligible NRIs Bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents (Blue in colour).

For details of investment by NRIs, see “*Restrictions on Foreign Ownership of Indian Securities*” on page 398. Participation of Eligible NRIs shall be subject to the FEMA NDI Rules.

### **Bids by HUFs**

Bids by Hindu Undivided Families or HUFs, should be made in the individual name of the Karta. The Bidder/Applicant should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/Application Form as follows: “Name of sole or first Bidder/Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta”. Bids/Applications by HUFs will be considered at par with Bids/Applications from individuals.

### **Bids by FPIs**

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the same multiple entities having common ownership directly or indirectly of more than 50% or common control) must be below 10% of our post-Offer Equity Share capital. Further, in terms of the FEMA NDI Rules, the total holding by each FPI, of an investor group, shall be below 10% of the total paid-up Equity Share capital of our Company on a fully diluted basis and the aggregate limit for FPI investments shall be the sectoral caps applicable to our Company, which is 100% of the total paid-up Equity Share capital of our Company on a fully diluted basis. In case the total holding of an FPI or investor group increases beyond 10% of the total paid-up Equity Share capital of our Company, on a fully diluted basis, the total investment made by the FPI or investor group will be re-classified as FDI subject to the conditions as specified by SEBI and the RBI in this regard and our Company and the investor will be required to comply with applicable reporting requirements. Further, the total holdings of all FPIs put together, with effect from April 1, 2020, can be up to the sectoral cap applicable to the sector in which our Company operates (i.e., up to 100%). In terms of the FEMA Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included. Bids by FPIs which utilise the multi investment manager structure, submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs may not be treated as multiple Bids.

FPIs are permitted to participate in the Offer subject to compliance with conditions and restrictions which may be specified by the Government from time to time. In terms of the FEMA NDI Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 of the SEBI FPI Regulations, an FPI, may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only by persons registered as Category I FPIs; (ii) such offshore derivative instruments are issued only to persons eligible for registration as Category I FPIs; (iii) such offshore derivative instruments are issued after compliance with ‘know your client’ norms; and (iv) such other conditions as may be specified by SEBI from time to time.

An FPI issuing offshore derivative instruments is required to ensure that the transfer of an offshore derivative instruments issued by or on behalf of it, is subject to (a) the transfer being made to persons which fulfil the criteria

provided under the SEBI FPI Regulations (as mentioned above from points (i) to (iv)); and (b) prior consent of the FPI is obtained for such transfer, except in cases, where the persons to whom the offshore derivative instruments are to be transferred, are pre-approved by the FPI.

Bids received from FPIs bearing the same PAN shall be treated as multiple Bids and are liable to be rejected, except for Bids from FPIs that utilize the multiple investment manager structure in accordance with the operational guidelines for FPIs and designated Depository Participants issued to facilitate implementation of SEBI FPI Regulations (such structure referred to as “**MIM Structure**”), provided such Bids have been made with different beneficiary account numbers, Client IDs and DP IDs.

Accordingly, it should be noted that multiple Bids received from FPIs, who do not utilize the MIM Structure, and bear the same PAN, are liable to be rejected. In order to ensure valid Bids, FPIs making multiple Bids using the same PAN, and with different beneficiary account numbers, Client IDs and DP IDs, are required to provide a confirmation in the Bid cum Application Forms that the relevant FPIs making multiple Bids utilize the MIM Structure. In the absence of such confirmation from the relevant FPIs, such multiple Bids shall be rejected.

Further, in the following cases, Bids by FPIs shall not be treated as multiple Bids:

- FPIs which utilise the MIM structure, indicating the name of their respective investment managers in such confirmation;
- Offshore derivative instruments which have obtained separate FPI registration for ODI and proprietary derivative investments;
- Sub funds or separate class of investors with segregated portfolio who obtain separate FPI registration;
- FPI registrations granted at investment strategy level/sub fund level where a collective investment scheme or fund has multiple investment strategies/sub-funds with identifiable differences and managed by a single investment manager;
- Multiple branches in different jurisdictions of foreign bank registered as FPIs;
- Government and Government related investors registered as Category 1 FPIs; and
- Entities registered as collective investment scheme having multiple share classes.

The Bids belonging to any of the above mentioned seven structures and having same PAN may be collated and identified as a single Bid in the Bidding process. The Equity Shares allotted in the Bid may be proportionately distributed to the applicant FPIs (with same PAN). In order to ensure valid Bids, FPIs making multiple Bids using the same PAN, and with different beneficiary account numbers, Client IDs and DP IDs, are required to provide a confirmation along with each of their Bid cum Application Forms that the relevant FPIs making multiple Bids utilize any of the above-mentioned structures and indicate the name of their respective investment managers in such confirmation. In the absence of such confirmation from the relevant FPIs, such multiple Bids shall be rejected.

For details of investment by FPIs, see “*Restrictions on Foreign Ownership of Indian Securities*” on page 398. Participation of FPIs shall be subject to the FEMA Non-debt Instruments Rules.

#### **Bids by SEBI registered VCFs, AIFs and FVCIs**

The Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 (“**SEBI VCF Regulations**”) as amended, inter alia prescribe the investment restrictions on VCFs, registered with SEBI. The Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 (“**SEBI AIF Regulations**”) prescribe, amongst others, the investment restrictions on AIFs. The Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000 as amended (“**SEBI FVCI Regulations**”) prescribe the investment restrictions on FVCIs.

Accordingly, the holding in any company by any individual VCF or FVCIs registered with SEBI should not exceed 25% of the corpus of the VCF or FVCI. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds in various prescribed instruments, including in public offering.

Category I and II AIFs cannot invest more than 25% of the investible funds in one investee company directly or through investment in the units of other Alternative Investment Funds. A Category III AIF cannot invest more than 10% of the investible funds in one investee company directly or through investment in the units of other Alternative Investment Funds. A VCF registered as a Category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than one-third of its investible funds by way of subscription to an initial public offering of a venture capital undertaking whose shares are proposed to be listed. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the SEBI VCF Regulations until the existing fund or scheme managed by the fund is wound up and such funds shall not launch any new scheme after the notification of the SEBI AIF Regulations.

**All non-resident investors should note that refunds (in case of Anchor Investors), dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission.**

Our Company, Selling Shareholders or the BRLMs will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

### **Bids by Eligible Employees**

The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter so as to ensure that the Bid Amount payable by the Eligible Employee does not exceed ₹500,000. The Allotment in the Employee Reservation Portion will be on a proportionate basis. Eligible Employees under the Employee Reservation Portion may Bid at Cut-off Price provided that the Bid does not exceed ₹500,000.

However, Allotments to Eligible Employees in excess of ₹ 200,000 shall be considered on a proportionate basis, in the event of undersubscription in the Employee Reservation Portion, subject to the total Allotment to an Eligible Employee not exceeding ₹ 500,000 (which will be less Employee Discount). Subsequent undersubscription, if any, in the Employee Reservation Portion shall be added back to the Net Offer. Eligible Employees Bidding in the Employee Reservation Portion may Bid at the Cut-off Price.

Bids under Employee Reservation Portion by Eligible Employees shall be:

- (a) Made only in the prescribed Bid cum Application Form or Revision Form (i.e. [●] colour form).
- (b) The Bidder should be an Eligible Employee as defined. In case of joint bids, the first Bidder shall be an Eligible Employee.
- (c) Only Eligible Employees would be eligible to apply in this Offer under the Employee Reservation Portion.
- (d) Only those Bids, which are received at or above the Offer Price, net of Employee Discount, if any would be considered for Allotment under this category.
- (e) Eligible Employees can apply at Cut-off Price.
- (f) If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Offer Price, full allocation shall be made to the Eligible Employees to the extent of their demand.
- (g) Under-subscription, if any, in the Employee Reservation Portion will be added back to the Net Offer.
- (h) Bids by Eligible Employees in the Employee Reservation Portion and in the Net Offer portion shall not be treated as multiple Bids. Our Company reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories.
- (i) Eligible Employees bidding in the Employee Reservation Portion shall not Bid through the UPI mechanism.

In case of under-subscription in the Net Offer, spill over to the extent of under-subscription shall be permitted from the Employee Reservation Portion. If the aggregate demand in this category is greater than [●] Equity Shares at or above the Offer Price, the allocation shall be made on a proportionate basis.

Please note that any individuals who are directors, employees or promoters of (a) the BRLMs, Registrar to the Offer, or the Syndicate Members, or of the (b) 'associate companies' (as defined in the Companies Act, 2013, as amended) and 'group companies' of such BRLMs, Registrar to the Offer or Syndicate Members are not eligible to bid in the Employee Reservation Portion.

### **Bids by limited liability partnerships**

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholders (excluding WWD Ruby Limited) in consultation with the BRLMs reserves the right to reject any Bid without assigning any reason thereof.

### **Bids by banking companies**

In case of Bids made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Bid cum Application Form, failing which our Company and Selling Shareholders (excluding WWD Ruby Limited) in consultation with the BRLMs reserve the right to reject any Bid without assigning any reason.

The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, 1949, as amended, (the "Banking Regulation Act"), and the Master Directions - Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, as amended, is 10% of the paid-up share capital of the investee company, not being its subsidiary engaged in non-financial services, or 10% of the bank's own paid-up share capital and reserves, whichever is lower. Further, the aggregate investment by a banking company in subsidiaries and other entities engaged in financial services cannot exceed 20% of the investee company's paid up share capital and reserves. However, a banking company would be permitted to invest in excess of 10% but not exceeding 30% of the paid-up share capital of such investee company if (i) the investee company is engaged in non-financial activities permitted for banks in terms of Section 6(1) of the Banking Regulation Act, or (ii) the additional acquisition is through restructuring of debt/corporate debt restructuring/strategic debt restructuring, or to protect the bank's interest on loans/investments made to a company. The bank is required to submit a time-bound action plan for disposal of such shares within a specified period to the RBI. A banking company would require a prior approval of the RBI to make (i) investment in excess of 30% of the paid-up share capital of the investee company, (ii) investment in a subsidiary and a financial services company that is not a subsidiary (with certain exceptions prescribed), and (iii) investment in a non-financial services company in excess of 10% of such investee company's paid-up share capital as stated in 5(a)(v)(c)(i) of the Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, as amended.

### **Bids by SCSBs**

SCSBs participating in the Offer are required to comply with the terms of the SEBI circulars (Nos. CIR/CFD/DIL/12/2012 and CIR/CFD/DIL/1/2013) dated September 13, 2012 and January 2, 2013. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for such applications.

### **Bids by insurance companies**

In case of Bids made by insurance companies registered with the IRDAI, a certified copy of certificate of registration issued by IRDAI must be attached to the Bid cum Application Form. Failing this, our Company and Selling Shareholders (excluding WWD Ruby Limited) in consultation with the BRLMs reserve the right to reject any Bid without assigning any reason thereof.

The exposure norms for insurers are prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2016, as amended ("IRDAI Investment Regulations"), based on investments in the equity shares of a company, the entire group of the investee company and the industry sector in which the investee company operates. Bidders are advised to refer to the IRDAI Investment Regulations for specific investment limits applicable to them.

### **Bids by provident funds/pension funds**

In case of Bids made by provident funds/pension funds, subject to applicable laws, with minimum corpus of ₹250 million, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be attached to the Bid cum Application Form. Failing this, our Company and Selling Shareholders(excluding WWD Ruby Limited) in consultation with the BRLMs reserves the right to reject any Bid, without assigning any reason thereof.

### **Bids under Power of Attorney**

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, Eligible FPIs, Mutual Funds, insurance companies, insurance funds set up by the army, navy or air force of the India, insurance funds set up by the Department of Posts, India or the National Investment Fund and provident funds with a minimum corpus of ₹250 million (subject to applicable law) and pension funds with a minimum corpus of ₹250 million, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company and Selling Shareholders (excluding WWD Ruby Limited) in consultation with the BRLMs reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Our Company and the Selling Shareholders (excluding WWD Ruby Limited) in consultation with the BRLMs in their absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form subject to the terms and conditions that our Company and the Selling Shareholders(excluding WWD Ruby Limited) in consultation with the BRLMs may deem fit.

### **Bids by Anchor Investors**

- (a.) In accordance with the SEBI ICDR Regulations, in addition to details and conditions mentioned in this section the key terms for participation by Anchor Investors are provided below. Anchor Investor Application Forms will be made available for the Anchor Investor Portion at the offices of the BRLMs.
- (b.) The Bid must be for a minimum of such number of Equity Shares so that the Bid Amount exceeds ₹ 100.00 million. A Bid cannot be submitted for over 60% of the QIB Portion. In case of a Mutual Fund, separate bids by individual schemes of a Mutual Fund will be aggregated to determine the minimum application size of ₹ 100.00 million.
- (c.) One-third of the Anchor Investor Portion will be reserved for allocation to domestic Mutual Funds.
- (d.) Bidding for Anchor Investors will open one Working Day before the Bid/Offer Opening Date, and will be completed on the same day.
- (e.) Our Company and the Selling Shareholders(excluding WWD Ruby Limited), in consultation with the BRLMs may finalise allocation to the Anchor Investors on a discretionary basis, provided that the minimum number of Allottees in the Anchor Investor Portion will not be less than: maximum of two Anchor Investors, where allocation under the Anchor Investor Portion is up to ₹ 100.00 million; minimum of two and maximum of 15 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹ 100.00 million but up to ₹ 2,500.00 million, subject to a minimum Allotment of ₹ 50.00 million per Anchor Investor; and in case of allocation above ₹ 2,500.00 million under the Anchor Investor Portion, a minimum of five such investors and a maximum of 15 Anchor Investors for allocation up to ₹ 2,500.00 million, and an additional 10 Anchor Investors for every additional ₹ 2,500.00 million, subject to minimum Allotment of ₹ 50.00 million per Anchor Investor.
- (f.) Allocation to Anchor Investors will be completed on the Anchor Investor Bid/Offer Period. The number of Equity Shares allocated to Anchor Investors and the price at which the allocation is made, will be made available in the public domain by the BRLMs before the Bid/Offer Opening Date, through intimation to the Stock Exchanges.
- (g.) Anchor Investors cannot withdraw or lower the size of their Bids at any stage after submission of the Bid.



- (h.) If the Offer Price is greater than the Anchor Investor Allocation Price, the additional amount being the difference between the Offer Price and the Anchor Investor Offer Price will be payable by the Anchor Investors on the Anchor Investor Pay-In Date specified in the CAN. If the Offer Price is lower than the Anchor Investor Offer Price, Allotment to successful Anchor Investors will be at the higher price.
- (i.) Equity Shares Allotted in the Anchor Investor Portion will be locked in for a period of 30 days from the date of Allotment.
- (j.) Neither the BRLMs nor any associate of the BRLMs (except Mutual Funds sponsored by entities which are associates of the BRLMs or insurance companies promoted by entities which are associate of BRLMs or AIFs sponsored by the entities which are associate of the BRLMs or FPIs, other than individuals, corporate bodies and family offices sponsored by the entities which are associate of the and BRLMs) , nor any "person related to Promoters or Promoter Group" shall apply in the Offer under the Anchor Investor Portion.
- (k.) Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion will not be considered multiple Bids. The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholders and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable law or regulation or as specified in this Draft Red Herring Prospectus.

#### **Bids by Systemically Important Non-Banking Financial Companies**

In case of Bids made by Systemically Important NBFCs registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, (ii) certified copy of its last audited financial statements on a standalone basis and a net worth certificate from its statutory auditors, and (iii) such other approval as may be required by the Systemically Important NBFCs, are required to be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholders(excluding WWD Ruby Limited) in consultation with the BRLMs, reserves the right to reject any Bid without assigning any reason thereof. Systemically Important NBFCs participating in the Offer shall comply with all applicable regulations, guidelines and circulars issued by RBI from time to time.

The investment limit for Systemically Important NBFCs shall be as prescribed by RBI from time to time.

**In accordance with existing regulations issued by the RBI, OCBs cannot participate in this Offer.**

**The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholders and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable law or regulation or as specified in this Draft Red Herring Prospectus, Red Herring Prospectus and the Prospectus.**

#### **General Instructions**

##### ***Do's:***

1. Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable law, rules, regulations, guidelines and approvals. All Bidders (other than Anchor Investors) should submit their Bids through the ASBA process only;
2. Ensure that you have Bid within the Price Band;
3. Read all the instructions carefully and complete the Bid cum Application Form, as the case may be, in the prescribed form;
4. Ensure that you have mentioned the correct ASBA Account number if you are not an RIB using the UPI Mechanism in the Bid cum Application Form and if you are an RIB using the UPI Mechanism ensure

that you have mentioned the correct UPI ID (with maximum length of 45 characters including the handle), in the Bid cum Application Form;

5. RIBs using UPI Mechanism through the SCSBs and mobile applications shall ensure that the name of the bank appears in the list of SCSBs which are live on UPI, as displayed on the SEBI website. RIBs shall ensure that the name of the app and the UPI handle which is used for making the application appears in Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/COR/P/2019/85 dated July 26, 2019;
6. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Bidding Centre within the prescribed time;
7. RIBs using UPI Mechanism, may submit their ASBA Forms with the Syndicate Member, Registered Brokers, RTAs or CDPs and should ensure that the ASBA Form contains the stamp of such Designated Intermediary;
8. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB, before submitting the ASBA Form to any of the Designated Intermediaries;
9. If the first applicant is not the bank account holder, ensure that the Bid cum Application Form is signed by the account holder. Ensure that you have mentioned the correct bank account number in the Bid cum Application Form;
10. Ensure that the signature of the First Bidder in case of joint Bids, is included in the Bid cum Application Forms;
11. Ensure that you request for and receive a stamped acknowledgement counterfoil of the Bid cum Application Form for all your Bid options from the concerned Designated Intermediary;
12. Ensure that the name(s) given in the Bid cum Application Form is/are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. Ensure that the signature of the First Bidder is included in the Bid cum Application Forms;
13. RIBs Bidding in the Offer to ensure that they shall use only their own ASBA Account or only their own bank account linked UPI ID (only for RIBs using the UPI Mechanism) to make an application in the Offer and not ASBA Account or bank account linked UPI ID of any third party;
14. Ensure that you submit the revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised acknowledgment;
15. Ensure that you have correctly signed the authorisation/undertaking box in the Bid cum Application Form, or have otherwise provided an authorisation to the SCSB or Sponsor Bank, as applicable, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form, as the case may be, at the time of submission of the Bid. In case of RIBs submitting their Bids and participating in the Offer through the UPI Mechanism, ensure that you authorise the UPI Mandate Request raised by the Sponsor Bank for blocking of funds equivalent to Bid Amount and subsequent debit of funds in case of Allotment;
16. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of the SEBI circular no. MRD/DoP/Cir-20/2008 dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, (ii) submitted by investors who are exempt from the requirement of obtaining/specifying their PAN for transacting in the securities market, and (iii) Bids by persons resident in the state of Sikkim, who, in terms of a SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the IT Act. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the

beneficiary account remaining in “active status”; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications in which PAN is not mentioned will be rejected;

17. Ensure that the Demographic Details are updated, true and correct in all respects;
18. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;
19. Ensure that the category and the investor status is indicated in the Bid cum Application Form;
20. Ensure that in case of Bids under power of attorney or by limited companies, corporates, trust, etc., relevant documents are submitted;
21. Ensure that Bids submitted by any person resident outside India is in compliance with applicable foreign and Indian laws;
22. Ensure that when applying in the Offer using UPI, the name of your SCSB appears in the list of SCSBs displayed on the SEBI website which are live on UPI. Further, also ensure that the name of the app and the UPI handle being used for making the application is also appearing in Annexure ‘A’ to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019;
23. Since the Allotment will be in demat form only, ensure that the Bidder’s depository account is active, the correct DP ID, Client ID, the PAN, UPI ID, if applicable, are mentioned in their Bid cum Application Form and that the name of the Bidder, the DP ID, Client ID, the PAN and UPI ID, if applicable, entered into the online IPO system of the Stock Exchanges by the relevant Designated Intermediary, as applicable, matches with the name, DP ID, Client ID, PAN and UPI ID, if applicable, available in the Depository database;
24. RIBs who wish to revise their Bids using the UPI Mechanism, should submit the revised Bid with the Designated Intermediaries, pursuant to which RIBs should ensure acceptance of the UPI Mandate Request received from the Sponsor Bank to authorise blocking of funds equivalent to the revised Bid Amount in the RIB’s ASBA Account;
25. Anchor Investors should submit the Anchor Investor Application Forms to the BRLMs;
26. Ensure that you have accepted the UPI Mandate Request received from the Sponsor Bank prior to 12:00 p.m. of the Working Day immediately after the Bid/ Offer Closing Date;
27. FPIs making MIM Bids using the same PAN, and different beneficiary account numbers, Client IDs and DP IDs, are required to submit a confirmation that their Bids are under the MIM structure and indicate the name of their investment managers in such confirmation which shall be submitted along with each of their Bid cum Application Forms. In the absence of such confirmation from the relevant FPIs, such MIM Bids shall be rejected;
28. Do not link the UPI ID with a bank account maintained with a bank that is not UPI 2.0 certified by the NPCI in case of Bids submitted by RIBs using the UPI Mechanism;
29. Do not submit more than one Bid cum Application Form for each UPI ID in case of RIBs Bidding using the UPI Mechanism;
30. Do not submit a Bid cum Application Form with a third-party UPI ID or using a third party bank account (in case of Bids submitted by Retail Individual Bidders using the UPI Mechanism);
31. RIBs Bidding through the UPI Mechanism using the incorrect UPI handle or using a bank account of an SCSB or bank which is not mentioned in the list provided on the SEBI website is liable to be rejected;
32. RIBs shall ensure that details of the Bid are reviewed and verified by opening the attachment in the UPI Mandate Request and then proceed to authorize the UPI Mandate Request using his/her UPI PIN. Upon the authorization of the mandate using his/her UPI PIN, an RIB may be deemed to have verified the

attachment containing the application details of the RIB in the UPI Mandate Request and have agreed to block the entire Bid Amount and authorized the Sponsor Bank to block the Bid Amount mentioned in the Bid Cum Application Form; and

33. Ensure that while Bidding through a Designated Intermediary, the Bid cum Application Form (other than for Anchor Investors and RIBs bidding using the UPI Mechanism) is submitted to a Designated Intermediary in a Bidding Centre and that the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has named at least one branch at that location for the Designated Intermediary to deposit ASBA Forms (a list of such branches is available on the website of SEBI at [www.sebi.gov.in](http://www.sebi.gov.in)).

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with. Application made using incorrect UPI handle or using a bank account of an SCSB or SCSBs which is not mentioned in the Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 is liable to be rejected.

***Don'ts:***

1. Do not Bid for lower than the minimum Bid size;
2. Do not Bid for a Bid Amount exceeding ₹200,000 for Bids by Retail Individual Bidders and ₹ 500,000 for Bids by Eligible Employees Bidding in the Employee Reservation Portion;
3. Do not pay the Bid Amount in cheques, demand drafts or by cash, money order, postal order or by stock invest;
4. Do not send Bid cum Application Forms by post; instead submit the same to the Designated Intermediary only;
5. Do not Bid at Cut-off Price for Bids by QIBs and Non-Institutional Bidders;
6. Do not instruct your respective banks to release the funds blocked in the ASBA Account under the ASBA process;
7. Do not submit the Bid for an amount more than funds available in your ASBA account.
8. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of a Bidder;
9. In case of ASBA Bidders, do not submit more than one ASBA Forms per ASBA Account;
10. If you are a RIB and are using UPI mechanism, do not submit more than one ASBA Form for each UPI ID;
11. Anchor Investors should not Bid through the ASBA process;
12. Do not submit the ASBA Forms to any Designated Intermediary that is not authorised to collect the relevant ASBA Forms or to our Company;
13. Do not Bid on a Bid cum Application Form that does not have the stamp of the relevant Designated Intermediary;
14. Do not submit the General Index Register (GIR) number instead of the PAN;
15. Do not submit incorrect details of the DP ID, Client ID, PAN and UPI ID, if applicable, or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Offer;
16. Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise;

17. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872 (other than minors having valid depository accounts as per Demographic Details provided by the depository);
18. Do not submit a Bid/revise a Bid Amount, with a price less than the Floor Price or higher than the Cap Price;
19. Do not submit a Bid using UPI ID, if you are not a RIB;
20. Do not Bid on another ASBA Form or the Anchor Investor Application Form, as the case may be, after you have submitted a Bid to any of the Designated Intermediaries;
21. Do not Bid for Equity Shares in excess of what is specified for each category;
22. Do not fill up the Bid cum Application Form such that the Equity Shares Bid for, exceeds the Offer size and/or investment limit or maximum number of the Equity Shares that can be held under applicable laws or regulations or maximum amount permissible under applicable laws or regulations, or under the terms of the Red Herring Prospectus;
23. Do not withdraw your Bid or lower the size of your Bid (in terms of quantity of the Equity Shares or the Bid Amount) at any stage, if you are a QIB or a Non-Institutional Bidder. Retail Individual Bidders can revise or withdraw their Bids on or before the Bid/Offer Closing Date;
24. Do not submit Bids to a Designated Intermediary at a location other than the Bidding Centres;
25. If you are an RIB which is submitting the ASBA Form with any of the Designated Intermediaries and using your UPI ID for the purpose of blocking of funds, do not use any third party bank account or third party linked bank account UPI ID; and
26. Do not Bid if you are an OCB.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Further, in case of any pre-Offer or post Offer related issues regarding share certificates/demat credit/refund orders/unblocking etc., investors shall reach out to the Company Secretary and Compliance Officer. For details of our Company Secretary and Compliance Officer, see “*General Information*” on page 82.

**Our Company, the Selling Shareholders and the members of the Syndicate are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders/applicants are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the prescribed limits under applicable laws or regulations.**

#### **Names of entities responsible for finalising the basis of allotment in a fair and proper manner**

The authorised employees of the Designated Stock Exchange, along with the BRLMs and the Registrar, shall ensure that the Basis of Allotment is finalised in a fair and proper manner in accordance with the procedure specified in SEBI ICDR Regulations.

#### **Method of Allotment as may be prescribed by SEBI from time to time**

Our Company and the Selling Shareholders (excluding WWD Ruby Limited) will not make any Allotment in excess of the Equity Shares through the Red Herring Prospectus and the Prospectus except in case of oversubscription for the purpose of rounding off to make allotment, in consultation with the Designated Stock Exchange. Further, upon oversubscription, an allotment of not more than one per cent of the Net Offer may be made for the purpose of making allotment in minimum lots.

The allotment of Equity Shares to applicants other than to the Retail Individual Bidders and Anchor Investors shall be on a proportionate basis within the respective investor categories and the number of securities allotted

shall be rounded off to the nearest integer, subject to minimum allotment being equal to the minimum application size as determined and disclosed.

The allotment of Equity Shares to each Retail Individual Bidders shall not be less than the minimum bid lot, subject to the availability of shares in Retail Individual Bidders Portion, and the remaining available shares, if any, shall be allotted on a proportionate basis. The Allotment of Equity Shares to Anchor Investors shall be on a discretionary basis.

#### **Payment into Escrow Account(s) for Anchor Investors**

Our Company and the Selling Shareholders (excluding WWD Ruby Limited) in consultation with the BRLMs, in their absolute discretion, will decide the list of Anchor Investors to whom the CAN will be sent, pursuant to which the details of the Equity Shares allocated to them in their respective names will be notified to such Anchor Investors. For Anchor Investors, the payment instruments for payment into the Escrow Account(s) should be drawn in favour of:

- (a) In case of resident Anchor Investors: “[●]”
- (b) In case of Non-Resident Anchor Investors: “[●]”

Anchor Investors should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Selling Shareholders and the members of Syndicate, the Escrow Collection Bank and the Registrar to the Offer to facilitate collections of Bid amounts from Anchor Investors.

#### **Pre-Offer Advertisement**

Subject to Section 30 of the Companies Act, 2013, our Company shall, after filing the Red Herring Prospectus with the RoC, publish a pre- Offer advertisement, in the form prescribed by the SEBI ICDR Regulations, in: (i) all editions of [●], an English national daily newspaper, (ii) all editions of [●], a Hindi national daily newspaper, and (iii) Maharashtra editions of [●], a Marathi newspaper, Marathi being the regional language of Maharashtra, where our Registered and Corporate Office is located, each with wide circulation.

In the pre-Offer advertisement, we shall state the Bid/Offer Opening Date and the Bid/ Offer Closing Date. This advertisement, subject to the provisions of Section 30 of the Companies Act, 2013, shall be in the format prescribed in Part A of Schedule X of the SEBI ICDR Regulations.

#### **Signing of the Underwriting Agreement and the RoC Filing**

- (a) Our Company, the Selling Shareholders and the Underwriters intend to enter into an Underwriting Agreement on or immediately after the finalisation of the Offer Price but prior to the filing of Prospectus.
- (b) After signing the Underwriting Agreement, an updated Red Herring Prospectus will be filed with the RoC in accordance with applicable law, which then would be termed as the ‘Prospectus’. The Prospectus will contain details of the Offer Price, the Anchor Investor Offer Price, Offer size, and underwriting arrangements and will be complete in all material respects.

#### **Undertakings by our Company**

Our Company undertakes the following:

- adequate arrangements shall be made to collect all Bid cum Application Forms submitted by Bidders and Anchor Investor Application Form from Anchor Investors;
- the complaints received in respect of the Offer shall be attended to by our Company expeditiously and satisfactorily;
- all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed shall be taken within six Working Days of the Bid/Offer Closing Date or such other period as may be prescribed by the SEBI;
- if Allotment is not made within the prescribed time period under applicable law, the entire subscription amount received will be refunded/unblocked within the time prescribed under applicable law. If there is

delay beyond the prescribed time, our Company shall pay interest prescribed under the Companies Act, 2013, the SEBI ICDR Regulations and applicable law for the delayed period;

- the funds required for making refunds to unsuccessful Bidders as per the mode(s) disclosed shall be made available to the Registrar to the Offer by our Company;
- where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within the time prescribed under applicable law, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- Except for the allotment of Equity Shares upon any exercise of options vested pursuant to the ESOP 2017, no further issue of the Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are unblocked in ASBA Account/refunded on account of non-listing, under-subscription, etc.
- Our Company and the Selling Shareholders, in consultation with the BRLMs, reserves the right not to proceed with the Offer, after the Bid/ Offer Opening Date but before the Allotment. In such an event, our Company would issue a public notice in the newspapers in which the pre-Offer advertisements were published, within two days of the Bid/ Offer Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Offer and inform the Stock Exchanges promptly on which the Equity Shares are proposed to be listed; and
- If our Company and the Selling Shareholders, in consultation with the BRLMs withdraws the Offer after the Bid/ Offer Closing Date and thereafter determines that it will proceed with a public issue of the Equity Shares, our Company shall file a fresh draft red herring prospectus with SEBI.

## **Undertakings by the Selling Shareholders**

Each of the Selling Shareholder undertakes in respect of itself as a selling shareholder and its respective portion of the Equity Shares offered by it in the Offer for Sale that:

- the Offered Shares are eligible for being offered in the Offer for Sale in terms of Regulation 8 of the SEBI ICDR Regulations;
- it is the legal and beneficial owner of the Offered Shares that such Offered Shares shall be transferred in the Offer, free from liens, charges and encumbrances;
- it shall deposit its Offered Shares in an escrow demat in accordance with the share escrow agreement to be executed between the parties to such share escrow agreement;
- that it shall provide such reasonable assistance to our Company and the BRLMs in redressal of such investor grievances that pertain to the Equity Shares held by it and being offered pursuant to the Offer;
- it shall provide such reasonable cooperation to our Company in relation to the Equity Shares offered by it in the Offer for Sale for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges; and
- it shall not have recourse to the proceeds of the Offer until final approval for trading of the Equity Shares from the Stock Exchanges has been received.

The decisions with respect to the Price Band, the minimum Bid lot, revision of Price Band, Offer Price, will be taken by our Company and the Selling Shareholders in consultation with the BRLMs.

## **Impersonation**

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, which is reproduced below:

*“Any person who—*

*(a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*

*(b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*

*(c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name*

*shall be liable for action under Section 447.”*

The liability prescribed under Section 447 of the Companies Act, for fraud involving an amount of at least ₹ 1 million or 1% of the turnover of the company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years and fine of an amount not less than the amount involved in the fraud, extending up to three times such amount (provided that where the fraud involves public interest, such term shall not be less than three years.) Further, where the fraud involves an amount less than ₹ 1 million or one per cent of the turnover of the company, whichever is lower, and does not involve public interest, any person guilty of such fraud shall be punishable with imprisonment for a term which may extend to five years or with fine which may extend to ₹ 5 million or with both.

## **Utilisation of Offer Proceeds**

Our Company and the Selling Shareholders, severally and not jointly, specifically confirm that all monies received out of the Offer shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act.



## RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Foreign investment is permitted (except in the prohibited sectors) in Indian companies, either through the automatic route or the approval route, depending upon the sector in which foreign investment is sought to be made. The Government of India makes policy announcements on FDI through press notes and press releases. The regulatory framework, over a period of time, thus, consists of acts, regulations, press notes, press releases, and clarifications among other amendments. The consolidated FDI policy circular of 2020 dated October 15, 2020 issued by the DPIIT (formerly Department of Industrial Policy & Promotion) (“**FDI Circular**”) consolidates the policy framework which was in force as on October 15, 2020. Further, the FDI Circular consolidates and subsumes all the press notes, press releases, and clarifications on FDI issued by DPIIT. The FDI Circular will be valid until the DPIIT issues an updated circular and shall be subject to FEMA NDI Rules. FDI in companies engaged in sectors/ activities which are not listed in the FDI Policy is permitted up to 100% of the paid up share capital of such company under the automatic route, subject to compliance with certain prescribed conditions.

In terms of Press Note 3 of 2020, dated April 17, 2020 (“**Press Note**”), issued by the DPIIT, the FDI Circular has been amended to state that all investments under the foreign direct investment route by entities of a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country will require prior approval of the Government of India. Further, in the event of transfer of ownership of any existing or future foreign direct investment in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the aforesaid restriction/ purview, such subsequent change in the beneficial ownership will also require approval of the Government of India. Furthermore, on April 22, 2020, the Ministry of Finance, Government of India has also made similar amendment to the FEMA NDI Rules.

As per the FDI Circular read with Press Note, 100% foreign direct investment is permitted under the automatic route for manufacturing companies, however, investments under the foreign direct investment route by entities of a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country will require prior approval of the Government of India.

Transfer of shares between an Indian resident and a non-resident does not require the prior approval of the RBI, provided that (i) the activities of the investee company are under the automatic route under the FDI Circular and transfer does not attract the provisions of the SEBI Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI Circular; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

For details of the aggregate limit for investments by NRIs and FPIs in our Company, see “*Offer Procedure – Bids by Eligible NRIs*” and “*Offer Procedure – Bids by FPIs*” on page 385.

As per the existing policy of the Government of India, OCBs cannot participate in this Offer.

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

**The above information is given for the benefit of the Bidders. Our Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.**

## SECTION VIII - MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

*Capitalised terms used in this section have the meaning that has been given to such terms in the Articles of Association of our Company. The Articles of Association of the Company comprise two parts, Part A and Part B, which part shall, unless the context otherwise requires, co-exist with each other until the commencement of the listing of equity shares of the Company pursuant to the initial public offering of the equity shares of the Company (the "Offer" of the "Equity Shares" of the Company). In the event that there is any inconsistency between any provisions in Part B of these Articles with the provisions of any other part of these Articles, then the provisions in Part B of these Articles, shall, subject to applicable law, prevail and be applicable. All the articles of Part B shall automatically terminate and cease to have any force and effect from the date of listing of Equity Shares of the Company on a recognized stock exchange in India pursuant to the Offer and the provisions of Part A shall continue to be in effect and be in force, without any further corporate or other action, by the Company or by its shareholders. Pursuant to Schedule I of the Companies Act, 2013 and the SEBI ICDR Regulations, the main provisions of the Articles of Association of our Company are detailed below.*

### Part –A

Article No.	Particulars	
1.	The Regulations contained in Table F, in the First Schedule to the Companies Act, 2013, shall not apply to this Company, but the regulations for the management of the Company and for the conduct of Meetings of the Members thereof, shall, subject to any exercise of the statutory powers of the Company in reference to the repeal or alteration of, or addition to, its regulations by Special Resolution, as prescribed by the said Companies Act, 2013, be such as are contained in these Articles unless the same are repugnant or contrary to the provisions of the Companies Act, 2013 or any amendment or notification thereto.	Table F will not apply.
	<b>Interpretation Clause</b>	
2.	In the interpretation of these Articles the following expressions shall have the following meanings unless repugnant to the subject or context:	Interpretation Clause
	(a) " Act" means the Companies Act, 2013 and includes rules made there under and any statutory modification, clarification or re-enactment thereof for the time being in force, as amended from time to time, and the term shall be deemed to refer to the applicable section thereof which is relatable to the relevant Article in which the said term appears in these Articles and any previous Company Law, so far as may be applicable.	Act
	(b) "These Articles" means Articles of Association for the time being in force or as may be altered from time to time or any statutory modification thereof.	Articles
	(c) "Annual General Meeting" means a General Meeting of the Members held in accordance with the provision of Section 96 of the Act.	Annual Meeting      General
	(d) "Auditors" means and includes those persons appointed as such for the time being of the Company.	Auditors
	(e) "Board" means the Directors of the Company collectively, and shall include a committee thereof.	Board
	(f) "Capital" means the share capital for the time being raised or authorized to be raised for the purpose of the Company.	Capital
	(g) "Company" shall mean <b>Sapphire Foods India Limited</b> established as aforesaid.	The Company
	(h) "Debenture" includes debenture stock, bonds or any other instrument of a company evidencing a debt, whether constituting a charge on the assets of the company or not;	Debenture
	(i) "Depository" means a depository, as defined in clause (e) of sub-section (1) of Section 2 of the Depositories Act, 1996 and a company formed and registered under the Companies Act, 2013 and which has been granted a certificate of	Depository

Article No.	Particulars	
	registration under sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992.	
	(j) "Director" shall mean any director of the Company, including alternate directors, Independent Directors and nominee directors appointed in accordance with and the provisions of these Articles.	Director
	(k) "Document" includes summons, notice, requisition, order, declaration, form and register, whether issued, sent or kept in pursuance of this Act or under any other law for the time being in force or otherwise, maintained on paper or in electronic form	Document
	(l) "Executor" or "Administrator" means a person who has obtained a probate or letter of administration, as the case may be from a Court of competent jurisdiction and shall include a holder of a Succession Certificate authorizing the holder thereof to negotiate or transfer the Share or Shares of the deceased Member and shall also include the holder of a Certificate granted by the Administrator General under Section 31 of the Administrator General Act, 1963.	Executor or Administrator
	(m) "Equity Shares" shall mean the issued, subscribed and fully paid-up equity shares of the Company of ₹. 10 each;	Equity Shares
	(n) "Extra-Ordinary General Meeting" means an Extraordinary General Meeting of the Members duly called and constituted and any adjourned holding thereof, as contemplated under the Act.	Extra-Ordinary General Meeting
	(o) "General Meeting" means any duly convened meeting of the shareholders of the Company and any adjournments thereof.	Meeting or General Meeting
	(p) "In Writing" and "Written" includes printing lithography and other modes of representing or reproducing words in a visible form and shall include email, and any other form of electronic transmission.	In Writing and Written
	(q) "Independent Director" shall have the meaning ascribed to it in the Act, and if applicable, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015	Independent Director
	(r) The marginal notes hereto shall not affect the construction thereof.	Marginal notes
	(s) "Key Managerial Personnel" means the Chief Executive Officer or the Managing Director or the manager; the Company Secretary; Whole-time Director; Chief Financial Officer; and such other Officer as may be designated as Key Managerial Personnel by the Board or notified from time to time in the Act.	Key Managerial Personnel
	(t) "Legal Representative" means a person who in law represents the estate of a deceased Member.	Legal Representative
	(u) Words importing the masculine gender also include the feminine gender.	Gender
	(v) "Members" means the duly registered holder, for the time being of the shares of the Company and in case of shares held in dematerialized form from such persons whose name is entered as a beneficial owner in the records of a depository.	Members
	(y) "Month" means a calendar month.	Month
	(x) "National Holiday" means and includes a day declared as National Holiday by the Central Government.	National Holiday
	(y) "Non-retiring Directors" means a director not subject to retirement by rotation.	Non-retiring Directors
	(z) "Office" means the registered Office for the time being of the Company.	Office
	(aa) "Ordinary Resolution" and "Special Resolution" shall have the meanings assigned thereto by Section 114 of the Act.	Ordinary and Special Resolution
	(bb) "Paid-up" in relation to shares includes credited as paid-up.	Paid-up

Article No.	Particulars	
	(cc) "Person" shall be deemed to include corporations and firms as well as individuals.	Person
	(dd) "Proxy" means an instrument whereby any person is authorized to vote for a member at General Meeting or Poll and includes attorney duly constituted under the power of attorney.	Proxy
	(ee) "The Register of Members" means the Register of Members to be kept pursuant to Section 88(1)(a) and Section 88(3) of the Act, including a foreign register, kept pursuant to the Act.	Register of Members
	(ff) "Seal" means the common seal for the time being of the Company or any other method of Authentication of documents, as specified under the Act or amendment thereto.	Seal
	(gg) "Secretary" means a company secretary as defined in clause (c) of subsection (1) of Section 2 of the Company Secretaries Act, 1980 who is appointed by the Board of Directors to perform the functions of a company secretary under this Act and is a Key Managerial Person.	Secretary
	(hh) "Share" means a share in the share capital of a company and includes stock.	Share
	(ii) Words importing the Singular number include where the context admits or requires the plural number and vice versa.	Singular number
	(jj) "The Statutes" means the Companies Act, 2013 and every other Act for the time being in force affecting the Company.	Statutes
	(kk) "These presents" means the Memorandum of Association and the Articles of Association as originally framed or as altered from time to time.	These presents
	(ll) "Variation" shall include abrogation; and "vary" shall include abrogate.	Variation
	(mm) "Year" means the calendar year and "Financial Year" shall have the meaning assigned thereto by Section 2(41) of the Act.	Year and Financial Year
	Save as aforesaid, any words or expressions defined in the Act shall, if not inconsistent with the subject or context, bear the same meaning in these Articles.	Expressions in the Act to bear the same meaning in Articles
<b>CAPITAL</b>		
3.	The Authorized Share Capital of the Company shall be such amount, divided into such class(es), denomination and number of shares in the Company, as may be mentioned in Clause V of Memorandum of Association of the Company from time to time.	Authorized Capital
4.	The Company may in its General Meeting, from time to time, increase its capital by creation of new shares, which may be unclassified and may be classified at the time of issuance in one or more classes and of such amount or amounts as may be deemed expedient. Subject to the provisions of the Act, any shares of the original or increased capital shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the General Meeting resolving upon the creation thereof, shall direct, and if no direction be given, as the Board shall determine and in particular, such shares may be issued with a preferential or qualified right to dividends, and in the distribution of assets of the Company, and with a right of voting at general meetings of the Company in conformity with Section 47 of the Act. Whenever the capital of the Company has been increased under the provisions of this Article the Directors shall comply with the provisions of Section 64 of the Act.	Increase of capital by the Company and how carried into effect
5.	Except so far as otherwise provided by the conditions of issue or by these Presents, any capital raised by the creation of new Shares shall be considered as part of the existing capital, and shall be subject to the provisions herein contained, with	New Capital same as existing capital

Article No.	Particulars	
	reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.	
6.	<p>The Board shall have the power to issue a part of authorized capital by way of differential</p> <p>- voting Shares at price(s) premium, dividends, eligibility, volume, quantum, proportion and other terms and conditions as they deem fit, subject however to provisions of law, rules, regulations, notifications and enforceable guidelines for the time being in force.</p>	Differential Voting Shares
7.	Subject to the provisions of the Act and these Articles, the Company shall have the power to issue preference shares, either at premium or at par which are or at the option of the Company are to be liable to be redeemed and the resolution authorizing such issue shall prescribe the manner, terms and conditions of redemption in terms of the Act.	Redeemable Preference Shares
8.	The holder of Preference Shares shall have a right to vote only on Resolutions, which directly affect the rights attached to his Preference Shares.	Voting rights of preference shares
9.	<p>On the issue of redeemable preference shares under the provisions of these Articles hereof, the following provisions shall take effect:</p> <p>(a) No such Shares shall be redeemed except out of profits of which would otherwise be available for dividend or out of proceeds of a fresh issue of shares made for the purpose of the redemption;</p> <p>(b) No such Shares shall be redeemed unless they are fully paid;</p> <p>(c) Subject to Section 55(2)(d)(i) of the Act , the premium, if any payable on redemption shall have been provided for out of the profits of the Company or out of the Company's security premium account, before the Shares are redeemed;</p> <p>(d) Where any such Shares are redeemed otherwise then out of the proceeds of a fresh issue, there shall out of profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called "the Capital Redemption Reserve Account", a sum equal to the nominal amount of the Shares redeemed, and the provisions of the Act relating to the reduction of the share capital of the Company shall, except as provided in Section 55 of the Act apply as if the Capital Redemption Reserve Account were paid-up share capital of the Company; and</p> <p>(e) Subject to the provisions of Section 55 of the Act, the redemption of preference shares hereunder may be effected in accordance with the terms and conditions of their issue and in the absence of any specific terms and conditions in that behalf, in such manner as the Directors may think fit. The reduction of Preference Shares under the provisions by the Company shall not be taken as reducing the amount of its Authorized Share Capital</p>	Provisions to apply on issue of Redeemable Preference Shares
10.	<p>The Company may (subject to the provisions of Sections 52, 55, 66 and other applicable provisions, if any, of the Act or any other Section as notified) from time to time by Special Resolution reduce</p> <p>(a) the share capital;</p> <p>(b) any capital redemption reserve account; or</p> <p>(c) any security premium account</p> <p>In any manner for the time being, authorized by law and in particular capital may be paid off on the footing that it may be called up again or otherwise. This Article is not to derogate from any power the Company would have, if it were omitted.</p>	Reduction of capital
11.	Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued, with or without the condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending	Debentures

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	(but not voting) the General Meeting, appointment of Directors and otherwise. Debentures with the right to conversion into shares shall be issued only with the consent of the Company in the General Meeting by way of a Special Resolution.	
12.	The Company may exercise the powers of issuing sweat equity shares conferred by Section 54 of the Act of a class of shares already issued subject to such conditions as may be specified in the Act.	Issue of Sweat Equity Shares
13.	The Company may provide share based benefits including but not limited to Stock Option, Stock Appreciation Rights or any other co – investment share plan and other forms of share based compensations to Employees including its Directors and to such other persons as the rules may allow, under any scheme, subject to the provisions of the Act read with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, and any other law for the time being in force, by whatever name called.	Share Based Employee Benefits
14.	Notwithstanding anything contained in these articles but subject to and in full compliance of the requirements of Sections 68 to 70 of the Act (both inclusive) and any other applicable provision of the Act and Rules made thereunder, provisions of any re-enactment thereof and any rules and regulations that may be prescribed by the Central Government, or any other appropriate authority in this regard, the Company may with the authority of the Board or the members of the Company in General Meeting, as may be required / and contemplated by Section 68 of the Act, at any time and from time to time, authorise buyback of any part of the share capital of the Company fully paid-up on that date.	Buy Back of shares
15.	Subject to the provisions of Section 61 of the Act, the Company in general meeting may, from time to time, sub-divide or consolidate all or any of the share capital into shares of larger amount than its existing share or sub-divide its shares, or any of them into shares of smaller amount than is fixed by the Memorandum; subject nevertheless, to the provisions of clause (d) of sub-section (1) of Section 61 of the Act; Subject as aforesaid the Company in general meeting may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.	Consolidation, Sub-Division And Cancellation of Share Certificate
16.	Subject to compliance with applicable provision of the Act the company shall have power to issue depository receipts in any foreign country.	Issue of Depository Receipts
17.	Subject to compliance with applicable provision of the Act the company shall have power to issue any kind of securities as permitted to be issued under the Act.	Issue of Securities
<b>MODIFICATION OF CLASS RIGHTS</b>		
18.	<p>If at any time the share capital, by reason of the issue of Preference Shares or otherwise is divided into different classes of shares, all or any of the rights privileges attached to any class (unless otherwise provided by the terms of issue of the shares of the class) may, subject to the provisions of Section 48 of the Act and whether or not the Company is being wound-up, be varied, modified or dealt, with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a Special Resolution passed at a separate general meeting of the holders of the shares of that class. The provisions of these Articles relating to general meetings shall mutatis mutandis apply to every such separate class of meeting.</p> <p>Provided that if variation by one class of shareholders affects the rights of any other class of shareholders, the consent of three-fourths of such other class of shareholders shall also be obtained and the provisions of the Section 48 shall apply to such variation.</p>	Modification of rights
19.	The rights conferred upon the holders of the Shares including Preference Share, if any, of any class issued with preferred or other rights or privileges shall, unless otherwise expressly provided by the terms of the issue of shares of that class, be	New Issue of Shares not to affect rights attached to existing shares of that class.

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	deemed not to be modified, commuted, affected, abrogated, dealt with or varied by the creation or issue of further shares ranking <i>pari passu</i> therewith.	
20.	Subject to the provisions of the Act and these Articles, the shares in the capital of the Company shall be under the control of the Board who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit. The Directors will have the authority to disallow the right to renounce right shares.	Shares at the disposal of the Directors.
21.	Subject to the provisions of the Act and these Articles, the Board may issue and allot shares in the capital of the Company on payment or part payment for any property or assets of any kind whatsoever sold or transferred, goods or machinery supplied or for services rendered to the Company in the conduct of its business and any shares which may be so allotted may be issued as fully paid-up or partly paid-up otherwise than for cash, and if so issued, shall be deemed to be fully paid-up or partly paid-up shares, as the case may be.	Board may allot shares otherwise than for cash
22.	The Company may issue securities in any manner whatsoever including by way of a preferential offer, to any persons whether or not those persons include the persons referred to in clause (a) or clause (b) of sub-section (1) of Section 62 subject to compliance with Section 42 and / or 62 of the Act subject to any further amendments of notifications thereto.	Power to issue securities on private placement basis.
23.	The shares in the capital shall be numbered progressively according to their several denominations, and except in the manner hereinbefore mentioned no share shall be sub- divided. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished.	Shares should be Numbered progressively and no share to be subdivided.
24.	An application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any shares therein, shall be an acceptance of shares within the meaning of these Articles, and every person who thus or otherwise accepts any shares and whose name is on the Register of Members, shall for the purposes of these Articles, be a Member of the Company.	Acceptance of Shares.
25.	The money (if any) which the Board shall on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any shares allotted by them, shall immediately on the inscription of the name of the allottee in the Register of Members as the name of the holder of such shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by such allottee accordingly.	Deposit and call etc. to be a debt payable immediately.
26.	Every Member, or his heirs, executors, administrators, or legal representatives, shall pay to the Company the portion of the Capital represented by his share or shares which may, for the time being, remain unpaid thereon, in such amounts at such time or times, and in such manner as the Board shall, from time to time in accordance with the Company's regulations, require on date fixed for the payment thereof.	Liability of Members.
27.	Shares may be registered in the name of any limited company or other body corporate but not in the name of a firm, an insolvent person or a person of unsound mind.	Registration of Shares.
28.	The Board shall observe the restrictions as regards allotment of shares to the public contained in Section 39 of the Act, and as regards return on allotments contained in Section 39 of the Act	Return on allotments to be made or restrictions on allotment
<b>CERTIFICATES</b>		
29.	(a) Every Member whose name is entered as a member in the register of members shall be entitled to receive share certificate within two months after allotment or within one month from the date of receipt by the Company of the application for the registration of transfer or transmission or within such other period as the conditions of issue shall provide:	Share Certificates.

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	<p>i. one certificate for all his shares without payment of any charges; or</p> <p>ii. several certificates, each for one or more of his shares, upon payment of such amount for each certificate after the first.</p> <p>(b) Every certificate of shares shall be either under the seal of the company or will be authenticated by (i) two Directors or (ii) a Director, and the Secretary or some other person appointed by the Board for the purpose; a Director may sign a share certificate by affixing signature thereon by means of any machine, equipment or other mechanical means such as engraving in metal or lithography or digitally signed but not by means of rubber stamp and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon.</p> <p>(c) Any two or more joint allottees of shares shall, for the purpose of this Article, be treated as a single member, and the certificate of any shares which may be the subject of joint ownership, may be delivered to anyone of such joint owners on behalf of all of them. The Company shall comply with the provisions of Section 39 of the Act.</p>	
30.	<p>(a) If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new Certificate may be issued in lieu thereof.</p> <p>(b) If any certificate lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deems adequate and on payment of out-of-pocket expenses incurred by the company in investigating the evidence produced, being given a duplicate Certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate.</p> <p>(c) The Act shall be complied with in respect of the issue, reissue, renewal of share certificates and the format, sealing and signing of the certificates and records of the certificates issued shall be maintained in accordance with the Act.</p> <p>(d) The particulars of every renewed or duplicate share certificate issued shall be entered forthwith in a Register of Renewed and Duplicate Share Certificates maintained in prescribed format indicating against the name(s) of the person(s) to whom the certificate is issued, the number and date of issue of the share certificate in lieu of which the new certificate is issued, and the necessary changes indicated in the Register of Members by suitable cross-references in the "Remarks" column.</p> <p>(e) Register shall be kept at the registered office of the company or at such other place where the Register of Members is kept and it shall be preserved permanently and shall be kept in the custody of the company secretary of the company or any other person authorized by the Board for the purpose.</p> <p>(f) All entries made in the Register of Renewed and Duplicate Share Certificates shall be authenticated by the company secretary or such other person as may be authorised by the Board for the purposes of sealing and signing the share certificate.</p> <p>(g) Provided that notwithstanding what is stated above the Directors shall comply with such Rules or Regulation or requirements of any stock exchange or the Rules made under the Act or the rules made under the Securities Contracts (Regulation) Act, 1956, or any other act, or rules applicable in this behalf.</p> <p>(h) The provisions of this Article shall mutatis mutandis apply to debentures of the Company, except where the Act otherwise requires of the Company.</p>	Issue of renewed or duplicate share certificate
31.	If any share stands in the names of two or more persons, the person first named in the Register shall as regard receipts of dividends or bonus or service of notices and all or any other matter connected with the Company except voting at meetings, and the transfer of the shares, be deemed sole holder thereof but the joint-holders of a share shall be severally as well as jointly liable for the payment	The first named joint holder deemed Sole holder.



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	of all calls and other payments due in respect of such share and for all incidentals thereof according to these articles and the terms of issue.	
32.	The Company shall be bound to register more than two persons as the joint holders of any share.	Joint holders.
33.	Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share, or (except only as is by these Articles otherwise expressly provided or by law otherwise provided) any right in respect of a share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as the holder thereof but the Board shall be at liberty at its sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.	Company not bound to recognize any interest in share other than that of registered holders.
34.	Company shall not give whether directly or indirectly, by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for or in connection with the purchase or subscription of any shares in the Company or in its holding Company, save as provided by Section 67 of the Act.	Funds of Company may not be applied in purchase of shares of the Company
35.	If by the conditions of allotment of any share the whole or part of the amount or issue price thereof shall be payable by installment, every such installment shall when due be paid to the Company by the person who for the time being and from time to time shall be the registered holder of the share or his legal representative.	Installment on shares to be duly paid.
<b>UNDERWRITING AND BROKERAGE</b>		
36.	Subject to the provisions of Section 40 (6) of the Act, the Company may at any time pay a commission to any person in consideration of his subscribing or agreeing, to subscribe (whether absolutely or conditionally) for any securities in the Company, or procuring, or agreeing to procure subscriptions (whether absolutely or conditionally) for any securities in the Company but so that the commission shall not exceed the maximum rates laid down by the Act and the Rules made in that regard. Such commission may be satisfied by payment of cash or by allotment of fully or partly paid shares or partly in one way and partly in the other.	Commission
37.	The Company may pay on any issue of securities such brokerage as may be reasonable and lawful.	Brokerage
<b>CALLS</b>		
38.	<p>(a) The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board and not by a circular resolution, make such calls as it thinks fit, upon the Members in respect of all the moneys unpaid on the shares held by them respectively and each Member shall pay the amount of every call so made on him to the persons and at the time and places appointed by the Board.</p> <p>(b) A call may be made payable by installments.</p> <p>(c) The option or right to call of shares shall not be given to any person except with the sanction of the Issuer in general meetings.</p>	Board may make calls
39.	A call may be revoked or postponed at the discretion of the Board	Call may be revoked or postponed
40.	Fifteen days' notice in writing of any call shall be given by the Company specifying the time and place of payment, and the person or persons to whom such call shall be paid.	Notice of Calls
41.	A call shall be deemed to have been made at the time when the resolution of the Board of Directors authorizing such call was passed and may be made payable by the members whose names appear on the Register of Members on such date or at	Calls to date from resolution.

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	the discretion of the Directors on such subsequent date as may be fixed by Directors.	
42.	Whenever any calls for further share capital are made on shares, such calls shall be made on uniform basis on all shares falling under the same class. For the purposes of this Article shares of the same nominal value of which different amounts have been paid up shall not be deemed to fall under the same class.	Calls on uniform basis.
43.	The joint-holders of a share shall be jointly and severally liable to pay all calls in respect thereof.	Liability of Joint-holders
44.	The Board may, from time to time, at its discretion, extend the time fixed for the payment of any call and may extend such time as to all or any of the members who on account of the residence at a distance or other cause, which the Board may deem fairly entitled to such extension, but no member shall be entitled to such extension save as a matter of grace and favour.	Directors may extend time.
45.	If any Member fails to pay any call due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board not exceeding ten per cent per annum but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such member.	Calls to carry interest.
46.	(a) If by the terms of issue of any share or otherwise any amount is made payable at any fixed time (whether on account of the nominal value of the share or by way of premium) every such amount or installment shall be payable as if it were a call duly made by the Directors and of which due notice has been given and all the provisions herein contained in respect of calls shall apply to such amount or installment accordingly.  (b) In case of non-payment of such sum, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise, shall apply mutatis mutandis as if such sum had become payable by virtue of a call duly made and notified.	Sums deemed to be calls.
47.	On the trial or hearing of any action or suit brought by the Company against any Member or his representatives for the recovery of any money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the Member in respect of whose shares the money is sought to be recovered, was on the Register of Members as the holder, on or subsequent to the date at which the money sought to be recovered is alleged to have become due, of the shares in respect of which such money is sought to be recovered; that such money is due pursuant to the terms on which the share was issued; that the resolution making the call was duly recorded in the minute book; and that notice of such call was duly given to the Member or his representatives sued in pursuance of these Articles; and it shall not be necessary to prove the appointment of the Directors who made such call, nor that a quorum of Directors was present at the Board meeting at which any call was made nor that the meeting at which any call was made was duly convened or constituted nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.	Proof on trial of suit for money due on shares.
48.	Neither a judgment nor a decree in favour of the Company for calls or other moneys due in respect of any shares nor any part payment or satisfaction thereunder nor the receipt by the Company of a portion of any money which shall from time to time be due from any Member of the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money, shall preclude the Company from thereafter proceeding to enforce forfeiture of such shares as hereinafter provided.	Judgment, decree, partial payment suo motto proceed for forfeiture.

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49.	<p>(a) The Board may, if it thinks fit, receive from any Member willing to advance the same, all or any part of the amounts of his respective shares beyond the sums, actually called up and upon the moneys so paid in advance, or upon so much thereof, from time to time, and at any time thereafter as exceeds the amount of the calls then made upon and due in respect of the shares on account of which such advances are made the Board may pay or allow interest, at such rate as the member paying the sum in advance and the Board agree upon. The Board may agree to repay at any time any amount so advanced or may at any time repay the same upon giving to the Member three months' notice in writing: provided that moneys paid in advance of calls on shares may carry interest but shall not confer a right to dividend or to participate in profits.</p> <p>(b) No Member paying any such sum in advance shall be entitled to voting rights in respect of the moneys so paid by him until the same would but for such payment become presently payable. The provisions of this Article shall mutatis mutandis apply to calls on debentures issued by the Company.</p>	Payments in Anticipation of calls may carry interest
	<b>LIEN</b>	
50.	<p>(a) The Company shall, subject to applicable laws, have a first and paramount lien upon all the shares/debentures (other than fully paid-up shares/debentures) registered in the name of each Member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that Article 33 will have full effect. And such lien shall extend to all dividends, bonuses or interest from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien if any, on such shares/debentures.</p> <p>(b) The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this clause.</p> <p>(c) The fully paid up shares shall be free from all lien and in the case of partly paid up shares the Company's lien shall be restricted to moneys called or payable at a fixed time in respect of such shares.</p>	Company to have Lien on shares / debentures.
51.	<p>(a) For the purpose of enforcing such lien the Board may sell the shares subject thereto in such manner as they think fit but no sale shall be made unless a sum in respect of which the lien exists is presently payable and until the expiration of fourteen days after notice in writing of the intention to sell shall have been served on such Member, his executors or administrators or his committee or other legal representatives as the case may be and default shall have been made by him or them in the payment of the sum payable as aforesaid for seven days after the date of such notice.</p> <p>(b) To give effect to any such sale the Board may authorize some person to transfer the shares sold to the purchaser thereof and purchaser shall be registered as the holder of the shares comprised in any such transfer. The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings with reference to the sale.</p> <p>(c) Upon any such sale as the Certificates in respect of the shares sold shall stand cancelled and become null and void and of no effect, and the Directors shall be entitled to issue a new Certificate or Certificates in lieu thereof to the purchaser or purchasers concerned.</p>	As to enforcing lien by sale.
52.	The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to lien for sums	Application of proceeds of sale.

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	not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.	
	<b>FORFEITURE AND SURRENDER OF SHARES</b>	
53.	If any Member fails to pay the whole or any part of any call or installment or any moneys due in respect of any shares either by way of principal or interest on or before the day appointed for the payment of the same or any such extension thereof, the Directors may, at any time thereafter, during such time as the call or installment or any part thereof or other moneys as aforesaid remains unpaid or a judgment or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on such Member or on the person (if any) entitled to the shares by transmission, requiring him to pay such call or installment of such part thereof or other moneys as remain unpaid together with any interest that may have accrued and all reasonable expenses (legal or otherwise) that may have been accrued by the Company by reason of such non-payment.	If call or installment not paid, notice may be given.
54.	(a) The notice shall name a day (not being less than fourteen days from the date of notice) and a place or places on and at which such call or installment and such interest thereon as the Directors shall determine from the day on which such call or installment ought to have been paid and expenses as aforesaid are to be paid.  (b) The notice shall also state that, in the event of the non-payment at or before the time and at the place or places appointed, the shares in respect of which the call was made or installment is payable will be liable to be forfeited.	Terms of notice.
55.	If the requirements of any such notice as aforesaid shall not be complied with, every or any share in respect of which such notice has been given, may at any time thereafter but before payment of all calls or installments, interest and expenses, due in respect thereof, be forfeited by resolution of the Board to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited share and not actually paid before the forfeiture.	On default of payment, shares to be forfeited.
56.	When any shares have been forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof shall forthwith be made in the Register of Members but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid. Provided that option or right to call of forfeited shares shall not be given to any person.	Notice of forfeiture to a Member
57.	Any shares so forfeited, shall be deemed to be the property of the Company and may be sold, re-allotted, or otherwise disposed of, either to the original holder thereof or to any other person, upon such terms and in such manner as the Board in their absolute discretion shall think fit.	Forfeited shares to be property of the Company and may be sold etc.
58.	Any Member whose shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company, on demand all calls, installments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture, together with interest thereon from the time of the forfeiture until payment, at such rate not exceeding two per cent per annum more than the bank lending rate as the Board may determine and the Board may enforce the payment of the whole or a portion thereof as if it were a new call made at the date of the forfeiture, but shall not be under any obligation to do so.	Members still liable to pay money owing at time of forfeiture and interest.
59.	The forfeiture shares shall involve extinction at the time of the forfeiture, of all interest in all claims and demand against the Company, in respect of the share and all other rights incidental to the share, except only such of those rights as by these Articles are expressly saved.	Effect of forfeiture.
60.	A declaration in writing that the declarant is a Director or Secretary of the Company and that shares in the Company have been duly forfeited in accordance with these Articles on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares.	Evidence of Forfeiture.

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61.	The Company may receive the consideration, if any, given for the share on any sale, re- allotment or other disposition thereof and the person to whom such share is sold, re- allotted or disposed of may be registered as the holder of the share and he shall not be bound to see to the application of the consideration: if any, nor shall his title to the share be affected by any irregularly or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or other disposal of the shares.	Title of purchaser and allottee of Forfeited shares.
62.	Upon any sale, re-allotment or other disposal under the provisions of the preceding Article, the certificate or certificates originally issued in respect of the relative shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and of no effect, and the Directors shall be entitled to issue a new certificate or certificates in respect of the said shares to the person or persons entitled thereto.	Directors may issue new certificates
63.	In the meantime, and until any share so forfeited shall be sold, re-allotted or otherwise dealt with as aforesaid, the forfeiture thereof may at the discretion and by a resolution of the Board, be remitted or annulled as a matter of grace and favour but not as of right, upon such terms and conditions as they think fit.	Forfeiture may be remitted or annulled
64.	Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some person to execute an instrument of transfer of the Shares sold and cause the purchaser's name to be entered in the Register of Members in respect of the Shares sold, and the purchasers shall not be bound to see to the regularity of the proceedings or to the application of the purchase money, and after his name has been entered in the Register of Members in respect of such Shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.	Validity of sale under these Articles
65.	The Directors may, subject to the provisions of the Act, accept a surrender of any share from or by any Member desirous of surrendering on such terms the Directors may think fit.	Surrender of shares.
<b>TRANSFER AND TRANSMISSION OF SHARES</b>		
66.	<p>(a) The instrument of transfer of any share in or debenture of the Company shall be executed by or on behalf of both the transferor and transferee.</p> <p>(b) The transferor shall be deemed to remain a holder of the share or debenture until the name of the transferee is entered in the Register of Members or Register of Debenture holders in respect thereof.</p> <p>(c) No fee shall be charged for registration of transfer, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or similar other document.</p> <p>(d) In case of transfer of shares where the Company has not issued any certificates and where the shares are held in dematerialized form, the provisions of the Depositories Act, 1996 shall apply.</p>	Execution of the instrument of shares and transfer or transmission of shares.
67.	The instrument of transfer of any share or debenture shall be in writing and all the provisions of Section 56 (statutory modification thereof) including other applicable provisions of the Act shall be duly complied with in respect of all transfers of shares or debenture and registration thereof. The Company shall also use a common form of transfer.	Transfer Form.
68.	(a) The Company shall not register a transfer in the Company (other than the transfer between persons both of whose names are entered as holders of beneficial interest in the records of a depository), unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee and specifying the name, address and occupation if any, of the transferee, has been delivered to the Company along with the certificate relating	Instrument of Transfer to be completed and presented to the Company.

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	<p>to the shares or if no such share certificate is in existence along with the letter of allotment of the shares within sixty days from date of execution: Provided that where, on an application in writing made to the Company by the transferee and bearing the stamp, required for an instrument of transfer, it is proved to the satisfaction of the Board of Directors that the instrument of transfer signed by or on behalf of the transferor and by or on behalf of the transferee has been lost or the instrument of transfer has not been delivered within the prescribed period, the Company may register the transfer on such terms as to indemnity as the Board may think fit, provided further that nothing in this Article shall prejudice any power of the Company to register as shareholder any person to whom the right to any shares in the Company has been transmitted by operation of law.</p> <p>(b) The Transferor shall be deemed to be the holder of such shares until the name of the Transferee shall have been entered in the Register of Members in respect thereof. Before the registration of a transfer the certificate or certificates of the shares must be delivered to the Company.</p>	
69.	<p>Subject to the provisions of Section 58 of the Act and Section 22A of the Securities Contracts (Regulation) Act, 1956, the Board may, at its own absolute and uncontrolled discretion and after assigning the reason for same, decline to register or acknowledge any transfer of shares, whether fully paid or not (notwithstanding that the proposed transferee be already a member), send to the transferee and the transferor notice of the refusal to register such transfer provided that registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever. Transfer of shares/debentures in whatever lot shall not be refused.</p>	<p>Directors may refuse to register transfer.</p>
70.	<p>If the Company refuses to register the transfer of any share or transmission of any right therein, the Company shall within 30 days from the date on which the instrument of transfer or intimation of transmission was lodged with the Company, send notice of refusal to the transferee and transferor or to the person giving intimation of the transmission, as the case may be, and there upon the provisions of Section 56 of the Act or any statutory modification thereof for the time being in force shall apply.</p>	<p>Notice of refusal to be given to transferor and transferee.</p>
71.	<p>There shall be paid to the Company, in respect of the transfer or transmission of any number of shares to the same party such fee, if any as the Directors may require.</p> <p>Provided that the Board shall have the power to dispense with the payment of this fee either generally or in any particular case.</p>	<p>Fee on transfer or transmission.</p>
72.	<p>The Board of Directors shall have power on giving not less than seven days previous notice in accordance with Section 91 and Rules made thereunder close the Register of Members and/or the Register of debentures holders and/or other security holders at such time or times and for such period or periods, not exceeding thirty days at a time, and not exceeding in the aggregate forty five days at a time, and not exceeding in the aggregate forty five days in each year as it may seem expedient to the Board.</p>	<p>Closure of Register of Members or debenture holder or other security holders.</p>
73.	<p>The instrument of transfer shall after registration be retained by the Company and shall remain in its custody. All instruments of transfer which the Directors may decline to register shall on demand be returned to the persons depositing the same. The Directors may cause to be destroyed all the transfer deeds with the Company after such period as they may determine.</p>	<p>Custody of transfer Deeds.</p>
74.	<p>Where an application of transfer relates to partly paid shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice.</p>	<p>Application for transfer of partly paid shares.</p>

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75.	<p>(a) In the case of the death of any one or more of the persons named in the Register of Members as the joint-holders of any share, the survivor or survivors shall be the only persons recognized by the Company as having any title to or interest in such share</p> <p>(b) Nothing in clause (a) above shall release the estate of the deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.</p>	Death of one or more joint- holders of shares.
76.	<p>Before recognizing any executor or administrator or legal representative, the Board may require him to obtain a Grant of Probate or Letters Administration or other legal representation as the case may be, from some competent court in India.</p> <p>Provided nevertheless that in any case where the Board in its absolute discretion thinks fit, it shall be lawful for the Board to dispense with the production of Probate or letter of Administration or such other legal representation upon such terms as to indemnity or otherwise, as the Board in its absolute discretion, may consider adequate.</p>	Title to shares of deceased member.
77.	<p>The Executors or Administrators of a deceased Member or holders of a Succession Certificate or the Legal Representatives in respect of the Shares of a deceased Member (not being one of two or more joint holders) shall be the only persons recognized by the Company as having any title to the Shares registered in the name of such Members, and the Company shall not be bound to recognize such Executors or Administrators or holders of Succession Certificate or the Legal Representative unless such Executors or Administrators or Legal Representative shall have first obtained Probate or Letters of Administration or Succession Certificate, as the case may be from a duly constituted Court in the Union of India provided that in any case where the Board of Directors in its absolute discretion thinks fit, the Board upon such terms as to indemnity or otherwise as the Directors may deem proper dispense with production of Probate or Letters of Administration or Succession Certificate and register Shares standing in the name of a deceased Member, as a Member. However, provisions of this Article are subject to Section 72 of the Act.</p>	Titles of Shares of deceased Member
78.	<p>Subject to the provisions of the Act and these Articles, any person becoming entitled to any share in consequence of the death, lunacy, bankruptcy, insolvency of any member or by any lawful means other than by a transfer in accordance with these presents, may, with the consent of the Directors (which they shall not be under any obligation to give) upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of this title as the Director shall require either be registered as member in respect of such shares or elect to have some person nominated by him and approved by the Directors registered as Member in respect of such shares; provided nevertheless that if such person shall elect to have his nominee registered he shall testify his election by executing in favour of his nominee an instrument of transfer in accordance with the provisions as prescribed under Act and Rules, and, until he does so, he shall not be freed from any liability in respect of such shares. This clause is hereinafter referred to as the 'Transmission Clause'.</p>	Registration of persons entitled to share otherwise than by transfer. (transmission clause).
79.	<p>Subject to the provisions of the Act and these Articles, the Directors shall have the same right to refuse or suspend register a person entitled by the transmission to any shares or his nominee as if he were the transferee named in an ordinary transfer presented for registration.</p>	Refusal to register nominee.
80.	<p>Every transmission of a share shall be verified in such manner as the Directors may require and the Company may refuse to register any such transmission until the same be so verified or until or unless an indemnity be given to the Company with regard to such registration which the Directors at their discretion shall consider sufficient, provided nevertheless that there shall not be any obligation on the Company or the Directors to accept any indemnity.</p>	Board may require evidence of transmission.

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81.	The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made, or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register or Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the same shares notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice or referred thereto in any book of the Company and the Company shall not be bound or require to regard or attend or give effect to any notice which may be given to them of any equitable right, title or interest, or be under any liability whatsoever for refusing or neglecting so to do though it may have been entered or referred to in some book of the Company but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto, if the Directors shall so think fit.	Company not liable for disregard of a notice prohibiting registration of transfer.
82.	In the case of any share registered in any register maintained outside India the instrument of transfer shall be in a form recognized by the law of the place where the register is maintained but subject thereto shall be as near to the form prescribed in as prescribed under the relevant Rules hereof as circumstances permit.	Form of transfer Outside India.
83.	No transfer shall be made to any minor, insolvent or person of unsound mind.	No transfer to insolvent etc.
<b>NOMINATION</b>		
84.	<p>(a) Notwithstanding anything contained in these Articles, every holder of securities of the Company may, at any time, nominate a person in whom his/her securities shall vest in the event of his/her death and the provisions of Section 72 of the Act shall apply in respect of such nomination.</p> <p>(b) No person shall be recognized by the Company as a nominee unless an intimation of the appointment of the said person as nominee has been given to the Company during the lifetime of the holder(s) of the securities of the Company in the manner specified under Section 72 of the Act read with Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014.</p> <p>(c) The Company shall not be in any way responsible for transferring the securities consequent upon such nomination.</p> <p>(d) If the holder(s) of the securities survive(s) nominee, then the nomination made by the holder(s) shall be of no effect and shall automatically stand revoked.</p>	Nomination
85.	<p>A nominee, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either-</p> <p>(a) to be registered himself as holder of the security, as the case may be; or</p> <p>(b) to make such transfer of the security, as the case may be, as the deceased security holder, could have made;</p> <p>(c) if the nominee elects to be registered as holder of the security, himself, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased security holder;</p> <p>(d) a nominee shall be entitled to the same dividends and other advantages to which he would be entitled to, if he were the registered holder of the security except that he shall not, before being registered as a member in respect of his security, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.</p> <p>Provided further that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture, and if the notice is not complied with within ninety days, the Board may thereafter</p>	Transmission of Securities by nominee



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	withhold payment of all dividends, bonuses or other moneys payable or rights accruing in respect of the share or debenture, until the requirements of the notice have been complied with.	
	<b>DEMATERIALIZATION OF SHARES</b>	
86.	<p>Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize its existing securities, rematerialize its securities held in the depositories and/or to offer its fresh securities in a dematerialized form pursuant to the Depositories Act, 1996 and the rules framed thereunder, if any (“<b>Depositories Act</b>”). The Company shall recognize the interest in dematerialised securities under the Depositories Act.</p> <p>Subject to the applicable provisions of the Act, instead of issuing or receiving certificates for the securities, as the case maybe, either the Company or the investor may exercise an option to issue, dematerialize, hold the securities (including shares) with a depository in electronic form and the certificates in respect thereof shall be dematerialized, in which event, the rights and obligations of the parties concerned and matters connected therewith or incidental thereto shall be governed by the provisions of the Depositories Act as amended from time to time or any statutory modification thereto or reenactment thereof, the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 and other applicable law.</p> <p>Notwithstanding anything contained in these Articles to the contrary, in the event the securities of the Company are dematerialized, the Company shall issue appropriate instructions to the Depository not to transfer the securities of any shareholder except in accordance with these Articles and the Act.</p> <p>If a person opts to hold his securities with a depository, then notwithstanding anything to the contrary contained in these Articles the Company shall intimate such Depository the details of allotment of the securities and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the securities.</p> <p>Notwithstanding anything contained herein, the Company shall be entitled to treat the person whose names appear in the register of members as a holder of any share or whose names appear as beneficial owners of shares in the records of the Depository, as the absolute owner thereof and accordingly shall not (except as ordered by a Court of competent jurisdiction or as required by law) be bound to recognise any benami trust or equity or equitable contingent or other claim to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof.</p> <p>The Company shall cause to be kept a register and index of Members with details of securities held in materialised and dematerialised forms in any media as may be permitted by law including any form of electronic media. The register and index of beneficial owners maintained by a Depository under the Depositories Act, 1996 shall be deemed to be a register and index of Members for the purposes of this Act. The Company shall have the power to keep in any state or country outside India, a Register of Members, resident in that state or country.</p>	Dematerialisation of Securities
	<b>CONVERSION OF SHARES INTO STOCK</b>	
87.	<p>The Company may, by ordinary resolution in General Meeting.</p> <p>a) convert any fully paid-up shares into stock; and</p> <p>b) re-convert any stock into fully paid-up shares of any denomination.</p>	Conversion of shares into stock or reconversion.
88.	The holders of stock may transfer the same or any part thereof in the same manner as and subject to the same regulation under which the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit, provided that, the Board may, from time to time, fix the	Transfer of stock.

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	minimum amount of stock transferable so however that such minimum shall not exceed the nominal amount of the shares from which the stock arose.	
89.	The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, participation in profits, voting at meetings of the Company, and other matters, as if they hold the shares for which the stock arose but no such privilege or advantage shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.	Rights of stock holders.
90.	Such of the regulations of the Company (other than those relating to share warrants), as are applicable to paid up share shall apply to stock and the words "share" and "shareholders" in those regulations shall include "stock" and "stockholders" respectively.	Regulations.
	<b>COPIES OF MEMORANDUM AND ARTICLES TO BE SENT TO MEMBERS</b>	
91.	A copy of the Memorandum and Articles of Association of the Company and of any other document referred to in Section 17 of the Act shall be sent by the Company to a Member at his request on payment of ₹ 100/- or such reasonable sum for each copy as the Directors may, from time to time, decide. The fees can be waived off by the Company.	Copies of Memorandum and Articles of Association to be sent to Members.
	<b>BORROWING POWERS</b>	
92.	Subject to the provisions of the Act and these Articles, the Board may, from time to time at its discretion, by a resolution passed at a meeting of the Board generally raise or borrow money by way of deposits, loans, overdrafts, cash creditor by issue of bonds, debentures or debenture-stock (perpetual or otherwise) or in any other manner, or from any person, firm, company, co-operative society, any body corporate, bank, institution, whether incorporated in India or abroad, Government or any authority or any other body for the purpose of the Company and may secure the payment of any sums of money so received, raised or borrowed; provided that the total amount borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) shall not without the consent of the Company in General Meeting exceed the aggregate of the paid up capital of the Company, securities premium and its free reserves that is to say reserves not set apart for any specified purpose. Nevertheless no lender or other person dealing with the Company shall be concerned to see or inquire whether this limit is observed.	Power to borrow.
93.	Subject to the provisions of the Act and these Articles, any bonds, debentures, debenture- stock or any other securities may be issued at a discount, premium or otherwise and with any special privileges and conditions as to redemption, surrender, allotment of shares, appointment of Directors or otherwise; provided that debentures with the right to allotment of or conversion into shares shall not be issued except with the sanction of the Company in General Meeting.	Terms of issue of Debentures.
94.	Subject to the provisions of these Articles, the payment and/or repayment of moneys borrowed or raised as aforesaid or any moneys owing otherwise or debts due from the Company may be secured in such manner and upon such terms and conditions in all respects, as the Board may think fit by a resolution passed at a meeting of the Directors, and in particular by mortgage, charge, lien or any other security upon all or any of the assets or property (both present and future) or the undertaking of the Company including its uncalled capital for the time being, or by a guarantee by any Director, Government or third party, and the bonds, debentures and debenture stocks and other securities may be made assignable, free from equities between the Company and the person to whom the same may be issued and also by a similar mortgage, charge or lien to secure and guarantee the performance by the Company or any other person or company of any obligation undertaken by the Company or any person or Company as the case may be.	Securing payment or repayment of Moneys borrowed.

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95.	Any bonds, debentures, debenture-stock, Global Depository Receipts or their securities issued or to be issued by the Company shall be under the control of the Board who may issue them upon such terms and conditions, and in such manner and for such consideration as they shall consider being for the benefit of the Company.	Bonds, Debentures etc. to be under the control of the Directors.
96.	If any uncalled capital of the Company is included in or charged by any mortgage or other security the Directors shall subject to the provisions of the Act and these Articles make calls on the members in respect of such uncalled capital in trust for the person in whose favour such mortgage or security is executed.	Mortgage of uncalled Capital.
97.	Subject to the provisions of the Act and these Articles if the Directors or any of them or any other person shall incur or be about to incur any liability whether as principal or surety for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or person so becoming liable as aforesaid from any loss in respect of such liability.	Indemnity may be given.
98.	The Board shall cause a proper register of charges to be kept in accordance with the provisions of Section 85 of the Act of all mortgages, debentures and charges specifically affecting the property of the Company	Register of charges etc. to be kept.
99.	(a) The Company shall, if at any time it issues debentures, keep a Register and Index of Debenture holders in accordance with Section 88 of the Act. (b) The Company shall have the power to keep in any State or Country outside India the register of debenture holders resident in that State or country.	Register and Index of Debenture holders
100.	The Directors shall arrange to maintain at the Registered office of the Company a Register of Directors, Key Managerial Personnel, containing the particulars and in the form prescribed by Section 170 of the Act. It shall be the duty of every Director and other persons regarding whom particulars have to be maintained in such Registers to disclose to the Company any matters relating to himself as may be necessary to comply with the provisions of the said sections. The Directors shall cause to be kept at the Registered Office (a) a Register of directors and key managerial personnel and securities held by them in accordance with Section 170 of the Act and (b) a Register of Contracts or arrangements of which they are interested, containing the particulars required by Section 189 of the Act. The said registers can be maintained in electronic form subject to the provisions of the Act.	Register of Directors and Key Managerial Personnel and Contracts
101.	The provisions contained in these Articles relating to inspection and taking copies shall be mutatis mutandis be applicable to the registers specified in this Article.	Inspection of Register
<b>MEETINGS OF MEMBERS</b>		
102.	All the General Meetings of the Company other than Annual General Meetings shall be called Extra-ordinary General Meetings.	Distinction between AGM & EGM.
103.	The Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other meetings in that year. The Annual General Meeting shall be held within a period of six months, from the date of closing of the financial year; provided that not more than fifteen months shall elapse between the date of one Annual General Meeting and that of the next. Nothing contained in the foregoing provisions shall be taken as affecting the right conferred on the Registrar under the provisions of Section 96 (1) of the Act to extend the time within which any Annual General Meeting may be held. Every Annual General Meeting shall be called for a time during business hours that is, between 9 a.m. and 6 p.m. on any day that is not a National Holiday, and shall be held at the	Annual Meeting-Summary General Annual

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	Registered Office of the Company or at some other place within the City of Mumbai as the Board may determine and the Notices calling the Meeting shall specify it as the Annual General Meeting. Every Member of the Company shall be entitled to attend either in person or by proxy and the Auditor of the Company shall have the right to attend and to be heard at any General Meeting which he attends on any part of the business which concerns him as Auditor. At every Annual General Meeting of the Company there shall be laid on the table the Directors' Report and Financial Statements, Auditors' Report (if not already incorporated in the Financial Statements), the Proxy Register with proxies and the Register of Directors' shareholding which latter Register shall remain open and accessible during the continuance of the Meeting.	
104.	(a) The Directors may, whenever they think fit, convene an Extra-Ordinary General Meeting and they shall on requisition of Members or Members holding in the aggregate not less than one-tenth of such of the paid up capital of the Company as at the date of deposit of the requisition and in compliance with Section 100 of the Act, forthwith proceed to convene Extra-Ordinary General Meeting.	Extra-Ordinary General Meeting by Board and by requisition
	(b) If at any time there are not within India sufficient Directors capable of acting to form a quorum, or if the number of Directors be reduced in number to less than the minimum number of Directors prescribed by these Articles and the continuing Directors fail or neglect to increase the number of Directors to that number or to convene a General Meeting, any Director or any two or more Members of the Company holding not less than one-tenth of the total paid up share capital of the Company may call for an Extra-Ordinary General Meeting in the same manner as nearly as possible as that in which meeting may be called by the Directors.	When a Director or any two Members may call an Extra Ordinary General Meeting
105.	Any valid requisition so made by Members must state the object or objects of the meeting proposed to be called, and must be signed by the requisitionists and be deposited at the Registered Office; provided that such requisition may consist of several documents in like form, each signed by one or more requisitionists.	Requisition of Members to state object of Meeting
106.	Upon the receipt of any such requisition, the Board shall forthwith call an Extraordinary General Meeting, and if they do not proceed within twenty-one days from the date of the requisition being deposited at the Registered Office of the Company, to cause a meeting to be called for a day not later than forty-five days from the date of deposit of the requisition, meeting may be called and held by the requisitionists themselves within a period of three months from the date of the requisition.	On receipt of requisition, Directors to call Meetings and in default requisitionists may do.
107.	Clear twenty-one days notice, in such manner as is prescribed under the Act, at the least (either in writing or electronic mode) of every General Meeting, Annual or Extraordinary, specifying the place, date, day, hour, and the general nature of the business to be transacted thereat, shall be given in the manner hereinafter provided, to such persons, as given under Act, entitled to receive notice from the Company. An Annual General Meeting may be called after giving shorter notice if consent is given in writing or by electronic mode by not less than ninety five percent of the members entitled to vote at such meeting, and in the case of any other General Meeting, by Members of the Company—(a) holding majority in number of Members entitled to vote and who represent not less than ninety-five per cent. of such part of the paid-up share capital of the Company as gives a right to vote at the meeting. In the case of an Annual General Meeting, if any business other than (i) the consideration of financial statements and the reports of the Board of Directors and auditors, (ii) the declaration of dividend, (iii) the appointment of Directors in place of those retiring, (iv) the appointment of, and fixing of the remuneration of, the Auditors is to be transacted, there shall be annexed to the notice of the Meeting a statement setting out all material facts concerning each such item of business, including in particular the nature or concern (financial or otherwise) and extent of the interest, if any, therein of every Director, Manager, Key Managerial Personnel, and their relatives (if any). Where any item of business	Notice of meeting

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	<p>consists of the approval of any document the time and place where the document can be inspected shall be specified in the statement aforesaid.</p> <p>The Members may participate in the General Meetings through such modes as permitted under the applicable laws.</p>	
108.	The accidental omission to give any such notice as aforesaid to any member, or other person to whom it should be given or the non-receipt thereof, shall not invalidate any resolution passed at any such Meeting.	Omission to give notice not to invalidate a resolution passed.
109.	No General Meeting, Annual or Extraordinary shall be competent to enter upon, discuss or transfer any business which has not been mentioned in the notice or notices upon which it was convened.	Meeting not to transact business not mentioned in notice.
110.	No business shall be transacted at any General Meeting, unless the requisite quorum is present at the time when the meeting proceeds to business. The quorum for a general meeting shall be the presence in person of such number of members as specified in Section 103 of the Act. A body corporate being a Member shall be deemed to be personally present if represented in accordance with Section 113 of the Act.	Quorum
111.	If, at the expiration of half an hour from the time appointed for the Meeting a quorum of Members is not be present, the Meeting, if convened by or upon the requisition of Members, shall stand cancelled, but in any other case it shall stand adjourned to the same day in the next week or if that day is a public holiday until the next succeeding day which is not a public holiday, at the same time and place or to such other day and at such other time and place as the Board may determine; and if at such adjourned Meeting a quorum of Members is not present at the expiration of half an hour from the time appointed for the Meeting, those Members who are present shall be a quorum, and may, transact the business for which the Meeting was called.	If quorum not present, Meeting to be dissolved and adjourned.
112.	The Chairman or in his absence the Vice Chairman of the Board shall be entitled to take the chair at every General Meeting, whether Annual or Extraordinary General Meeting. If there be no such Chairman or Vice Chairman, or if at any Meeting neither of them be present within fifteen minutes of the time appointed for holding such Meeting then the Members present shall elect another Director as Chairman, and if no Director be present or if all the Directors present decline to take the chair, then the Members present shall elect one of their number to be Chairman.	Chairman of General Meeting
113.	No business, except the election of a Chairman, shall be discussed at any General Meeting whilst the Chair is vacant.	Business confined to election of Chairman whilst Chair is vacant.
114.	<p>a) The Chairperson may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.</p> <p>b) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.</p> <p>c) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.</p> <p>d) Save as aforesaid, and as provided in Section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.</p>	Chairman with consent may adjourn meeting.
115.	In the case of an equality of votes the Chairman shall on a poll (if any) and e-voting, have casting vote in addition to the vote or votes to which he may be entitled as a Member.	Chairman's casting vote.
116.	If a poll is demanded as aforesaid the same shall, be taken in such manner as prescribed under the Act.	Poll to be taken, if demanded.

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117.	Any poll duly demanded on the election of Chairman of the meeting or any question of adjournment shall be taken at the meeting forthwith.	In what case poll taken without adjournment.
118.	The demand for a poll except on the question of the election of the Chairman and of an adjournment shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.	Demand for poll not to prevent transaction of other business.
119.	The Board, and the persons authorized by it, shall have the right to take and/or make suitable arrangements for ensuring the safety of any meeting – whether a general meeting or a meeting of any class of Security, or of the persons attending the same, and for the orderly conduct of such meeting, and notwithstanding anything contained in these Articles, any action, taken pursuant to this Article in good faith shall be final and the right to attend and participate in such meeting shall be subject to the decision taken pursuant to this Article.	Security arrangement at venue of meetings.
<b>VOTES OF MEMBERS</b>		
120.	No Member shall be entitled to vote either personally or by proxy at any General Meeting or Meeting of a class of shareholders either upon a show of hands, upon a poll or electronically, or be reckoned in a quorum in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised, any right or lien.	Members in arrears not to vote.
121.	Subject to the provision of these Articles and without prejudice to any special privileges, or restrictions as to voting for the time being attached to any class of shares for the time being forming part of the capital of the company, every Member, not disqualified by the last preceding Article shall be entitled to be present, and to speak and to vote at such meeting, and on a show of hands every member present in person shall have one vote and upon a poll (including voting by electronic means) the voting right of every Member present in person or by proxy shall be in proportion to his share of the paid-up equity share capital of the Company, Provided, however, if any preference shareholder is present at any meeting of the Company, save as provided in sub-section (2) of Section 47 of the Act, he shall have a right to vote only on resolution placed before the meeting which directly affect the rights attached to his preference shares.	Number of votes each member entitled.
122.	A Member of unsound mind, or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll by his Committee or other legal guardian: and any such Committee or guardian may, on a poll, vote by proxy; if any Member be minor, the vote in respect of his share shall be by his guardian, or any one of his guardians if more than one, to be selected in case of dispute by the Chairman of the Meeting.	How Members non-compos mentis and minor may vote.
123.	On a poll taken at a meeting of the Company a member entitled to more than one vote or his proxy or other person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses.	Casting of votes by a member entitled to more than one vote.
124.	Notwithstanding anything contained in the provisions of the Act, the Company may, and in the case of resolutions relating to such business other than the Ordinary business as may be prescribed by such authorities from time to time, declare to be conducted only by postal ballot, shall, get any such business/resolutions passed by means of postal ballot, instead of transacting the business in the General Meeting of the Company.	Postal Ballot
125.	A member may exercise his vote at a meeting by electronic means in accordance with Section 108 and shall vote only once.	E-Voting
126.	<p>a) If there be joint registered holders of any share any one of such persons may vote at any Meeting either personally or by proxy in respect of such shares, as if he were solely entitled thereto.</p> <p>b) If more than one of such joint-holders be present at any Meeting either</p>	Votes of joint members.

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	<p>personally or by proxy, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. If more than one of the said persons remain present than the senior shall alone be entitled to speak and to vote in respect of such shares, but the other or others of the joint holders shall be entitled to be present at the meeting. Several executors or administrators of a deceased Member in whose name share stands shall for the purpose of these Articles be deemed joints holders thereof.</p> <p>c) For this purpose, seniority shall be determined by the order in which the names stand in the register of members.</p>	
127.	<p>Votes may be given either personally or by attorney or by proxy or in case of a company, by a representative duly Authorized as mentioned in these Articles.</p> <p>At any General Meeting, a resolution put to vote of the meeting shall, unless a poll is demanded under Section 109, or if the voting is carried out electronically be decided on a show of hands. Such voting in a general meeting or by postal ballot shall also include electronic voting in a General Meeting or Postal Ballot as permitted by applicable laws from time to time.</p>	<p>Votes may be given by proxy or by representative</p>
128.	<p>A body corporate (whether a company within the meaning of the Act or not) may, if it is member or creditor of the Company (including being a holder of debentures or any other Securities) authorize such person by resolution of its Board of Directors, as it thinks fit, in accordance with the provisions of Section 113 of the Act to act as its representative at any Meeting of the members or creditors of the Company or debentures holders of the Company. A person authorized by resolution as aforesaid shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate as if it were an individual member, creditor or holder of debentures of the Company.</p>	<p>Representation of a body corporate.</p>
129.	<p>(a) A member paying the whole or a part of the amount remaining unpaid on any share held by him although no part of that amount has been called up, shall not be entitled to any voting rights in respect of the moneys paid until the same would, but for this payment, become presently payable. The provisions of these Articles shall mutandis apply to the calls on the debentures of the Company.</p>	<p>Members paying money in advance.</p>
	<p>(b) A member is not prohibited from exercising his voting rights on the ground that he has not held his shares or interest in the Company for any specified period preceding the date on which the vote was taken.</p>	<p>Members not prohibited if share not held for any specified period.</p>
130.	<p>Any person entitled under these Articles (transmission clause) to transfer any share may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that at least forty-eight hours before the time of holding the meeting or adjourned meeting, as the case may be at which he proposes to vote he shall satisfy the Directors of his right to transfer such shares and give such indemnity (if any) as the Directors may require or the directors shall have previously admitted his right to vote at such meeting in respect thereof.</p>	<p>Votes in respect of shares of deceased or insolvent members.</p>
131.	<p>No Member shall be entitled to vote on a show of hands through Proxy unless such member is present personally or by attorney or is a body Corporate present by a representative duly Authorized under the provisions of the Act in which case such members, attorney or representative may vote on a show of hands as if he were a Member.</p> <p>of the Company. In the case of a Body Corporate the production at the meeting of a copy of such resolution duly signed by a Director or Secretary of such Body Corporate and certified by him as being a true copy of the resolution shall be accepted by the Company as sufficient evidence of the authority of the appointment.</p>	<p>No votes by proxy on show of hands.</p>
132.	<p>The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarized copy of that power or authority, shall be deposited at the registered office of the company not less than 48 hours</p>	<p>Appointment of a Proxy.</p>

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	before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid.	
133.	The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a notarised copy of that power of attorney, shall be deposited at the office not less than forty-eight hours before the time for holding the Meeting at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid.	Deposit of instrument of appointment.
134.	An instrument appointing a proxy shall be in the form as prescribed in the Rules made under Section 105 of the Act.	Form of proxy.
135.	A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the Member, or revocation of the proxy or of any power of attorney which such proxy signed, or the transfer of the share in respect of which the vote is given, provided that no intimation in writing of the death or insanity, revocation or transfer shall have been received at the office before the meeting or adjourned meeting at which the proxy is used.	Validity of votes given by proxy notwithstanding death of a member.
136.	An instrument of proxy may appoint a proxy either for the purpose of a particular meeting specified in the instrument and every adjournment thereof or every meeting of the Company or every meeting to be held before a date not being later than twelve months from the date of the instrument specified in the instrument and every adjournment of every such meeting.	Proxy either for specified meeting or for a period.
137.	No objection shall be made to the validity of any vote, except at the Meeting or poll at which such vote shall be tendered, and every vote, whether given personally or by proxy, not disallowed at such Meeting or poll shall be deemed valid for all purposes of such Meeting or poll whatsoever.	Time for objections to votes.
138.	The Chairman of any Meeting shall be the sole judge of the validity of every vote tendered at such Meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.	Chairperson of the Meeting to be the judge of validity of any vote.
139.	<p>(a) Every company shall cause minutes of the proceedings of every general meeting of any class of shareholders or creditors, and every resolution passed by postal ballot and every meeting of its Board of Directors or of every committee of the Board, to be prepared and signed in such manner as may be prescribed and kept within thirty days of the conclusion of every such meeting concerned, or passing of resolution by postal ballot in books kept for that purpose with their pages consecutively numbered.</p> <p>(b) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat</p> <p>(c) Each page of every such book shall be initialed or signed and the last page of the record of proceedings of each meeting or each report in such books shall be dated and signed by the chairman of the same meeting within the aforesaid period of thirty days or in the event of the death or inability of that chairman within that period, by a director duly authorised by the Board for the purpose. In case of every resolution passed by postal ballot, by the chairman of the Board within the aforesaid period of thirty days or in the event of there being no chairman of the Board or the death or inability of that chairman within that period, by a director duly authorized by the Board for the purpose.</p> <p>(d) In no case shall the minutes of proceedings of a meeting be attached to any such book as aforesaid by pasting or otherwise.</p> <p>(e) All appointments made at any of the meetings aforesaid shall be included in the minutes of the meeting.</p>	Minutes of General Meeting and inspection thereof by Members.



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	<p>(f) Nothing herein contained shall require or be deemed to require the inclusion in any such minutes of any matter which in the opinion of the Chairman of the meeting.</p> <p>1) is or could reasonably be regarded as, defamatory of any person, or</p> <p>2) is irrelevant or immaterial to the proceedings, or</p> <p>3) is detrimental to the interests of the Company</p> <p>The Chairman of the meeting shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the aforesaid grounds.</p> <p>(g) Any such minutes shall be evidence of the proceedings recorded therein.</p> <p>(h) The book containing the minutes of proceedings of General Meetings shall be kept at the office of the Company and shall be open during business hours, for such periods not being less in the aggregate than two hours in each day as the Directors determine, to the inspection of any Member without charge.</p>	
	<b>DIRECTORS</b>	
140.	<p>The following persons shall be the first Directors of the Company:</p> <p>1. Ms. Sushma Narang; and</p> <p>2. Ms. Shivani Narang</p> <p>Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 149 of the Act the number of Directors (including director appointed by debenture holders and Alternate Directors) shall not be less than three and not more than fifteen. Provided that a company may appoint more than fifteen directors after passing a special resolution.</p>	First Directors & Number of Directors
141.	A Director of the Company shall not be bound to hold any Qualification Shares in the Company.	Qualification shares.
142.	<p>(a) Whenever the Company enters into a contract with any Government, Central, State or Local, any bank or financial institution or any person or persons (hereinafter referred to as “the appointer”) for borrowing any money or for providing any guarantee or security or for technical collaboration or assistance or for under-writing or for any such purposes, the Directors shall have, subject to the provisions of the Act and notwithstanding anything to the contrary contained in these Articles, the power to agree that such appointer shall have the right to appoint by a notice in writing addressed to the Company, one or more persons as a Director or Directors of the Company for such period and upon such conditions as may be mentioned in the agreement and that such Director or Directors may not be liable to retire by rotation nor be required to hold any qualification shares. Any Director so appointed is herein referred to as a Nominee Director.</p> <p>(b) The Nominee Director/s so appointed shall not be required to hold any qualification shares in the Company nor shall be liable to retire by rotation. The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s so appointed. The said Nominee Director/s shall be entitled to the same rights and privileges including receiving of notices, copies of the minutes, sitting fees, etc. as any other Director of the Company is entitled.</p> <p>(c) If the Nominee Director/s is an officer of any of the financial institution the sitting fees in relation to such nominee Directors shall accrue to such financial institution and the same accordingly be paid by the Company to them. The Financial Institution shall be entitled to depute observer to attend the meetings of the Board or any other Committee constituted by the Board.</p> <p>(d) The Nominee Director/s shall, notwithstanding anything to the contrary contained in these Articles, be at liberty to disclose any information obtained by him/them to the Financial Institution appointing him/them as such Director/s.</p>	Nominee Directors.

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143.	<p>The Board shall consist of up to 10 (ten) directors, of which:</p> <p>(a) 4 (four) Directors shall be nominated by Sapphire Foods Mauritius Limited (hereinafter collectively referred as "<b>SFL Post IPO Directors</b>");</p> <p>(b) 1 (one) Director shall be nominated by QSR Management Trust (hereinafter collectively referred as "<b>QM Post IPO Director</b>");</p> <p>(c) Up to 4 (four) Directors shall be independent directors, appointed in compliance with requirements under applicable Laws, of whom one director shall be nominated and appointed as the chairman of the Board; and</p> <p>(d) 1 (one) Director shall be the group chief executive officer.</p> <p>This composition of the Board will be subject to the approval of the Shareholders of the Company, after the listing of the Equity Shares of the Company on a recognized stock exchange.</p>	Composition of the Board
144.	<p>The appointment and removal of the SFL Post IPO Directors and QM Post IPO Directors shall take effect from the date such appointment or removal is notified to the Company in writing, by Sapphire Foods Mauritius Limited and QSR Management Trust, as applicable.</p>	
145.	<p>No Person other than Sapphire Foods Mauritius Limited and QSR Management Trust, as applicable shall be entitled to remove or replace, for any reason whatsoever, the SFL Post IPO Directors and QM Post IPO Director nominated by Sapphire Foods Mauritius Limited and QSR Management Trust, respectively</p> <p>Provided that the Director nominated by Sapphire Foods Mauritius Limited and QSR Management Trust, as applicable, shall vacate his or her seat on the Board, if such Director is disqualified from acting as the Director in terms of the applicable Law or Sapphire Foods Mauritius Limited and QSR Management Trust, as applicable, loses its right to appoint a director.</p>	
146.	<p>If it is provided by the Trust Deed, securing or otherwise, in connection with any issue of debentures of the Company, that a trustee appointed under the Trust Deed shall have power to appoint a Director of the Company, then in the case of any and every such issue of debentures, the person or persons having such power may exercise such power from time to time and appoint a Director accordingly. Any Director so appointed is herein referred to as a Debenture Director. A Debenture Director may be removed from office at any time by the trustee in whom for the time being is vested the power under which he was appointed and another Director may be appointed in his place. A debenture Director shall not be liable to retire by rotation. A debenture Director shall not be bound to hold any qualification shares.</p>	Debenture Directors
147.	<p>The Board may appoint an Alternate Director to act for a Director (hereinafter called "The Original Director") during his absence for a period of not less than three months from India. An Alternate Director appointed under this Article shall not hold office for period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate office if and when the Original Director returns to India. If the term of office of the Original Director is determined before he so returns to India, any provision in the Act or in these Articles for the automatic re-appointment of retiring Director in default of another appointment shall apply to the Original Director and not to the Alternate Director.</p>	Appointment of Alternate Director.
148.	<p>Subject to the provisions of the Act, the Board shall have power at any time and from time to time to appoint any other person to be an Additional Director but so that the total number of Directors shall not at any time exceed the maximum fixed under these Articles. Any such Additional Director shall hold office only up to the date of the next Annual General Meeting, or the last date on which the Annual General Meeting should have been held, whichever is earlier.</p>	Additional Director

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149.	Subject to the provisions of the Act, the Board shall have power at any time and from time to time to appoint a Director, if the office of any director appointed by the company in general meeting is vacated before his term of office expires in the normal course, who shall hold office only up to the date up to which the Director in whose place he is appointed would have held office if it had not been vacated by him.	Directors' power to fill casual vacancies.
150.	The Company shall appoint such number of Independent Directors as it may deem fit, subject to the provisions of the Act, and if applicable, the Securities and Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015, for a term specified in the resolution appointing him. An Independent Director may be appointed to hold office for a term of up to five consecutive years on the Board of the Company and shall be eligible for re-appointment on passing of Special Resolution and such other compliances as may be required in this regard. No Independent Director shall hold office for more than two consecutive terms. The provisions relating to retirement of directors by rotation shall not be applicable to appointment of Independent Directors.	Appointment of Independent Directors and proportion to retire by rotation
151.	Until otherwise determined by the Company in General Meeting, each Director other than the Managing/Whole-time Director (unless otherwise specifically provided for) shall be entitled to sitting fees not exceeding a sum prescribed in the Act (as may be amended from time to time) for attending meetings of the Board or Committees thereof provided that the sitting fee of the Independent Directors and Women Directors shall not be less than the sitting fee payable to other directors.	Sitting Fees.
152.	The Board of Directors may subject to the limitations provided in the Act allow and pay to any Director who attends a meeting at a place other than his usual place of residence for the purpose of attending a meeting, such sum as the Board may consider fair, compensation for travelling, hotel and other incidental expenses properly incurred by him, in addition to his fee for attending such meeting as above specified.	Travelling expenses Incurred by Director on Company's business.
153.	<p>Any one or more of the Directors shall be paid such additional remuneration as may be fixed by the Directors for services rendered by him or them and any one or more of the Directors shall be paid further remuneration if any as the Company in General Meeting or the Board of Directors shall from time to time determine. Such remuneration and/or additional remuneration may be paid by way of salary or commission on net profits or turnover or by participation in profits or by way of perquisites or in any other manner or by any or all of those modes.</p> <p>If any director, being willing shall be called upon to perform extra services, or to make any special exertion for any of the purposes of the Company, the Company in General Meeting or the Board of Directors shall, subject as aforesaid, remunerate such Director or where there is more than one such Director all or such of them together either by a fixed sum or by a percentage of profits or in any other manner as may be determined by the Directors and such remuneration may be either in addition to or in substitution for the remuneration above provided.</p>	Additional Remuneration for Services
154.	<p>Subject to Section 167 of the Act, the office of a Director shall be vacated if :</p> <p>(a) he incurs any of the disqualifications specified in Section 164 of the Act;</p> <p>(b) he absents himself from all the meetings of the Board of Directors held during a period of twelve months with or without seeking leave of absence of the Board;</p> <p>(c) he acts in contravention of the provisions of Section 184 relating to entering into contracts or arrangements in which he is directly or indirectly interested;</p> <p>(d) he fails to disclose his interest in any contract or arrangement in which he is directly or indirectly interested, in contravention of the provisions of Section 184;</p> <p>(e) he becomes disqualified by an order of a court or the Tribunal;</p> <p>(f) he is convicted by a court of any offence, whether involving moral turpitude</p>	When office of Directors to be vacated.

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	<p>or otherwise and sentenced in respect thereof to imprisonment for not less than six months:</p> <p>[Provided that the office shall not be vacated by the director in case of orders referred to in clauses (e) and (f)-</p> <p>(i) for thirty days from the date of conviction or order of disqualification;</p> <p>(ii) where an appeal or petition is preferred within thirty days as aforesaid against the conviction resulting in sentence or order, until expiry of seven days from the date on which such appeal or petition is disposed of; or</p> <p>(iii) where any further appeal or petition is preferred against order or sentence within seven days, until such further appeal or petition is disposed of.]</p> <p>(g) he is removed in pursuance of the provisions of this Act;</p> <p>(h) he, having been appointed a director by virtue of his holding any office or other employment in the holding, subsidiary or associate company, ceases to hold such office or other employment in that company.</p>	
155.	The Company may by an ordinary resolution remove any Director (not being a Director appointed by the Tribunal in pursuance of Section 242 of the Act) in accordance with the provisions of Section 169 of the Act. A Director so removed shall not be re appointed as a Director by the Board of Directors.	Removal of Director
156.	Subject to the provisions of Section 168 of the Act a Director may at any time resign from his office upon giving notice in writing to the Company of his intention so to do, and thereupon his office shall be vacated.	Resignation of Directors
<b>PROCEEDING OF THE BOARD OF DIRECTORS</b>		
157.	<p>(a) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings as it thinks fit.</p> <p>(b) A director may, and the manager or secretary on the requisition of a director shall, at any time, summon a meeting of the Board.</p>	Meetings of Directors.
158.	The Board of Directors shall be entitled to hold its meeting through video conferencing or other permitted means, and in conducting the Board meetings through such video conferencing or other permitted means the procedures and the precautions as laid down in the relevant Rules shall be adhered to. With regard to every meeting conducted through video conferencing or other permitted means, the scheduled venue of the meetings shall be deemed to be in India, for the purpose of specifying the place of the said meeting and for all recordings of the proceedings at the meeting.	Meeting through Video Conferencing
159.	Subject to provisions of Section 173 (3) of the Act, notice of not less than seven days of every meeting of the Board of Directors of the Company shall be given in writing to every Director at his address registered with the company and shall be sent by hand delivery or by post or through electronic means. The meeting of the Board may be called at a shorter notice to transact urgent business subject to the condition that at least one Independent Director of the Company shall be present at the meeting. In the event, any Independent Director is not present at the meeting called at shorter notice, the decision taken at such meeting shall be circulated to all the directors and shall be final only on ratification thereof by at least one Independent Director.	Notice of Meetings
160.	Subject to the provisions of the Act, the quorum for a meeting of the Board shall be one-third of its total strength (any fraction contained in that one third being rounded off as one), or two directors whichever is higher and the directors participating by video conferencing or by other permitted means shall also counted for the purposes of this Article. Provided that where at any time the	Quorum Meetings for

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	<p>number of interested Directors exceeds or is equal to two-thirds of the total strength, the number of the remaining Directors, that is to say, the number of the Directors who are not interested, being not less than two, shall be the quorum during such time.</p> <p>Explanation: The expressions “interested Director” shall have the meanings given in Section 184(2) of the said Act and the expression “total strength” shall have the meaning as given in Section 174 of the Act.</p>	
161.	<p>a) The Directors may from time to time elect from among their members a Chairperson of the Board. If at any meeting of the Board, the Chairman is not present within five minutes after the time appointed for holding the same, the Directors present may choose one of the Directors then present to preside at the meeting.</p> <p>b) Subject to Section 203 of the Act and rules made there under, one person can act as the Chairman as well as the Managing Director or Chief Executive Officer at the same time.</p>	Chairperson
162.	Questions arising at any meeting of the Board of Directors shall be decided by a majority of votes and in the case of an equality of votes, the Chairman will have a second or casting vote.	Questions at Board meeting how decided.
163.	The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the company, but for no other purpose.	Continuing directors may act notwithstanding any vacancy in the Board
164.	Subject to the provisions of the Act, the Board may delegate any of their powers to a Committee consisting of such member or members of its body as it thinks fit, and it may from time to time revoke and discharge any such committee either wholly or in part and either as to person, or purposes, but every Committee so formed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed on it by the Board. All acts done by any such Committee in conformity with such regulations and in fulfillment of the purposes of their appointment but not otherwise, shall have the like force and effect as if done by the Board.	Directors may appoint committee.
165.	The Meetings and proceedings of any such Committee of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under the last preceding Article.	Committee Meetings how to be governed.
166.	<p>a) A committee may elect a Chairperson of its meetings.</p> <p>b) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting.</p>	Chairperson of Committee Meetings
167.	<p>a) A committee may meet and adjourn as it thinks fit.</p> <p>b) Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present, and in case of an equality of votes, the Chairperson shall have a second or casting vote.</p>	Meetings of the Committee
168.	Subject to the provisions of the Act, all acts done by any meeting of the Board or by a Committee of the Board, or by any person acting as a Director shall notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Director or persons acting as aforesaid, or that they or any of them were disqualified or had vacated office or that the appointment of any	Acts of Board or Committee shall be valid notwithstanding defect in appointment.

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	of them had been terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such person had been duly appointed, and was qualified to be a Director.	
169.	A resolution not being a resolution required by the said Act or otherwise to be passed at a meeting of the Directors, may be passed without any meeting of the Directors or of a committee of Directors provided that the resolution has been circulated in draft, together with the necessary papers, if any, to all the Directors, or to all the members of the Committee as the case may be, at their addresses registered with the Company, by hand delivery or by post or courier or through electronic means as permissible under the relevant Rules and has been approved by a majority of the Directors as are entitled to vote on the resolution.	Resolution by Circulation
170.	Subject to the provisions of Section 161 of the Act, if the office of any Director appointed by the Company in General Meeting vacated before his term of office will expire in the normal course, the resulting casual vacancy may in default of and subject to any other regulation contained in these Articles be filled by the Board of Directors at the meeting of the Board and the Director so appointed shall hold office only up to the date up to which the Director in whose place he is appointed would have held office if had not been vacated as aforesaid.	Power to fill casual vacancy
<b>RETIREMENT AND ROTATION OF DIRECTORS</b>		
171.	Subject to provisions of Section 152 of the Act and these Articles, not less than two third of the total number of Directors of the Company shall be person whose period of office is liable to determination by retirement of Director by rotation. At every Annual General Meeting of the Company, one third of the Directors whose period of office is liable to retire by rotation for the time being of the Company shall retire by rotation. If the number to retire is not three or a multiple of three, then the number nearest to one third shall retire from office. The Directors to retire by rotation at every annual general meeting shall be those who have been longest in office since their last appointment, but as between persons who became Directors on the same day, those who are to retire shall, in default and subject to an agreement among themselves, be determined by lot.	Retirement and Rotation of Directors
172.	A retiring Director shall be eligible for re-election.	Eligibility for re-election
<b>POWERS OF THE BOARD</b>		
173.	The business of the Company shall be managed by the Board who may exercise all such powers of the Company and do all such acts and things as may be necessary, unless otherwise restricted by the Act, or by any other law or by the Memorandum or by these Articles required to be exercised by the Company in General Meeting. However, no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.	Powers of the Board
174.	<p>Post the listing of the Equity Shares of the Company on a recognized stock exchange, the following matters in relation to the Company shall not be undertaken unless the unanimous approval of the Board of Directors of the Company present and voting at a Board meeting has been obtained:</p> <p>(a) any acquisition of shares or assets (including by way of a merger or business transfer) of another body corporate, where the value of such acquisition exceeds INR 50,00,00,000 (Indian Rupees Fifty Crores); and/or</p> <p>(b) Any action undertaken or transaction entered into by the Company which may result in breaching or terminating the requirements under any documents executed with Yum! India Restaurants Private Limited, Pizza Hut International LLC, Yum</p>	Matters requiring Board approval

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	Asia Franchise Private Limited and/or Kentucky Fried Chicken International Holdings, Inc., as the context may require.	
175.	Without prejudice to the general powers conferred by these Articles or the governing laws of the Country and so as not in any way to limit or restrict these powers, and without prejudice to the other powers conferred by these Articles, but subject to the restrictions contained in these Articles, it is hereby, declared that the Board shall have the following powers, that is to say -	Certain powers of the Board
	(1) Subject to the provisions of the Act, to purchase or otherwise acquire any lands, buildings, machinery, premises, property, effects, assets, rights, creditors, royalties, business and goodwill of any person firm or company carrying on the business which this Company is authorized to carry on, in any part of India.	To acquire any property, rights etc.
	(2) Subject to the provisions of the Act to purchase, take on lease for any term or terms of years, or otherwise acquire any land or lands, with or without buildings and out- houses thereon, situate in any part of India, at such conditions as the Directors may think fit, and in any such purchase, lease or acquisition to accept such title as the Directors may believe, or may be advised to be reasonably satisfy.	To take on Lease.
	(3) To erect and construct, on the said land or lands, buildings, houses, warehouses and sheds and to alter, extend and improve the same, to let or lease the property of the company, in part or in whole for such rent and subject to such conditions, as may be thought advisable; to sell such portions of the land or buildings of the Company as may not be required for the company; to mortgage the whole or any portion of the property of the company for the purposes of the Company; to sell all or any portion of the machinery or stores belonging to the Company.	To erect & construct.
	(4) At their discretion and subject to the provisions of the Act, the Directors may pay property rights or privileges acquired by, or services rendered to the Company, either wholly or partially in cash or in shares, bonds, debentures or other securities of the Company, and any such share may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon; and any such bonds, debentures or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged.	To pay for property.
	(5) To insure and keep insured against loss or damage by fire or otherwise for such period and to such extent as they may think proper all or any part of the buildings, machinery, goods, stores, produce and other moveable property of the Company either separately or co-jointly; also to insure all or any portion of the goods, produce, machinery and other articles imported or exported by the Company and to sell, assign, surrender or discontinue any policies of assurance effected in pursuance of this power.	To insure properties of the Company.
	(6) To open accounts with any Bank or Bankers and to pay money into and draw money from any such account from time to time as the Directors may think fit.	To open Bank accounts.
	(7) To secure the fulfillment of any contracts or engagement entered into by the Company by mortgage or charge on all or any of the property of the Company including its whole or part of its undertaking as a going concern and its uncalled capital for the time being or in such manner as they think fit.	To secure contracts by way of mortgage.
	(8) To accept from any member, so far as may be permissible by law, a surrender of the shares or any part thereof, on such terms and conditions as shall be agreed upon.	To accept surrender of shares.
	(9) To appoint any person to accept and hold in trust, for the Company property belonging to the Company, or in which it is interested or for any other purposes and to execute and to do all such deeds and things as may be required in relation to any such trust, and to provide for the remuneration of such trustee or trustees.	To appoint trustees for the Company.

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	(10) To institute, conduct, defend, compound or abandon any legal proceeding by or against the Company or its Officer, or otherwise concerning the affairs and also to compound and allow time for payment or satisfaction of any debts, due, and of any claims or demands by or against the Company and to refer any difference to arbitration, either according to Indian or Foreign law and either in India or abroad and observe and perform or challenge any award thereon.	To conduct legal proceedings.
	(11) To act on behalf of the Company in all matters relating to bankruptcy insolvency.	Bankruptcy & Insolvency
	(12) To make and give receipts, release and give discharge for moneys payable to the Company and for the claims and demands of the Company.	To issue receipts & give discharge.
	(13) Subject to the provisions of the Act, and these Articles to invest and deal with any moneys of the Company not immediately required for the purpose thereof, upon such authority (not being the shares of this Company) or without security and in such manner as they may think fit and from time to time to vary or realize such investments. Save as provided in Section 187 of the Act, all investments shall be made and held in the Company's own name.	To invest and deal with money of the Company.
	(14) To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability whether as principal or as surety, for the benefit of the Company, such mortgage of the Company's property (present or future) as they think fit, and any such mortgage may contain a power of sale and other powers, provisions, covenants and agreements as shall be agreed upon;	To give Security by way of indemnity.
	(15) To determine from time to time persons who shall be entitled to sign on Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purpose, whether by way of a resolution of the Board or by way of a power of attorney or otherwise.	To determine signing powers.
	(16) To give to any Director, Officer, or other persons employed by the Company, a commission on the profits of any particular business or transaction, or a share in the general profits of the company; and such commission or share of profits shall be treated as part of the working expenses of the Company.	Commission or share in profits.
	(17) To give, award or allow any bonus, pension, gratuity or compensation to any employee of the Company, or his widow, children, dependents that may appear just or proper, whether such employee, his widow, children or dependents have or have not a legal claim on the Company.	Bonus etc. to employees.
	(18) To set aside out of the profits of the Company such sums as they may think proper for depreciation or the depreciation funds or to insurance fund or to an export fund, or to a Reserve Fund, or Sinking Fund or any special fund to meet contingencies or repay debentures or debenture-stock or for equalizing dividends or for repairing, improving, extending and maintaining any of the properties of the Company and for such other purposes (including the purpose referred to in the preceding clause) as the Board may, in the absolute discretion think conducive to the interests of the Company, and subject to Section 179 of the Act, to invest the several sums so set aside or so much thereof as may be required to be invested, upon such investments (other than shares of this Company) as they may think fit and from time to time deal with and vary such investments and dispose of and apply and extend all or any part thereof for the benefit of the Company notwithstanding the matters to which the Board apply or upon which the capital moneys of the Company might rightly be applied or expended and divide the reserve fund into such special funds as the Board may think fit; with full powers to transfer the whole or any portion of a reserve fund or division of a reserve fund to another fund and with the full power to employ the assets constituting all or any of the above funds, including the deprecation fund, in the business of the company or in the purchase or repayment of debentures or debenture-stocks and without being bound to keep the same separate from the other assets and without	Transfer to Reserve Funds.



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	being bound to pay interest on the same with the power to the Board at their discretion to pay or allow to the credit of such funds, interest at such rate as the Board may think proper.	
	(19) To appoint/delegate to management, and at their discretion remove or suspend such employees in the rank of vice-president, general manager, managers, secretaries, assistants, supervisors, consultants, legal, or economic advisers, laborers, clerks, agents and servants, for permanent, temporary or special services as they may from time to time think fit, and to determine their powers and duties and to fix their salaries or emoluments or remuneration and to require security in such instances and for such amounts they may think fit and also from time to time to provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think fit and the provisions contained in the next following clauses shall be without prejudice to the general powers conferred by this clause.	To appoint and remove officers and other employees.
	(20) At any time and from time to time by power of attorney under the seal of the Company, to appoint any person or persons to be the Attorney or attorneys of the Company, for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these presents and excluding the power to make calls and excluding also except in their limits authorized by the Board the power to make loans and borrow moneys) and for such period and subject to such conditions as the Board may from time to time think fit, and such appointments may (if the Board think fit) be made in favour of the members or any of the members of any local Board established as aforesaid or in favour of any Company, or the shareholders, directors, nominees or manager of any Company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board and any such powers of attorney may contain such powers for the protection or convenience for dealing with such Attorneys as the Board may think fit, and may contain powers enabling any such delegated Attorneys as aforesaid to sub-delegate all or any of the powers, authorities and discretion for the time being vested in them.	To appoint Attorneys.
	(21) Subject to Sections 188 of the Act, for or in relation to any of the matters aforesaid or otherwise for the purpose of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts, and execute and do all such acts,  deeds and things in the name and on behalf of the Company as they may consider expedient.	To enter into contracts.
	(22) From time to time to make, vary and repeal rules for the regulations of the business of the Company its Officers and employees.	To make rules.
	(23) To effect, make and enter into on behalf of the Company all transactions, agreements and other contracts within the scope of the business of the Company.	To effect contracts etc.
	(24) To apply for, promote and obtain any act, charter, privilege, concession, license, authorization, if any, Government, State or municipality, provisional order or license of any authority for enabling the Company to carry any of this objects into effect, or for extending and any of the powers of the Company or for effecting any modification of the Company's constitution, or for any other purpose, which may seem expedient and to oppose any proceedings or applications which may seem calculated, directly or indirectly to prejudice the Company's interests.	To apply & obtain concessions licenses etc.
	(25) To pay and charge to the capital account of the Company any commission or interest lawfully payable there out under the provisions of Sections 40 of the Act and of the provisions contained in these presents.	To pay commissions or interest.
	(26) To redeem preference shares.	To redeem preference shares.

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	(27) To subscribe, incur expenditure or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or any other institutions or subjects which shall have any moral or other claim to support or aid by the Company, either by reason of locality or operation or of public and general utility or otherwise.	To assist charitable or benevolent institutions.
	(28) To pay and charge to the capital account of the Company any commission or interest lawfully payable thereon under the provisions of Sections 40 of the Act.	To pay commission or interest
	(29) To purchase or otherwise acquire or obtain foreign license, other license for the use of and to sell, exchange or grant license for the use of any trade mark, patent, invention or technical know-how.	To purchase or acquire foreign licence
	(30) To sell from time to time any Articles, materials, machinery, plants, stores and other Articles and thing belonging to the Company as the Board may think proper and to manufacture, prepare and sell waste and by-products.	To sell any Article, material etc
	(31) From time to time to extend the business and undertaking of the Company by adding, altering or enlarging all or any of the buildings, factories, workshops, premises, plant and machinery, for the time being the property of or in the possession of the Company, or by erecting new or additional buildings, and to expend such sum of money for the purpose aforesaid or any of them as they be thought necessary or expedient.	To extend the business and undertaking
	(32) To undertake on behalf of the Company any payment of rents and the performance of the covenants, conditions and agreements contained in or reserved by any lease that may be granted or assigned to or otherwise acquired by the Company and to purchase the reversion or reversions, and otherwise to acquire on free hold sample of all or any of the lands of the Company for the time being held under lease or for an estate less than freehold estate.	To make payment of rents and performance of covenants
	(33) To improve, manage, develop, exchange, lease, sell, resell and re-purchase, dispose off, deal or otherwise turn to account, any property (movable or immovable) or any rights or privileges belonging to or at the disposal of the Company or in which the Company is interested.	To improve, manage, develop property
	(34) To let, sell or otherwise dispose of subject to the provisions of Section 180 of the Act and of the other Articles any property of the Company, either absolutely or conditionally and in such manner and upon such terms and conditions in all respects as it thinks fit and to accept payment in satisfaction for the same in cash or otherwise as it thinks fit.	To lease, sell, re-purchase property
	(35) Generally subject to the provisions of the Act and these Articles, to delegate the powers/authorities and discretions vested in the Directors to any person(s), firm, company or fluctuating body of persons as aforesaid.	To delegate powers
	(36) To comply with the requirements of any local law which in their opinion it shall in the interest of the Company be necessary or expedient to comply with.	To comply with the requirements of local law
	Save as provided by the said Act or by these presents and subject to the restrictions imposed by Section 179 of the said Act, the Board may delegate all or any powers by the said Act or by the Memorandum of Association or by these presents reposed in them.	
	<b>MANAGING AND WHOLE-TIME DIRECTORS</b>	
176.	a) Subject to the provisions of the Act and of these Articles, the Directors may from time to time in Board Meetings appoint one or more of their body to be a Managing Director, Joint Managing Director or Managing Directors or whole-time Director or whole-time Directors, Manager or Chief Executive Officer of the Company either for a fixed term or for such term not exceeding five years at a time as they may think fit to manage the affairs and business of the Company, and may from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint	Powers to appoint Managing/ Whole-time Directors.

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	<p>another or others in his or their place or places.</p> <p>b) The Managing Director or Managing Directors or whole-time Director or whole-time Directors so appointed shall not be liable to retire by rotation. A Managing Director or Whole-time Director who is appointed as Director immediately on the retirement by rotation shall continue to hold his office as Managing Director or Whole-time Director and such re-appointment as such Director shall not be deemed to constitute a break in his appointment as Managing Director or Whole-time Director.</p>	
177.	<p>The remuneration of a Managing Director or a Whole-time Director (subject to the provisions of the Act or as per the clarifications notified by the Government and of these Articles and of any contract between him and the Company) shall from time to time be fixed by the Directors, subject to approval of the shareholders in a General Meeting and may be, by way of fixed salary, or commission on profits of the Company, or by participation in any such profits, or by any, or all of these modes.</p>	<p>Remuneration of Managing or Whole-time Director.</p>
178.	<p>(1) Subject to control, direction and supervision of the Board of Directors, the day-to- day management of the company will be in the hands of the Managing Director or Whole-time Director appointed in accordance with regulations of these Articles of Association with powers to the Directors to distribute such day-to-day management functions among such Directors and in any manner as may be directed by the Board.</p> <p>(2) The Directors may from time to time entrust to and confer upon the Managing Director or Whole-time Director for the time being save as prohibited in the Act, such of the powers exercisable under these presents by the Directors as they may think fit, and may confer such objects and purposes, and upon such terms and conditions, and with such restrictions as they think expedient; and they may subject to the provisions of the Act and these Articles confer such powers, either collaterally with or to the exclusion of, and in substitution for, all or any of the powers of the Directors in that behalf, and may from time to time revoke, withdraw, alter or vary all or any such powers.</p> <p>(3) The Company's General Meeting may also from time to time appoint any Managing Director or Managing Directors or Whole-time Director or Whole-time Directors of the Company and may exercise all the powers referred to in these Articles.</p> <p>(4) The Managing Director or Whole-time Director(s) shall be entitled to sub-delegate (with the sanction of the Directors where necessary) all or any of the powers, authorities and discretions for the time being vested in him in particular from time to time by the appointment of any attorney or attorneys for the management and transaction of the affairs of the Company in any specified locality in such manner as they may think fit.</p> <p>(5) Notwithstanding anything contained in these Articles, the Managing Director or Whole-time Director(s) is expressly allowed generally to work for and contract on behalf of the Company and especially to do the work of Managing Director or Whole-time Director(s) and also to do any work for the Company upon such terms and conditions and for such remuneration (subject to the provisions of the Act) as may from time to time be agreed between him and the Directors of the Company.</p>	<p>Powers and duties of Managing Director or Whole-time Director.</p>
179.	<p>The Managing Director or Managing Directors or Whole-time Director(s) shall not exercise the powers to :</p> <p>(a) make calls on shareholders in respect of money unpaid on shares in the Company;</p> <p>(b) issue debentures;</p>	<p>Restriction on Management</p>

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	<p>and except to the extent mentioned in a resolution passed at the Board meeting under Section 179 of the Act, he or they shall also not exercise the powers to -</p> <p>(c) borrow moneys, otherwise than on debentures;</p> <p>(d) invest the funds of the Company; and</p> <p>(e) make loans or give guarantee or provide security in respect of loans.</p>	
	<b>Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer</b>	
180.	<p>(a) Subject to the provisions of the Act,—</p> <p>i. A chief executive officer, manager, company secretary or chief financial officer or any other Key Managerial Personnel may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any chief executive officer, manager, company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board;</p> <p>ii. A director may be appointed as chief executive officer, manager, company secretary or chief financial officer.</p> <p>(b) A provision of the Act or these regulations requiring or authorizing a thing to be done by or to a director and chief executive officer, manager, company secretary or chief financial officer shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, chief executive officer, manager, company secretary or chief financial officer.</p>	<p>Board to appoint Chief Executive Officer/ Manager/ Company Secretary/ Chief Financial Officer</p>
	<b>THE SEAL</b>	
181.	<p>(a) The Board at their option can provide a Common Seal for the purposes of the Company, and shall have power from time to time to destroy the same and substitute or not substitute a new Seal in lieu thereof, and the Board shall provide for the safe custody of the Seal for the time being, and the Seal shall never be used except by the authority of the Board or a Committee of the Board previously given.</p> <p>(b) The Company shall also be at liberty to have an official Seal in accordance with of the Act, for use in any territory, district or place outside India.</p> <p>(c) As authorized by the Act or amendment thereto, if the company does not have a common seal, the authorisation under this clause shall be made by two directors or by a director and the Company Secretary, wherever the company has appointed a Company Secretary or persons acting on behalf of the Directors under a duly registered Power of Attorney and (2) the Secretary or some other person appointed by the Board for the purpose; a Director may sign a share certificate by affixing signature thereon by means of any machine, equipment or other mechanical means such as engraving in metal or lithography but not by means of rubber stamp.</p>	<p>The seal, its custody and use.</p>
182.	<p>The Common Seal of the Company shall be used by or under the authority of the Directors or by a Committee of the Board of Directors authorized by it in that behalf in the presence of any one Director, representative or official of the Company authorized by the Board in that behalf, who shall sign every instrument to which the seal is affixed. Such instrument shall also be counter signed by other officers appointed for this purpose, if any.</p>	<p>Usage of the Seal</p>
	<b>DIVIDEND AND RESERVES</b>	
183.	<p>(1) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the Company, dividends may be declared and paid according to the amounts of the shares.</p>	<p>Division of profits.</p>

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	<p>(2) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share.</p> <p>(3) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.</p>	
184.	The Company in General Meeting may declare dividends, to be paid to members according to their respective rights and interests in the profits and may fix the time for payment and the Company shall comply with the provisions of Section 127 of the Act, but no dividends shall exceed the amount recommended by the Board of Directors, but the Company may declare a smaller dividend in general meeting.	The company in General Meeting may declare Dividends.
185.	<p>(a) The Board may, before recommending any dividend, set aside out of the profits of the company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the company may be properly applied, including provision for meeting contingencies or for equalizing dividends; and pending such application, may, at the like discretion, either be employed in the business of the company or be invested in such investments (other than shares of the company) as the Board may, from time to time, think fit.</p> <p>(b) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.</p>	Transfer to reserves
186.	Subject to the provisions of Section 123, the Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the company.	Interim Dividend.
187.	The Directors may retain any dividends on which the Company has a lien and may apply the same in or towards the satisfaction of the debts, liabilities or engagements in respect of which the lien exists.	Debts may be deducted.
188.	No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of these articles as paid on the share.	Capital paid up in advance not to earn dividend.
189.	All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid but if any share is issued on terms providing that it shall rank for dividends as from a particular date such share shall rank for dividend accordingly.	Dividends in proportion to amount paid-up.
190.	The Board of Directors may retain the dividend payable upon shares in respect of which any person under these Articles has become entitled to be a member, or any person under that Article is entitled to transfer, until such person becomes a member, in respect of such shares or shall duly transfer the same.	Retention of dividends until completion of transfer under Articles.
191.	No member shall be entitled to receive payment of any interest or dividend or bonus in respect of his share or shares, whilst any money may be due or owing from him to the Company in respect of such share or shares (or otherwise however, either alone or jointly with any other person or persons) and the Board of Directors may deduct from the interest or dividend payable to any member all such sums of money so due from him to the Company.	No Member to receive dividend whilst indebted to the company and the Company's right of reimbursement thereof.
192.	A transfer of shares does not pass the right to any dividend declared thereon before the registration of the transfer.	Effect of transfer of shares.

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193.	Any one of several persons who are registered as joint holders of any share may give effectual receipts for all dividends or bonus and payments on account of dividends in respect of such share.	Dividend to joint holders.
194.	<p>a) Any dividend, interest or other monies payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct or electronically by ECS/NEFT/RTGS.</p> <p>b) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.</p> <p>The Company shall not be liable or responsible for any cheque or warrant lost in transmission or for any dividend lost to the member or person entitled thereto by forged endorsements on any cheque or warrant, or the fraudulent or improper recovery thereof by any other means.</p>	Dividends how remitted.
195.	Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.	Notice of dividend.
196.	No unclaimed dividend shall be forfeited before the claim becomes barred by law and no unpaid dividend shall bear interest as against the Company.	No interest on Dividends.
<b>CAPITALIZATION</b>		
197.	<p>(1) The Company in General Meeting may, upon the recommendation of the Board, resolve:</p> <p>(a) that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the Company's reserve accounts, or to the credit of the Profit and Loss account, or otherwise available for distribution; and</p> <p>(b) That such sum be accordingly set free for distribution in the manner specified in clause (2) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.</p> <p>(2) The sums aforesaid shall not be paid in cash but shall be applied subject to the provisions contained in clause (3) either in or towards:</p> <p>(a) paying up any amounts for the time being unpaid on any shares held by such members respectively;</p> <p>(b) paying up in full, unissued shares of the Company to be allotted and distributed, credited as fully paid up, to and amongst such members in the proportions aforesaid; or</p> <p>(c) partly in the way specified in sub-clause (a) and partly in that specified in sub-clause (c).</p> <p>(3) A Securities Premium Account and Capital Redemption Reserve Account may, for the purposes of this regulation, may be applied by the Company for the purposes permissible pursuant to the Act.</p> <p>(4) The Board shall give effect to the resolution passed by the Company in pursuance of this regulation.</p>	Capitalization.
198.	<p>(1) Whenever such a resolution as aforesaid shall have been passed, the Board shall —</p> <p>(a) make all appropriations and applications of the undivided profits resolved to be capitalized thereby and all allotments and issues of fully paid shares, if any, and</p> <p>(b) generally to do all acts and things required to give effect thereto.</p>	Fractional Certificates.

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	<p>(2) The Board shall have full power -</p> <p>(a) to make such provision, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, in case of shares becoming distributable in fractions; and also</p> <p>(b) to authorize any person to enter, on behalf of all the members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further shares to which they may be entitled upon such capitalization, or (as the case may require) for the payment by the Company on their behalf, by the application thereto of their respective proportions, of the profits resolved to be capitalized, of the amounts or any part of the amounts remaining unpaid on their existing shares.</p> <p>(3) Any agreement made under such authority shall be effective and binding on all such members.</p> <p>(4) That for the purpose of giving effect to any resolution, under the preceding paragraph of this Article, the Directors may give such directions as may be necessary and settle any questions or difficulties that may arise in regard to any issue including distribution of new equity shares and fractional certificates as they think fit.</p>	
199.	<p>a) The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the company, or any of them, shall be open to the inspection of members not being directors.</p> <p>b) No member (not being a director) shall have any right of inspecting any account or book or document of the company except as conferred by law or authorized by the Board or by the company in general meeting.</p>	Inspection of Accounts
<b>FOREIGN REGISTER</b>		
200.	The Company may exercise the powers conferred on it by the provisions of the Act with regard to the keeping of Foreign Register of its Members or Debenture holders, and the Board may, subject to the provisions of the Act, make and vary such regulations as it may think fit in regard to the keeping of any such Registers.	Foreign Register.
<b>DOCUMENTS AND SERVICE OF NOTICES</b>		
201.	Any document or notice to be served or given by the Company be signed by a Director or such person duly authorized by the Board for such purpose and the signature may be written or printed or lithographed or through electronic transmission.	Signing of documents & notices to be served or given.
202.	Save as otherwise expressly provided in the Act, a document or proceeding requiring authentication by the company may be signed by a Director, the Manager, or Secretary or other Authorized Officer of the Company (digitally or electronically) and need not be under the Common Seal of the Company and the signature thereto may be written, facsimile, printed, lithographed, photostat.	Authentication of documents and proceedings.
<b>WINDING UP</b>		
203.	Subject to the provisions of Chapter XX of the Act and Rules made thereunder—	Winding Up
	<p>i. If the company shall be wound up, the liquidator may, with the sanction of a special resolution of the company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.</p> <p>ii. For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.</p>	

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	<p>iii. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.</p>	
	<b>INDEMNITY</b>	
204.	<p>Subject to provisions of the Act, every Director, or Officer or Servant of the Company or any person (whether an Officer of the Company or not) employed by the Company as Auditor, shall be indemnified by the Company against and it shall be the duty of the Directors to pay, out of the funds of the Company, all costs, charges, losses and damages which any such person may incur or become liable to, by reason of any contract entered into or act or thing done, concurred in or omitted to be done by him in any way in or about the execution or discharge of his duties or supposed duties (except such if any as he shall incur or sustain through or by his own wrongful act neglect or default) including expenses, and in particular and so as not to limit the generality of the foregoing provisions, against all liabilities incurred by him as such Director, Officer or Auditor or other officer of the Company in defending any proceedings whether civil or criminal in which judgment is given in his favor, or in which he is acquitted or in connection with any application under Section 463 of the Act on which relief is granted to him by the Court.</p> <p>The Company may take and maintain any insurance as the Board may think fit on behalf of its directors (present and former), other employees and the Key Managerial Personnel, for insurers to directly meet all claims, losses, expenses, fines, penalties or such other levies, or for indemnifying any or all of them against any such liability for any acts in relation to the Company for which they may be liable.</p>	Directors' and others right to indemnity.
205.	<p>Subject to the provisions of the Act, no Director, Managing Director or other officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Directors or Officer, or for joining in any receipt or other act for conformity, or for any loss or expense happening to the Company through insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any person, company or corporation, with whom any moneys, securities or effects shall be entrusted or deposited, or for any loss occasioned by any error of judgment or oversight on his part, or for any other loss or damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto, unless the same happens through his own dishonesty.</p>	Not responsible for acts of others
	<b>SECRECY</b>	
206.	<p>(a) Every Director, Manager, Auditor, Treasurer, Trustee, Member of a Committee, Officer, Servant, Agent, Accountant or other person employed in the business of the company shall, if so required by the Directors, before entering upon his duties, sign a declaration pleading himself to observe strict secrecy respecting all transactions and affairs of the Company with the customers and the state of the accounts with individuals and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matter which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or by any meeting or by a Court of Law and except so far as may be necessary in order to comply with any of the provisions in these presents contained.</p>	Secrecy
	<p>(b) No member or other person (other than a Director) shall be entitled to enter the property of the Company or to inspect or examine the Company's premises or properties or the books of accounts of the Company without the permission of the Board of Directors of the Company for the time being or to require discovery of or any information in respect of any detail of the Company's trading or any matter</p>	Access to property information etc.



Article No.	Particulars	
	which is or may be in the nature of trade secret, mystery of trade or secret process or of any matter whatsoever which may relate to the conduct of the business of the Company and which in the opinion of the Board it will be inexpedient in the interest of the Company to disclose or to communicate.	

**Part – B**

Part B of the Articles of Association provides for, amongst other things, the rights of certain shareholders pursuant to the SHA. For more details on SHA, see “*History and Certain Corporate Matters – Shareholders’ agreements and share subscription agreements*” on page 194.

## SECTION IX – OTHER INFORMATION

### MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company) which are or may be deemed material have been entered or to be entered into by our Company. These contracts, copies of which will be attached to the copy of the Red Herring Prospectus, delivered to the Registrar of Companies for filing and also the documents for inspection referred to hereunder, may be inspected at our Registered and Corporate Office from 10.00 am to 4.00 pm on Working Days from the date of the Red Herring Prospectus until the Bid/ Offer Closing Date, except for such contracts and documents that will be executed subsequent to the completion of the Bid/Offer Closing Date. Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the Shareholders, subject to compliance of the provisions contained in the Companies Act and other applicable law.

#### *Material Contracts to the Offer*

1. Offer Agreement among our Company, the Selling Shareholders and the BRLMs dated August 10, 2021.
2. Registrar Agreement among our Company, the Selling Shareholders and Registrar to the Offer dated August 9, 2021.
3. Cash Escrow and Sponsor Bank Agreement dated [●] among our Company, the Selling Shareholders, the BRLMs, the Syndicate Members, the Escrow Collection Bank(s), Public Offer Account Bank(s), Refund Bank(s), the Sponsor Bank and the Registrar to the Offer.
4. Share Escrow Agreement dated [●] between the Company, the Selling Shareholders and the Share Escrow Agent.
5. Syndicate Agreement dated [●] among our Company, the Selling Shareholders, the BRLMs, the Syndicate Members and the Registrar to the Offer.
6. Underwriting Agreement dated [●] among our Company, the Selling Shareholders and the Underwriters.

#### *Material Documents*

1. Certified copies of the Memorandum of Association and Articles of Association of our Company as amended from time to time.
2. Our certificate of incorporation dated November 10, 2009 under the name ‘Samarjit Advisors Private Limited’ and our certificate of incorporation dated January 7, 2015 consequent to change of our name to ‘Sapphire Foods India Private Limited’.
3. Fresh certificate of incorporation dated July 8, 2021 consequent to change of our name, pursuant to conversion to a public limited company.
4. Resolution of the Board of Directors dated August 6, 2021 authorising the Offer.
5. Resolution of the Board dated August 6, 2021 approving this Draft Red Herring Prospectus.
6. Resolution of the Board of Directors dated [●], approving the Red Herring Prospectus.
7. Consent letter and authorisation of the board of directors of the Selling Shareholders for participation in the Offer for Sale.
8. Licensee shareholders’ agreement dated September 4, 2015 executed by and amongst QSR Management Trust, Goldman Sachs Investments Holdings (Asia) Limited, Amethyst Private Limited, Sapphire Foods Mauritius Limited and Yum Restaurants (India) Private Limited, as amended by the amendment agreement to the Licensee SHA entered into amongst our Company, QSR Management Trust, WWD

Ruby Limited, Amethyst Private Limited, Sapphire Foods Mauritius Limited, Edelweiss Crossover Opportunities Fund, Edelweiss Crossover Opportunities Fund – Series II, and Yum Restaurants (India) Private Limited dated August 3, 2021.

9. Amended and restated licensee shareholders' agreement dated August 3, 2021 executed by and amongst our Company, QSR Management Trust, Sumeet Subhash Narang, Sapphire Foods Mauritius Limited and Yum Restaurants (India) Private Limited
10. Amended and restated shareholders' agreement dated August 2, 2021 executed by and amongst our Company, Sapphire Foods Mauritius Limited, WWD Ruby Limited, Amethyst Private Limited, AAJV Investment Trust, Samara Capital Partners Fund II Limited, Edelweiss Crossover Opportunities Fund, Edelweiss Crossover Opportunities Fund – Series II, QSR Management Trust, and Arinjaya (Mauritius) Limited, as amended by the amendment agreement to the SHA entered into amongst our Company, Sapphire Foods Mauritius Limited, WWD Ruby Limited, Amethyst Private Limited, AAJV Investment Trust, Samara Capital Partners Fund II Limited, Edelweiss Crossover Opportunities Fund, Edelweiss Crossover Opportunities Fund – Series II, QSR Management Trust, and Arinjaya (Mauritius) Limited dated August 9, 2021.
11. Shareholders' agreement dated August 2, 2021 executed by and amongst Sapphire Foods Mauritius Limited, Schroders Capital Private Equity Asia III L.P, Schroders Capital cPI Global 2014-2016 C.V., Schroders Capital Private Equity Global LP, Celox Olympos Limited, Samara Capital Partners Fund II Limited, Samara Capital Management Limited, Karikala (Mauritius) Limited, TR Capital III Mauritius III, Newquest Asia Fund IV (Singapore) Pte. Ltd., and Pergo Company Limited
12. Share subscription agreement dated August 2, 2021 executed by and amongst our Company, QSR Management Trust, Sapphire Foods Mauritius Limited, and Edelweiss Crossover Opportunities Fund – Series II
13. Share subscription agreement dated August 2, 2021 executed by and amongst our Company, QSR Management Trust, and Sapphire Foods Mauritius Limited
14. Share subscription agreement dated August 2, 2021 executed by and amongst our Company, QSR Management Trust, Sapphire Foods Mauritius Limited, and Arinjaya (Mauritius) Limited
15. Scheme of arrangement between our Company, Sapphire Hospitality and Recreation Private Limited, Hansazone Private Limited, Pizzeria Fast Foods Restaurants (Madras) Private Limited, and KFCH Restaurants Private Limited
16. Agreements dated May 5, 2016 and July 23, 2021 determining the remuneration of Sanjay Purohit, our Whole Time Director and Group CEO.
17. Tripartite Agreement dated December 1, 2015 among NSDL, our Company and the Registrar to the Offer.
18. Tripartite Agreement dated May 12, 2021 among CDSL, our Company and the Registrar to the Offer.
19. Copies of annual reports of our Company for Fiscal Years 2019, 2020 and 2021.
20. Examination report of our Statutory Auditors dated August 6, 2021 on the Restated Financial Statements included in this Draft Red Herring Prospectus.
21. Report on the statement of special tax benefits from our Statutory Auditors, dated August 6, 2021.
22. Report on the statement of special tax benefits for our Material Subsidiary, dated August 7, 2021.
23. Industry report titled "Industry Report on Indian Food Services Market" dated July 23, 2021, prepared by Technopak.
24. Consent letter from Technopak dated July 23, 2021 to rely on and reproduce part or whole of the Technopak Report and include their name in this Draft Red Herring Prospectus.

25. Written consent dated August 10, 2021 from S R B C & CO LLP, Chartered Accountants, to include their name as required under section 26 (1) of the Companies Act, 2013 read with SEBI ICDR Regulations, in this DRHP, and as an “expert” as defined under section 2(38) of the Companies Act, 2013 to the extent and in their capacity as our Statutory Auditors, and in respect of their (i) examination report, dated August 6, 2021 on our Restated Financial Statements; and (ii) their report dated August 6, 2021 on the Statement of Special Tax Benefits in this DRHP and such consent has not been withdrawn as on the date of this DRHP. However, the term “expert” shall not be construed to mean an “expert” as defined under the U.S. Securities Act.
26. Consents of the Bankers to our Company, the BRLMs, Syndicate Members, Registrar to the Offer, Escrow Collection Bank(s), Sponsor Bank, Directors of our Company, Company Secretary and Compliance Officer for the Offer, Chief Financial Officer, Public Offer Account Bank(s), legal counsel, Refund Bank(s) as referred to, in their respective capacities.
27. In-principle listing approvals dated [●] and [●] received from NSE and the BSE, respectively.
28. Due diligence certificate dated August 10, 2021 to SEBI from the BRLMs.
29. SEBI final observation letter dated [●].

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time, if so required in the interest of our Company, or if required by other parties, without notification to the shareholders, subject to compliance with the provisions contained in the Companies Act, 2013 and other relevant statutes.

## **DECLARATION**

I hereby declare that all relevant provisions of the Companies Act and the rules, or guidelines/ regulations issued by the Government of India or the rules, or guidelines/ regulations issued by SEBI, established under section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act, or rules made or guidelines or regulations issued there under, as the case may be. I further certify that all statements in this Draft Red Herring Prospectus are true and correct.

### **SIGNED BY DIRECTOR OF OUR COMPANY**

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**Anu Ram Aggarwal**  
Independent Director

**Place:** Mumbai

**Date:** August 10, 2021

## **DECLARATION**

I hereby declare that all relevant provisions of the Companies Act and the rules, or guidelines/ regulations issued by the Government of India or the rules, or guidelines/ regulations issued by SEBI, established under section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act, or rules made or guidelines or regulations issued there under, as the case may be. I further certify that all statements in this Draft Red Herring Prospectus are true and correct.

### **SIGNED BY DIRECTOR OF OUR COMPANY**

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**Deepa Gopalan Wadhwa**  
Independent Director

**Place:** New Delhi

**Date:** August 10, 2021

## **DECLARATION**

I hereby declare that all relevant provisions of the Companies Act and the rules, or guidelines/ regulations issued by the Government of India or the rules, or guidelines/ regulations issued by SEBI, established under section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act, or rules made or guidelines or regulations issued there under, as the case may be. I further certify that all statements in this Draft Red Herring Prospectus are true and correct.

### **SIGNED BY DIRECTOR OF OUR COMPANY**

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**Girish Manjanath Bhat**

Non- Executive Nominee Director

**Place:** Mumbai

**Date:** August 10, 2021

## **DECLARATION**

I hereby declare that all relevant provisions of the Companies Act and the rules, or guidelines/ regulations issued by the Government of India or the rules, or guidelines/ regulations issued by SEBI, established under section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act, or rules made or guidelines or regulations issued there under, as the case may be. I further certify that all statements in this Draft Red Herring Prospectus are true and correct.

### **SIGNED BY DIRECTOR OF OUR COMPANY**

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**Kabir Thakur**

Non- Executive Nominee Director

**Place:** Mumbai

**Date:** August 10, 2021



## **DECLARATION**

I hereby declare that all relevant provisions of the Companies Act and the rules, or guidelines/ regulations issued by the Government of India or the rules, or guidelines/ regulations issued by SEBI, established under section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act, or rules made or guidelines or regulations issued there under, as the case may be. I further certify that all statements in this Draft Red Herring Prospectus are true and correct.

### **SIGNED BY DIRECTOR OF OUR COMPANY**

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**Manish Mehta**

Non- Executive Nominee Director

**Place:** Mumbai

**Date:** August 10, 2021

## **DECLARATION**

I hereby declare that all relevant provisions of the Companies Act and the rules, or guidelines/ regulations issued by the Government of India or the rules, or guidelines/ regulations issued by SEBI, established under section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act, or rules made or guidelines or regulations issued there under, as the case may be. I further certify that all statements in this Draft Red Herring Prospectus are true and correct.

### **SIGNED BY DIRECTOR OF OUR COMPANY**

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**Sanjay Purohit**

Whole time Director and Group CEO

**Place:** Mumbai

**Date:** August 10, 2021

## **DECLARATION**

I hereby declare that all relevant provisions of the Companies Act and the rules, or guidelines/ regulations issued by the Government of India or the rules, or guidelines/ regulations issued by SEBI, established under section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act, or rules made or guidelines or regulations issued there under, as the case may be. I further certify that all statements in this Draft Red Herring Prospectus are true and correct.

### **SIGNED BY DIRECTOR OF OUR COMPANY**

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**Sumeet Subhash Narang**  
Non- Executive Nominee Director

**Place:** New York

**Date:** August 10, 2021

## **DECLARATION**

I hereby declare that all relevant provisions of the Companies Act and the rules, or guidelines/ regulations issued by the Government of India or the rules, or guidelines/ regulations issued by SEBI, established under section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act, or rules made or guidelines or regulations issued there under, as the case may be. I further certify that all statements in this Draft Red Herring Prospectus are true and correct.

### **SIGNED BY DIRECTOR OF OUR COMPANY**

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**Sunil Rewachand Chandiramani**  
Chairman and Independent Director

**Place:** Mumbai

**Date:** August 10, 2021

## **DECLARATION**

I hereby declare that all relevant provisions of the Companies Act and the rules, or guidelines/ regulations issued by the Government of India or the rules, or guidelines/ regulations issued by SEBI, established under section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act, or rules made or guidelines or regulations issued there under, as the case may be. I further certify that all statements in this Draft Red Herring Prospectus are true and correct.

### **SIGNED BY DIRECTOR OF OUR COMPANY**

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**Vikram Ranjan Agarwal**  
Non- Executive Nominee Director

**Place:** Mumbai

**Date:** August 10, 2021

## **DECLARATION**

I hereby declare that all relevant provisions of the Companies Act and the rules, or guidelines/ regulations issued by the Government of India or the rules, or guidelines/ regulations issued by SEBI, established under section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act, or rules made or guidelines or regulations issued there under, as the case may be. I further certify that all statements in this Draft Red Herring Prospectus are true and correct.

**SIGNED BY CHIEF FINANCIAL OFFICER OF OUR COMPANY**

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**Vijay Lalchand Jain**

**Place:** Mumbai

**Date:** August 10, 2021

**DECLARATION BY AAJV INVESTMENT TRUST, AS THE SELLING SHAREHOLDER**

AAJV Investment Trust, acting through its trustee, confirms that all statements and undertakings made or confirmed by it in this Draft Red Herring Prospectus specifically in relation to itself, as the Selling Shareholder, and the Equity Shares which are being offered by it by way of the Offer for Sale pursuant to the Offer, are true and correct. Neither AAJV Investment Trust, nor its trustee, assume any responsibility for any other statements, disclosures and undertakings including statements made or confirmed by or relating to the Company, any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

**SIGNED FOR AND ON BEHALF OF AAJV INVESTMENT TRUST**

Name: Aparajita Jethy Ahuja

Designation: Trustee

Date: August 10, 2021

Place: New Delhi

**DECLARATION BY AMETHYST PRIVATE LIMITED, AS THE SELLING SHAREHOLDER**

Amethyst Private Limited confirms that all statements and undertakings made or confirmed by it in this Draft Red Herring Prospectus specifically in relation to itself, as the Selling Shareholder, and the Equity Shares which are being offered by it by way of the Offer for Sale pursuant to the Offer, are true and correct. Amethyst Private Limited assumes no responsibility for any other statements, disclosures and undertakings including statements made or confirmed by or relating to the Company, any other Selling Shareholder, or any other person(s) in this Draft Red Herring Prospectus.

**SIGNED FOR AND ON BEHALF OF AMETHYST PRIVATE LIMITED**

Name: Mr. Khataab Ahmad Khodabux

Designation: Director

Date: August 10, 2021

Place: Mauritius



**DECLARATION BY EDELWEISS ALTERNATE INVESTMENT OPPORTUNITIES TRUST – EDELWEISS CROSSOVER OPPORTUNITIES FUND, AS THE SELLING SHAREHOLDER**

Edelweiss Alternate Investment Opportunities Trust – Edelweiss Crossover Opportunities Fund confirms that all statements and undertakings made or confirmed by it in this Draft Red Herring Prospectus specifically in relation to itself, as a Selling Shareholder, and the Equity Shares which are being offered by it by way of the Offer for Sale pursuant to the Offer, are true and correct. Edelweiss Alternate Investment Opportunities Trust – Edelweiss Crossover Opportunities Fund assumes no responsibility for any other statements, disclosures and undertakings including statements made or confirmed by or relating to the Company, any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

**SIGNED FOR AND ON BEHALF OF EDELWEISS ALTERNATE INVESTMENT OPPORTUNITIES TRUST – EDELWEISS CROSSOVER OPPORTUNITIES FUND**

Name: Shyamal Kumar Lahon

Designation: Fund Manager

Date: August 10, 2021

Place: Mumbai

**DECLARATION BY EDELWEISS ALTERNATE INVESTMENT OPPORTUNITIES TRUST – EDELWEISS CROSSOVER OPPORTUNITIES FUND – SERIES II, AS THE SELLING SHAREHOLDER**

Edelweiss Alternate Investment Opportunities Trust – Edelweiss Crossover Opportunities Fund – Series II confirms that all statements and undertakings made or confirmed by it in this Draft Red Herring Prospectus specifically in relation to itself, as a Selling Shareholder, and the Equity Shares which are being offered by it by way of the Offer for Sale pursuant to the Offer, are true and correct. Edelweiss Alternate Investment Opportunities Trust – Edelweiss Crossover Opportunities Fund – Series II assumes no responsibility for any other statements, disclosures and undertakings including statements made or confirmed by or relating to the Company, any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

**SIGNED FOR AND ON BEHALF OF EDELWEISS ALTERNATE INVESTMENT OPPORTUNITIES TRUST – EDELWEISS CROSSOVER OPPORTUNITIES FUND – SERIES II**

Name: Shyamal Kumar Lahon

Designation: Fund Manager

Date: August 10, 2021

Place: Mumbai

**DECLARATION BY QSR MANAGEMENT TRUST, AS THE SELLING SHAREHOLDER**

QSR Management Trust, acting through its trustee, Sagista Realty Advisors Private Limited, confirms that all statements and undertakings made or confirmed by it in this Draft Red Herring Prospectus specifically in relation to itself, as the Selling Shareholder, and the Equity Shares which are being offered by it by way of the Offer for Sale pursuant to the Offer, are true and correct. Neither QSR Management Trust, nor its trustee, Sagista Realty Advisors Private Limited, assume any responsibility for any other statements, disclosures and undertakings including statements made or confirmed by or relating to the Company, any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

**SIGNED FOR AND ON BEHALF OF QSR MANAGEMENT TRUST**

Name: Paurush Roy

Designation: Director of Sagista Realty Advisors Private Limited

Date: August 10, 2021

Place: Mumbai

**DECLARATION BY SAPPHIRE FOODS MAURITIUS LIMITED, AS THE SELLING SHAREHOLDER**

Sapphire Foods Mauritius Limited confirms that all statements and undertakings made or confirmed by it in this Draft Red Herring Prospectus specifically in relation to itself, as the Selling Shareholder, and the Equity Shares which are being offered by it by way of the Offer for Sale pursuant to the Offer, are true and correct. Sapphire Foods Mauritius Limited assumes no responsibility for any other statements, disclosures and undertakings including statements made or confirmed by or relating to the Company, any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

**SIGNED FOR AND ON BEHALF OF SAPPHIRE FOODS MAURITIUS LIMITED**

Name: Gulshan Raj Ramgoolam

Designation: Director

Date: August 10, 2021

Place: Mauritius

**DECLARATION BY WWD RUBY LIMITED, AS THE SELLING SHAREHOLDER**

The undersigned Selling Shareholder hereby confirms that all statements, disclosures and undertakings made or confirmed by it in this Draft Red Herring Prospectus about or in relation to itself, as one of the Selling Shareholders and its portion of the Offered Shares, are true and correct. The undersigned Selling Shareholder assumes no responsibility for any other statements, disclosures and undertakings, including any statements, disclosures and undertakings made by, or relating to the Company or any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

**SIGNED FOR AND ON BEHALF OF WWD RUBY LIMITED**

Name: Teddy Lo Seen Chong

Designation: Director

Date: August 10, 2021

Place: Mauritius