Date: May 23, 2022

To,

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

Dear Sir/Madam,

Subject: Earnings Call Transcript – Q4 FY22

Pursuant to the Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, please find enclosed herewith the transcript of earnings call held on Tuesday, May 17, 2022 in relation to the financial results of the Company for the quarter and financial year ended March 31, 2022.

The said Earnings Call Transcript and audio recording is also available at the website of the Company (www.sapphirefoods.in/investors-relation/financial-information) under FY22 Q4 section.

Request you to kindly take the same on record.

Thanking you,
For Sapphire Foods India Limited
(formerly known as Sapphire Foods India Private Limited)

SAPPHIRE FOODS INDIA LIMITED
MUMBAI

Sachin Dudam
Company Secretary and Compliance Officer

Encl: a/a

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“Sapphire Foods India Limited Q4 FY-22 Earnings Conference Call”

May 17, 2022

MANAGEMENT:	**MR. SANJAY PUROHIT – GROUP CEO & WHOLE-TIME DIRECTOR, SAPPHIRE FOODS INDIA LIMITED** **MR. VIJAY JAIN – CFO, SAPPHIRE FOODS INDIA LIMITED** **MR. RAHUL KAPOOR – HEAD, INVESTOR RELATIONS, SAPPHIRE FOODS INDIA LIMITED**
MODERATOR:	**MR. NACHIKET KALE - ORIENT CAPITAL**

Moderator: Ladies and gentlemen good day and welcome to the Q4 and full year FY22 Earnings Conference Call of Sapphire Foods India Limited organized by Orient Capital. As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Rahul Kapoor – Head, Investor Relations. Thank you and over to you Mr. Rahul.

Rahul Kapoor: Good evening, everyone and a warm welcome to Sapphire Foods fourth quarter FY22 Earnings Conference Call. I'm Rahul Kapoor from Sapphire Foods Investor Relations team. I hope everyone on the call is doing well and staying safe.

Today on the call I'm joined by Mr. Sanjay Purohit, who is our Group CEO and Whole-Time director, our CFO; Mr. Vijay Jain and Orient Capital which are our Investor Relations Advisors.

We have uploaded our investor Presentation and Earnings Press Release on Stock Exchanges and our Company Website. I hope everybody on the call got a chance to go through these documents.

We will begin the call with the comments from the management which will be followed by an adequate session of Q&A.

This call may contain some of the forward-looking statements which are purely based upon our beliefs, opinions and expectations of the Company as of today. These statements are not at all a guarantee of our future performance and involve risks and uncertainties which cannot be predicted at this point in time.

With this I'll handover the call to Sanjay. Here you go Sanjay.

Sanjay Purohit: Good afternoon, ladies and gentlemen, thank you everybody for attending our investor conference call. We're going to be announcing our Quarter 4 FY22 and our Full Year FY22 Financial Results. Like Rahul said, Presentation that I'm making is already on the SEBI website as well as our own website.

Quarter 4 saw operational disruptions because of the third wave of the COVID pandemic and January and February were impacted and things started to get somewhat to normal in March and despite these operational disruptions we've delivered a really strong performance in Quarter 4 FY22.

We added 29 new restaurants, revenue grew by 46% year-on-year, EBITDA by 66%, up 260 basis points and PAT of 5.4% as against a loss of 4.1% in Quarter 4 FY21. Our adjusted EBITDA pre IndAS-116 rose to 12.9% which was up 470 basis points year-on-year.

From a financial year perspective this has undoubtedly been by far the best year in Sapphire Foods short operating history. You would have known me to say that we started operations in 2015-16. In these 5-6 years this has been our best ever year.

We added 142 new restaurants during the year. Revenue grew by 69% over 2021, EBITDA by 82%, up by 130 basis points. For the full year also, we delivered a PAT of 2.7%. This last year in FY21 was a loss of 9.8%. Our adjusted EBITDA pre IndAS-116 has risen to 10.5% up 670 basis points. So, we delivered 180 crores roughly of adjusted EBITDA.

When I look back 2 years to March '20 when the COVID pandemic struck us, we did the expected this pandemic to have a very detrimental impact on our fledgling business. However, in reality the last 2 years have actually helped us transform our business and significantly improve the financial performance. In many ways this positive outcome I think is the consequence of the perhaps rare values and resilience that has been shown by each and every Sapphire employee in just responding to the travails of this pandemic. Internally we call this as a step-up year for us and actually all three businesses that delivered a step change in performance in FY22.

KFC became a (+1000) crores brand for Sapphire with highest ever restaurant EBITDA of 19.5%. We have talked a lot about the omnichannel strategy of Pizza Hut and we are seeing this play out with the brand delivering double-digit restaurant EBITDA of 13.4% and with the more compact omnichannel stores that we have opened from April '18 onwards that are delivering mid-teen EBITDA.

The Sri Lanka business also is doing exceedingly well. We continue to be the biggest and the best QSR chain in the country despite the macroeconomic conditions being difficult. In FY22 it delivered the best ever performance, 25 new restaurants additions, SSSG of 42%, revenue growth of 60% and restaurant EBITDA of 23.2%, up 360 basis points.

Over the last few months, we're seeing inflationary pressure all of you will know that on all our inputs and therefore this is required us to do a very fine balancing act between increasing prices, ensuring that there is minimum impact on consumer wallets. How do we sustain revenues and revenue and profitability growth. As operating conditions have normalized in April and May to pre-COVID levels we're actually seeing very strong consumer demand for our brands. We have taken price increases on both the brands and in Sri Lanka right now we are continuing to see transactions to improve. In fact, we are going strongly, our new restaurant additions out on track. As we have been indicated that we should be able to double our restaurant count over the next 3-4 years, so that seems to be on track.

I think finally we've been able to develop organizational muscle to be able to cope with volatile situations and therefore we'll find ways to get better. We will find ways to manage the inflationary pressure and we are quite confident about our future growth also. Before I take you through the results, I just want you to, I always like to reiterate the Sapphire story because we are such a young organization. We operate restaurants of the two of the largest global brands KFC and Pizza Hut. And in our short operating history we've been able to build substantial scale and operation there leading to PAT, profitability and scale among the top three QSR operators. As a restaurant operator we pride ourselves on our execution mindset. We want to deliver great customer experience, great food, great experience, great value and our backend operational capabilities aid this customer experience.

We have worked hard to develop our capital allocation model to be optimized and therefore have worked on with the new restaurant expansion model. Again, you would have heard speak about this, our focus on smaller size omnichannel restaurants, this has started to play out, improve accessibility and profitability. We built ourselves to be a platform player. We have the capability and capital to drive both organic and inorganic growth. I think underlying this is a values-based work culture, very high on governance, enabled by a professional management, professional board and professional promotors.

Let me now take you through the Quarter 4 results, restaurant sales were at 494 crores, up 46%, EBITDA was 104 crores, up 66% and EBITDA margin was 21%, up 260 basis points. We delivered a PAT of 5.4%. We added 29 restaurants, 13 KFCs, 10 Pizza Huts in India, 6 in Sri Lanka and nothing in Taco Bell for the quarter.

It's also a best ever year performance as I talked about. We delivered 1,715 crores restaurant sales, 69%, 325 crores EBITDA, up 82%, 18.9% EBITDA margin, PAT of 2.7% and totally open 142 stores, 60 KFC's 57 Pizza Hut, 22 Pizza Hut in Sri Lanka and 3 Taco Bell restaurants and our total restaurant count at the end of March was 579. We have a very strong balance sheet and cash net of debt is our 400 crores. We operate with negative working capital.

This is the next slide which is slide #8 shows you the restaurant count; across years if you look at how our additions have gone during the year, we added 13 stores in Quarter 1, 32 in Quarter 2, 68 in Quarter 3 and 29 in Quarter 4. We had said in December our restaurant count was 550 and our guidance was we expect that to double in 3 to 4 years. I think this year we are on target to be able to meet that broad objective. I will now hand it over to Vijay, Vijay Jain is our CFO to take you through the specific financial details.

Vijay Jain: Thank you Sanjay. Good evening, everyone. I'll cover from slide #9, consolidated financial highlights. This is at an overall consolidated level. Restaurant sales we clocked 494 crores, up by 46% over corresponding quarter, gross margin of 69.1%, drop of 180 basis points on account of inflationary pressure.

We will deep dive into each of these at a business level at; at KFC, Pizza Hut and Sri Lanka level to understand this in a bit more detail. Restaurant EBITDA we clocked 18.3%, up by 30 basis points. So, in spite of gross margin under pressure through our cost efficiencies we were able to deliver expansion on restaurant EBITDA. Mind you this was a quarter where January and February was impacted by COVID. So inflationary pressure plus COVID still we were able to drive restaurant margin expansion. Company adjusted EBITDA which is pre IndAS-116 at 12.9%, up by 470 basis points. Overall Company EBITDA post IndAS-116 at 21%, up by 260 basis points and PAT at 5.4% for the quarter, up by 950 basis points vis-à-vis loss of 4.1% in the corresponding quarter. If we look at the annual number of PAT 2.7%, this was the first ever year for Sapphire to deliver PAT profitability, so quite important mine milestone from Sapphire point of view.

Moving on to the next two slides I want to go back into details of P&L and balance sheet. Moving on to cashflow slide #14; again, the cashflow is based on the post IndAS-116 representation. So may not give a completely correct picture the way one wants to look at it. However, if I give you two couple of important data points over here, cash generated from operations if I bring it up pre IndAS-116, it would be close to 240-250 crores cash from operations. When you look at the CAPEX which we incurred for the year so while the investing activity shows 691 crores, it also includes the funds which we would have been made invested into FD's and mutual funds. If I exclude that the CAPEX investment for the year would be Rs. 285 crores for the year. The closing balance of cash shows Rs. 58 crores. However, if you include the investments which we carry, the overall cash balance net of debt is close to Rs. 400 crores at a consolidated level.

Sanjay Purohit: Let me talk now about the KFC performance; KFC despite the operational disruption that a strong quarter we grew SSSG by 15%. If you look at slide #16, we talk off the recovery versus FY20, so delivery is tracking at an ADS level double of FY20. Dine is has come back and is slowly coming back but it's still a 67% of FY20 level. As in April and May this is starting to further improve. There are several branding and promotional initiatives that we had during the quarter. I think the launch of the Biryani Bucket was very important innovation and that's really doing well. From the operational perspective the seven minutes express pick up or get a three piece of chicken is really quite successful, helping our operational people to really hustle in the kitchen and drive customer satisfaction, so that's worked well. There is a lot work happened on digital activation. We won the brand disruption award for the value burger campaign with Mr. Anil Kapoor. Here are some of the pictures of our new restaurant launches. As you can see, they look really beautiful. When you see the Attur, Salem store for example it's a 1500 square foot store but looks really imposing and beautiful. We've got some pictures of our Mumbai store and a Pathankot drive through and then an Indore store.

Vijay Jain: Moving on to KFC financials slide #21; the SSGC for the quarter was 15%, ADS was at 1,32,000, growth of 12% over corresponding quarter. In spite of the first 45 days impacted by COVID quite a healthy SSSG and ADS growth. Overall revenue for the brand at 296 crores, up by 43% and we added 13 restaurants during the quarter.

Moving on to the next slide gross margins; we dropped by 70 basis point on account of inflationary pressure. The last price increase which we took was in September since then towards last week of March, first week of April we have taken another price increase of close to 9% odd in KFC but the quarter had no price increase. Despite the drop in gross margins, we were able to improve our restaurant EBITDA by 90 basis points at 19% for the quarter. Overall KFC again had a very strong year, the best year. It has become a 1000 crores brand Sapphire and restaurant EBITDA of 19.5%.

Sanjay Purohit: From a Pizza Hut perspective, our Pizza Hut was slightly more impacted by the third wave of COVID. This is largely because of our strong mall presence and malls in Quarter 4 were still not operating at 100%, the third wave of COVID has also impacted our business. The fact that we are in south and west and south and west has had the most operational disruptions. So, the Pizza Hut business was a little more impacted than KFC in the quarter. Having said that we had a SSSG of 3% year-on-year. We launched the San Francisco style crust, I will encourage any of you all to have this, this is absolutely fantastic product and it expands across options that we are offering to consumers. You all know the deep dish pan pizza is the signature Pizza Hut crust but this one the San Francisco style crust which is a global innovation also starting to do quite well. It's just a lighter, little airier, little crispier product. Its at the same price points that the deep-dish pizza as innovation offers little better margin than the deep-dish pizza. Again, from a promotion perspective, we have shown a couple of pictures. There's a lot of activity around the San Francisco style pizza on digital. On slide #28 there are new restaurants there are some pictures. Again, each of them is roughly the region of about 1,200 square foot or so. The Magadi Road store in Bangalore, the Bhayandar store in Mumbai having about 50 seats. We have got a beautiful store in Fort Mumbai next to Sterling Talkies. You can see the Waluj, Aurangabad store also.

Vijay Jain: Moving on to slide #29; to start with Pizza Hut financials, SSSG of 3% for the quarter and as Sanjay said that Pizza Hut was probably a bit more impacted compared to KFC for the simple reason which is the territories which we operate in south largely south and west and the mall portfolio. But still at 3% SSSG, ADS growth of 2%, overall ADS at 55,000, restaurant revenue of Rs. 103 crores, up by 33%, restaurant additions of 10 during the quarter. While gross margins dropped by 180 basis points the restaurant EBITDA, we were largely able to have in spite of both COVID impact and inflationary impact with restaurant margins that 11.5%. Within this entire cohort of stores which have opened from 1st April '18 onwards. Stores opened over the last 4 years, they have delivered profitability in the range of mid-teens and this is the compact omnichannel format stores which as a Company, as a strategy we will be rolling out as we move forward as well. Overall, for Pizza Hut also this was the best year we have moved from low single digit EBITDA to a double-digit restaurant EBITDA. Within that double digit restaurant EBITDA, the entire code as I said which is the recently opened since April '18 onwards compact omnichannel format stores delivering mid-teens level of profitability. This is in spite of the fact that the dine-in has been a bit constrained over the last 1 or 2 years. We are quite confident about this particular format and the model as we move forward.

Sanjay Purohit: Let me then now I talk about the Sri Lanka business. The Sri Lanka Pizza Hut business is the biggest QSR chain in that country and is also perhaps the best QSR chain. In terms of our number of stores that we operate, the average daily sales, our customer experience is absolutely a top notch. During this period from a local currency perspective, we have continued to go from strength to strength. In fact, if you look at the business, it delivered 29% SSSG Indian rupees but from our Lankan rupee perspective which is really what local consumers are paying, there was a 47% SSSG in this quarter. So, this business continues to do well. We also opened 6 stores like I said again and Vijay will talk about the financials is doing really well. If you look at the channel sales contribution which is the slide #32, a recovery even on dine-in now has come to almost 100% of pre-COVID levels and delivery and take aways continue to do exceedingly well. We've had a slew of new product launches. So, we did meal for one which is the My Box launch. That's doing very well. We had a quite an innovative product which is pizza and biryani combined which is limited just to the dine-in occasion during lunch again with a very nice innovation. Lot of work on digital, the new store launches you can see. All these I would say smaller towns outside Colombo and outside the main cities. Our reach and expansion of the brands continues. It continues to occur at a reasonably fast pace. If you see during the year itself, we would have opened 22 Pizza Hut stores on a base of close to about 67 or so. Really strong number of additions and that we are quite confident will continue.

Vijay Jain: Moving on to slide #36 Sri Lanka business financials; SSSG of 29% in Indian rupees as Sanjay said very handsome growth, in Lankan rupees 47% SSSG. This is not just led by…sometimes you feel that it's led by inflation but that's not the case. We are seeing a very handsome transaction growth also over there in Sri Lanka business, (+30%) transaction growth. That's the real test of the business. We are seeing a very good transaction growth over there. Overall ADS 30% growth in LTR terms, restaurant sales at Rs. 92 crores, up by 82% in Indian rupee terms and up by 105%. We are almost doubled the business over last year. Mind you last year Q4 in Sri Lanka we were not trending below pre-COVID level. Last year itself was also at a largely pre-COVID levels, on that number we've been able to double the business in Sri Lanka this quarter. Gross margin drop of 130 basis points. I will just try and bifurcate this into two parts, last year Quarter 4 FY21 when we showed 70.2 as a gross margin that has a 200 basis points annual benefit which was accrued in Quarter 4. So, the drop is more like around 330 basis points, yes because of inflationary pressure but in spite of that we have delivered a very high restaurant EBITDA of 24.4% for the quarter. And even if you look at the year, restaurant EBITDA of 23.2%, this has been the best ever year for even Sri Lanka business both in terms of revenue as well as profitability. If I convert this into a growth at absolute value, the restaurant EBITDA for the quarter has grown by 69% and the restaurant EBITDA for the year has grown by 79%. So, lot of times when you see that Sri Lanka is whether small contributor, the answer is no, it continues to grow very fast and it continues to contribute very handsomely to the overall business.

Sanjay Purohit: Let me take a minute or two to talk about our other initiatives; last time I spoke off ESG initiatives and there's a lot of work that is actually happening on ground. But what we thought we would benefit from was to onboard a professional firm. Therefore, we are starting to work with PWC and so fine tune our charter and review our progress on ESG. I'm not going to be talking about this every quarter. To make meaningful progress here we will start to talk about it in every half, every 6 months we will talk about some of our ESG initiatives. If you look at just one or two small shoots that we are now starting to take on a larger scale, we implemented solar panels in a couple of stores. There the solar panels are giving us a benefit and providing us a payback off in the region of 3 years. Therefore, now we are expanding it to more number of stores. We will see that over the next couple of months. We have launched a very beautiful store in T Nagar we refurbed a very beautiful store in T Nagar which is a sustainable store, so lot of local cement texture, handmade tiles used, laminates from vendors that follow sustainable manufacturing and so on and so forth. This is some of the initiatives that we are doing on ESG front. Some of the social people initiatives, from the social perspective we won Equity & Inclusion award at the Pizza Hut Global Summit in 21. We were awarded Best Work Place for Millennials in Sri Lanka. I think this agenda will just get stronger and more focused as we go forward. That's it from me. I'm going to stop here and now hand it over back to Diksha for the Q&A.

Moderator: Thank you very much. We will now begin the question answer session. We take the first question from the line of Percy Panthaki from IIFL.

Percy Panthaki: I just wanted to understand your plans for next year in terms of what is the total CAPEX that is planned for the year on a consolidated basis. If possible if you could also give an idea on how many stores you would be opening across format?

Vijay Jain: Again, we will not like to give a year specific guidance. As Sanjay mentioned 550 restaurants we had as of 31st, December, we plan to double that over 3 to 4 years. If you average it out, it would be anywhere between 130 to 160 stores. And in terms of CAPEX current year incurred Rs. 285 crores for the stores that we actually added. That would give you a broad indication on where our CAPEX is headed for. But we would refrain from giving a very specific number. We are on track on this particular, our projections of doubling it over 3 to 4 years. The CAPEX of ours which is Rs. 285 crores include refurbishment of our stores. This is one of the big things which we do, make sure the customer satisfaction levels are always high. This CAPEX of current year which is FY22 of 285 crores includes new stores, refurbs plus IT CAPEX as well.

Sanjay Purohit: As we're going forward Percy, many of the stores that we have opened now in 5-6 years. They come into the refurb cycle and we've always found that when we do a refurb and overall facelift of the store, it has a very positive impact on the customer experience. Refurbs also will start to increase in numbers going forward.

Percy Panthaki: If I look at this year's CAPEX of 285 crores and a store addition of about 142, on an average it works out to be about 2 crores per store including the refurbishment. IT etc. Given that your metal prices, commodity prices are also up do you think this 2 crores per store will see inflation in FY23 and if so by how much?

Vijay Jain: Percy again the way you did the math too good, first it's not the right way to look at things because you have included the total CAPEX and divided by just the NSOs over here and the new stores over here, so not really the right way. But just to answer on your inflation part, we are seeing inflation in the range of 3% to 5% on the CAPEX front at overall CAPEX front.

Again, but there is always endower that how do you create more efficiencies internally, so that not everything eventually hits us but 3% to 5% inflation is what you're seeing.

Percy Panthaki: Given that your refurbs will continue, it would be fair to say that on a per store basis whatever number of stores you open in FY23, multiply it by about 2 to 2.1 crores would be the total CAPEX that you would require, is that understanding, correct?

Vijay Jain: I would still say that 285 crores plus the adjustment for the stores increase or inflation is the right way to look at because when you label it 2 crores, first was it gets labeled somehow that it's supposed to, of course I don't want to label it that way Percy.

Percy Panthaki: Secondly on Sri Lanka I just wanted to understand while the Q4 figures obviously you've given in the presentation and they are very good but, on the ground, what is happening currently? Are you seeing any kind of disruption in terms of demand given the heavy inflation that the economy is going through and therefore the pressure on the consumer wallet leading to a demand compression? Secondly any demand issues because of the disruption of daily life and on account of that if there is any decline in the constant currency sales per store would that have a negative operating leverage on the EBITDA margins also?

Vijay Jain: Percy again advantage that which we are getting in Sri Lanka right now is somewhat similar to what happened in India when COVID strike, when COVID strike as Sanjay said initially everybody thought that probably this would put us back by 2 years but eventually it gave us an advantage when we came out of COVID. Something similar is happening in Sri Lanka. A lot of times they're looking at just 1 month back but the problem started even 9 months back. Over 9 months whether it is inflationary pressures, whether it is other things which are happening in on a macroeconomic front, the Quarter 4 performance is in spite of those macroeconomic pressures. Yes, the things have got worsen on the macroeconomic front over the last 30 to 45 days. Even when we look at our April trajectory, we continue to see very high double digit SSSG. Our Quarter 4 was in the range of 40% odd, SSSG we are seeing similar numbers in the April and May. The real barometer is the SSTG we continue to see very high SSTG in that particular market. While the macroeconomic situation is tough, the business wise we are very strong. The advantage over there is that 90% of our deliveries we own the fleet, we deliver ourselves. That's another advantage over there, we being the biggest brand and the largest brand over there gives us a unique advantage to us. As long as the stores are operational which have been the case throughout, we are very confident that we should be able to generate very high throughput on our stores. Yes, there were couple of occasions of disruptions on account of curfew and emergency but barring those as long as our stores are operational, we are confident of the revenue being generated.

Moderator: We take the next question from the line of Richard Liu from JM Financial.

Richard Liu: Can I request you to give some perspective on the movement in the non-restaurant cost? I'm really talking about the difference between restaurant EBITDA and Company adjusted EBITDA.

That cost used to be about 95 crores in each of FY20-21 which has gone up significantly to about 140 odd crores in FY22. Can you help us understand the reason for this quantum jump from 94 to 140?

Vijay Jain: The difference we also include the ESOP cost. So, if you actually chip off the ESOP cost, ESOP cost for the year was in the range of Rs. 35 crores. That's the reason you will be looking at a big jump when you're looking from the restaurant EBITDA to adjusted EBITDA because adjusted EBITDA post is ESOP cost.

Richard Liu: That 140 minus 35 which is 105 that is the real ESOP cost?

Vijay Jain: Yes.

Richard Liu: And Sanjay, obviously the margin picture at the restaurant level have turned out to be much better than what one would have anticipated maybe about 1-1.5 years back. Can you give us some guidepost in terms of how are you looking at this? Given that it turned out better than what it is, are you looking at further expanding to this or you think that this is really the optimal level that you would like to operate at?

Vijay Jain: Again, when we look at restaurant EBITDA, we would like to see it at a business level rather than an overall level. Lot of time the overall level actually gets skewed because of the mix each business would play out. If you'll take business by business, KFC right now is at 19.5% I think we're quite happy where it is closer to 20% odd. We have always maintained that we'll continue to see some efficiencies as we keep building more stores and we keep generating operating leverage but quite happy where the range is right now close to 20% odd for KFC. Pizza Hut while the overall brand is at around 11.5% for the year. I'm now stripping off the additional incentives which we have received during the year. It's 11.5% for the year, within that the new stores opened from April onwards at mid-teens, this set we believe will start moving towards high teens as the dine-in comes back strongly for us. As we keep adding more and more the smaller and tighter omni-channel format stores, the overall brand profitability which is currently around 11.5%, we see this moving towards mid-teens, entering teens and eventually moving towards mid-teens. Sri Lanka currently at (+20%), I think we are quite happy if it remains in the range of 20% odd. As long as the kind of growth we are getting over there of 40%-50% SSSG because the idea is to manage inflation and we don't take price increases which is equal to inflation. We normally try and take it below inflation so that we become more attractive to the customers, we remain competitive and we continue to offer more values. As long as we're able to deliver (+20%) restaurant EBITDA on Sri Lanka we are quite happy.

Richard Liu: Just to confirm again, with regards to the store ambition. If I heard you correctly you basically said doubling versus that 550 stores on December '21 over a 5-year period?

Vijay Jain: Over 3-to-4-year period.

Moderator: We take the next question from the line of Jaykumar Doshi from Kotak.

Jaykumar Doshi: My question on Sri Lanka, if you can let us know how are you managing the operations? What are the risks that you're facing at this point of time purely from supply chain perspective and what's the base case and worst-case scenario for Sri Lanka? That's number one. Another is usually when countries go through such difficult macro situation in default how does a QSR business perform over a 2 to 3 year period? What are your learnings if you have looked at similar situations in other countries how has Yum franchisees performing in those countries?

Sanjay Purohit: From a operational perspective, we have a really strong team there in Sri Lanka Jay and I have done extensive visits in Sri Lanka. I will say that this is the best QSR team.

Jaykumar Doshi: I meant availability, so the other day there was a headline article saying that they don't have more than, petrol supplies of one day or power cuts of 15 hours and such situations.

Sanjay Purohit: So, what are the issues there, the issues for example getting fuel and getting electricity to be able to run our stores. So there operationally we have been able to still manage to get fuel to run our generators and getting electricity for we have to operate our stores. Yes, there has been disruptions but perhaps it might be for the few the hours that we need to close down the stores, so we normally do that during the lean period. Apart from that we have been able to manage the operational disruption. From a supply chain perspective from an import standpoint both. So, cheese is our biggest import. Again, there we have stocks in hand, we have been able to manage imports. We are helping through India also. So typically, we used to get cheese from Fonterra in New Zealand, now we are getting some cheese from India also. Apart from that most of the other products are local, capital equipment also we've been able to manage so on ground this transaction growth that you're seeing is a result of us being able to manage that situation really well there. I know we read a lot in the newspapers about violence etc. but in a peace-loving country, citizens are peace loving and very disciplined. Even if you go to a fuel section there you will find the discipline in line and therefore, we will have one person at the fuel station to ensure that we get the right amount of diesel to run our generator sets. I think overall all our operational parameter of the business continues to do well. We see an actual opportunity here. Again, we have talked informally to other people in the young system, we have also talked to some other people who have been perhaps exposed to higher inflationary environment. So contrary to what people say, we think that this is a great opportunity to strengthen our business, improve our accessibility further. When I look at say even close by, say the Pakistan business of Yum seems to again be doing fairly well. I think apart from that so we've got a team that is very capable, we've got certain operational strength that are unique to us really in that market. We believe that from a macro perspective also things will start to stabilize over the next 6 months or whatever, whenever they start to stabilize. We remain confident about this business and what it can do from a constant currency perspective. Sri Lankans are paying in Sri Lankan rupees; they're opening their wallets and spending on Pizza Hut and I think that's what we have to focus on. If the currency depreciates versus the Indian rupee and therefore from our consolidation of accounts what that does, it doesn't impact the Sri Lankan consumer. Overall, we continue to be bullish on that business.

Jaykumar Doshi: If I may ask as of today have you managed to pass on all the inflationary pressure that you are facing on the raw material input side in terms of price increases? Are your gross margins and EBITDA margins as we speak today comparable to what it was before depreciation of Sri Lankan currency?

Vijay Jain: Jay, as a strategy we would never pass on the entire inflation to the customer. We would always want to pass on something which is lower than the inflation which makes you more attractive to the customer which gives you, it brings out value for attracting the customers, makes you more competitive in the market. That's the general strategy which we always follow. For example, last year the inflation in Sri Lanka business was probably (+20%)-25% maybe. Again, I'm giving you very approximate numbers over here just to make a point. We would have taken a price increase of around 15% last year and we dropped our gross margins last year. If you look at the annual number, we have dropped our gross margins last year but we've been able to improve our EBITDA. The way to improve or hold or improve our EBITDA is not just the gross margin line. How you can make sure that you deliver other cost efficiencies thereby you don't pass on everything to the customer and still continue to hold and improve your restaurant EBITDA margins. This would be again the way forward. Again, we will not be passing on the entire inflation to the customer but again very confident of trying to hold the restaurant margin. As I said 20% odd restaurant EBITDA, we are quite comfortable and confident of.

Jaykumar Doshi: A couple of bookkeeping questions. One is, when I look at your India performance KFC as well as Pizza Hut; on a sequential basis there is about hardly any dip in gross margin for KFC, marginal decline in gross margin for Pizza Hut and I'm talking about sequential December to March. There is definitely a seasonal drop in ADS for both the brands. But when I look at your EBITDA margin drop on a sequential basis, it's slightly higher than what we usually see in sequential performance of other QSR players. Just wondering is this a natural or seasonal decline in the margins? Should one look at this quarter's EBITDA margin of a brand level margin of 19% of KFC and 11.5% of Pizza Hut as more representative of your full year potential or is there any scope for; especially Pizza Hut, we were after last quarter's performance my expectations where it probably will inch closer to 15% as the mix of new stores improve but it's gone closer to 10%?

Vijay Jain: So, this is a two-fold impact, right? It's not just the seasonal impact. You have rightly said that seasonal impact would be there in Quarter 4 versus Quarter 3 and if you and for the benefit of everyone we had called out that Quarter 3 typically is anywhere between 100 to 200 basis points higher than the annual average. This would again depend upon where the Navratri falls, where the Diwali falls, where the Shravan is and shadi is. Sometimes it's toward the end of Q2. Sometimes it's falls in Quarter 3 but industry level trend is that Quarter 3 margins are 100 to 200 basis points higher than the annual average. This is the one impact which you see. The other impact which probably you are discounting is on the COVID impact, the 45 days impact of COVID which has impacted Pizza Hut more than even KFC over here. As I said because of the territories which we operate and that's reflective in the margin of Pizza Hut as well. On your other part that how much drop we have seen. If you look at KFC, if I recollect the number correctly between 21 was approximately the number in Quarter 3, we have delivered 19% odd for KFC. It's a 200 basis points drop. Yes, if the COVID impact wouldn't have been there, I think we would have been more closer to 20% odd for KFC. Pizza Hut, we have delivered 11.5% versus Quarter 3 14.9%. While you expected 15% Quarter 3 itself was 14.9%. If I chip off the additional incentives which we called out in Quarter 3. So, 11.5% probably would have been around 12% to 13% if we wouldn't have had impact of COVID in Quarter 4.

Moderator: We take the next question from the line of Akshen Thakkar from Fidelity International.

Akshen Thakkar: Thank you for clarifying on the Sri Lanka business operations as it were in this quarter. Just had a question around how do you now read the translation impact of currency? The currency is weakened, right? Could we just talk through how does it impact P&L and also balance sheet right now? That's the question one.

Vijay Jain: On Quarter 4, the P&L impact is not too big because what we saw the depreciation started happening from second week of March onwards and till April you would say. So, the Sri Lankan currency was anywhere around 37 paisa, Indian rupees to a Sri Lankan rupee. This was somewhere around end of Feb. By the end of right now we are at 21 paisa. Almost a 40% depreciation has happened on the currency front. However, the impact in the Q4 P&L is less than 10% I would say, in terms of currency translation for the P&L. Going forward, yes Quarter 1 if you see we would have a 40% impact in terms of translation. Sri Lanka business delivered roughly Rs. 50 crores odd for the current financial year in terms of overall EBITDA I would say and again I am giving you a very approximate number. If you try and apply a depreciation of 40% but we are growing there very handsomely by almost a 40% or 50% SSSG. The overall quantum could be in the range of Rs. 10 crores odd for the year FY23. As long as the stores are operational, I think we don't see a big impact. Yes, if the store shut down of course the impact could be higher but as long as the stores are operational, this is the impact we are seeing on Sri Lanka business for FY23.

Akshen Thakkar: The balance sheet, the assets that we have? Net translation?

Vijay Jain: On the balance sheet, yes. On the balance sheet front the closing rate has to be used on the balance sheet side. So, when you translate your net assets on the balance sheet, we have taken a Rs. 20 crores impact on conversion of assets and this is reflected under OCI which is other comprehensive income. A major impact has already been taken because this was done at a when the currency was at 24 paisa. Right now, it's trending at 21-22 paisa. A big impact has already been taken account under the OCI.

Moderator: We will move on to the next question from the line of Mr. Prateek Poddar from Nippon India Mutual Fund.

Prateek Poddar: Just wanted to check in Sri Lanka, how much of the benefit you have got from competitive pressures is the sense because of such high inflation? Have you seen competition shutdown and given our scale, has that played to our advantage which explains high SSG?

Sanjay Purohit: Competition from a QSR perspective no one has shutdown stores. The unorganized market in Sri Lanka definitely has got impacted because they are not able to operate in the same manner that we are able to. Therefore, for certain there will be some benefits that we have got from there.

Prateek Poddar: There has been a shift from unorganized to organized which has helped the QSR industry in general and we have been a bigger beneficiary at that given our scale?

Sanjay Purohit: I think so our benefit is also on the delivery side Prateek here. So, in Sri Lanka there isn't an ecosystem of aggregators and so on and therefore it is important to own the delivery channel yourself and our delivery capabilities in that market are by far the best. Therefore, even with respect to other QSR brands we would have gained a little bit.

Prateek Poddar: Can you quantify this impact from unorganized to you guys? Is it possible to break down on that front?

Sanjay Purohit: I mean just look at the SSSGs. That just gives an idea but it is impossible to quantify how much is coming from unorganized or organized. There are no numbers to track the sector as such, isn't it?

Moderator: We take the next question from the line of Devanshu Bansal from Emkay Global Financial Services.

Devanshu Bansal: You indicated that you have expanded addressable market by launching a thinner crust which is San Francisco style. So, wanted to check if you can share the division of industry pizza sales in terms of thicker and thinner crust in the pizza category to understand it better?

Vijay Jain: I think you're misunderstood. It's not a thin crust. It's a similar crust, the way it is but it's different in taste, its more crispier, it's more lighter but it's not thin crust pizza.

Devanshu Bansal: But I guess Sanjay mentioned that you have increased the addressable market with this launch?

Vijay Jain: Yes, we have but it's not a thin crust pizza. It’s a hand-crafted pizza but it’s not a thin crust pizza.

Sanjay Purohit: So, Devansh, you must have it. It’s very difficult for and all of us are trying to find the right words but I think texturally its quite different from our pan pizza and it is hand tossed therefore I think I have just encouraged you to perhaps try one out. I'm sure you would love it. It’s not thin crust.

Devanshu Bansal: Sure, I will definitely try it. Secondly wanted to understand dine-in recovery has been about 60% to 70% for the entire Q4. If you could share the trends post opening up in late Q4 or early Q1 across dine-in and delivery channels, it would be really helpful?

Vijay Jain: 67% is again average for Quarter 4. If you look at our Quarter 3 numbers, we have said it's already hitting 80%, close to 80% for all the three businesses, Sri Lanka, Pizza Hut India, KFC

India. Towards the end of Quarter 4 we are again seeing similar numbers, things reaching (+80%) for both the brands in India and in fact Sri Lanka already in Quarter 4 we're seeing it hitting close to 100%.

Devanshu Bansal: Lastly, I wanted to understand that you were in the process of implementing a new POS system across your restaurant chain. So wanted your thoughts on the benefits that we expect to accrue from this in terms of growth or operational efficiencies?

Sanjay Purohit: First of all, the POS system that we used to operate MICROS was an end-of-life product. Oracle had bought over this Company and then they had sun-setted it and hence it was imperative for us to look at that a new POS. We implemented LS Retail. There are several backend benefits of it but the biggest front-end benefit is consumers, so the processing time for billing and we are seeing that billing time has reduced anywhere between 12% and 15% on an average. The time it takes to punch in a bill and serve a customer.

Vijay Jain: It has been rolled out in August of last year.

Sanjay Purohit: Yes. We have rolled it out in June. So, by August we had finished the implementation across the India restaurant base.

Moderator: We take the next question from the line of Shivam Agarwal from Mirae Asset Capital Markets.

Shivam Agarwal: My question is what is the store expansion strategy that you are taking for the Sri Lanka business for the current year? Do you stick to your overall target dispatch slowdown in the economy?

Vijay Jain: Last year we opened 25 restaurants and even in the last quarter we opened 6 restaurants. As Sanjay said probably this is a great opportunity for us to strengthen our base in Sri Lanka. We would continue to expand. This year we are looking at anywhere between 10 to 15 odd stores this year. Again, we will want this quarter-on-quarter that how things pan out over there but this was the plan for this particular year 10 to 15 restaurants.

Sanjay Purohit: Again, at a broader level Shivam we had said that we expect to again double our restaurant base in Sri Lanka over 3 to 4 years. I think we continue to hold that.

Shivam Agarwal: My second question is are you planning to take any price hike in the Pizza Hut or KFC for the current year?

Vijay Jain: KFC we just recently had a hike in last week of March, first week of April of 9% odd. Last week of March we also saw price hike of roughly 2.5% to 3% in Pizza Hut as well. Nothing immediate on cards for KFC at least. On Pizza Hut we have been very conservative in terms of our price increase over last 2-3 years because we wanted to drive this value but yes if the inflationary pressures are continued to remain, you may see another small hike in case of Pizza Hut in the coming quarter.

Moderator: We take the next question from the line of Akshen Thakkar from Fidelity International.

Akshen Thakkar: On the price hike point that you were mentioning, you've taken price hikes in KFC and Pizza Hut in March-in April. How should we be thinking about gross margins in each of the businesses in India at least versus the exit in the year? Given the price hikes, do margins improve a little bit or you think this is just staying defense to the inflation that we saw?

Vijay Jain: The point which Sanjay that the way we look at price hike is to make sure that we balance out the impact on customer wallet, how do we remain competitive in the market and still drive transaction growth and drive value. Our price hike typically would always be lower than the inflation. However, having said that one eye is on restaurant EBITDA margins we would certainly drive other cost efficiencies to hold and slightly improve on our current restaurant EBITDA margins for both the brands. While you may see a small drop maybe on the gross margin side, we are confident of holding and improving our restaurant EBITDA margin going forward.

Sanjay Purohit: I think if I add here. So, one eye is on consumer transactions. The transactions need to continue to improve. At the moment at least we are finding in April-May on transactions on both the brands have continued to improve. So, this is important. In an inflationary environment it is not about taking price hikes to cover all the inflation but to take it in such a way that transactions are not compromised. Right now, at least we are seeing that happen and then do a worst situation analysis as Vijay said, restaurant margins are protected perhaps improved.

Akshen Thakkar: If I see pricing behavior in the pizza market by the market leader, they have been little more upfront in taking your larger price hikes and you've taken smaller price hikes. I guess the gap between the two would have reduced now? Is that playing a role in driving transactions for you or you think it's more to do with the kind of product offering that you have out there and the kind of communication that you've been able to put out about Pizza Hut?

Sanjay Purohit: To be honest I don't think we have looked at what as the competition has done. Even from a pricing standard, over the last 2 years we have taken a slightly different pricing outlook. We've got if you look at compare ala carte pricing pizza-to-pizza, we might be more expensive than in our principal competitor. However, what we have pushed is our meals. Pizza Hut is known for meal occasion and if you look at our meal deals that are on offer, those are very competitive. In some cases, might be even better value than the principal competitor. I think that so we're not chasing someone. This is our way to go. Once we see dine-in come back consumers are rewarding us for the value that they see it in our meal deals. Plus, if you look at all the work that has happening on the innovation, the San Francisco crust pizza is doing well and I think that Momo Mia did really well. If I just look at the last 12-15 months on the brand actually there's a lot of noise, lot of positive noise that we are seeing even on a new product and inflation that perhaps over the last 5 years we have not done, not seen. Was that clear Akshen?

Moderator: We take the next question from the line of Utkarsh Maheshwari from Reliance General Insurance.

Utkarsh Maheshwari: Actually, just wanted to understand what was the quantum of incentive which we received for this quarter and for the full year and I think this is only for this period, next year it will not be there?

Vijay Jain: Good that you brought out this point. For the Quarter 4 we have not booked anything which is additional incentives. The normal incentives which are going to be there for the next 5 years. It continues to remain is what it is booked for Quarter 4. The additional incentives were booked for the period April to December which we have called out. If you look at our annual numbers, the number in the bracket brings it out clearly 1.1% to be precise. It was what the additional incentive booked from the period April to December which has been called out.

Utkarsh Maheshwari: Basically, and one more thing which I want to understand. We have been able to survive the storm in your Sri Lanka. What could be the new things which you should be keeping in the mind just to keep this boat sailing. I mean what could be that new areas or what could be the areas where we can have some pressure which can come to us?

Vijay Jain: The focus continues to remain to make the business stronger. This is what has enabled us to survive the thing. As long as the store remain operational, we are confident of handling the situation and confident of driving the revenue and transaction growth. If there's something else which happens on a broader macro logic which would relate to shutting down of our stores then one can't help. But as long as stores are operational, I think we are very confident of driving revenue and profitability growth in that particular market.

Utkarsh Maheshwari: If I want to understand, if you can quantify what could be the percentage increase cost of operation for us in the current scenario which is hyper-inflationary over there compared to the similar times last year say comparatively?

Vijay Jain: Increased cost of operation you are saying or you are talking about general inflation?

Utkarsh Maheshwari: Increased cost of operation for us because when things are in a short supply, we might be paying something extra to keep them to come into our way?

Vijay Jain: We have been able to actually still drive margin expansion even in Quarter 4 even in entire FY23; not in Quarter 4 but still a very healthy margin of 24% in Quarter 4.

Utkarsh Maheshwari: That is why because that must be because we are on the hyper-inflationary environment because you said that the growth has been like 28%-29% in terms of SSG. Probably if I want to just rephrase the question, what could be the quantum of increased cost of operation for us? Though it has been passed-on so far but what is the quantum as a percentage if I want to understand?

Vijay Jain: We have not passed on the customers. Even the current SSSGs we are talking about is led by transaction. So (+30%) transaction growth we have seen in that particular business for Sri Lanka. The costs are growing anywhere between 10% to 15%, the inflation on raw material was 25%. We took a price increase of only 15%. We have not passed on. We have been able to drive cost efficiencies, deliver higher through put probably at a similar cost level. As a result, we've been able to expand margin.

Utkarsh Maheshwari: What could be our secret recipe to get things going? Because as we are reading that there is a shortage of everything. I think as you have rightly pointed out the cheese is in short supply and I think fuel is already a problem. What are the steps we have taken to just ensure that it is sailing through in the right direction?

Vijay Jain: Lot of things when you read in the newspapers probably are not giving the correct picture. So, when you read a 15-hour power cut at least our stores are not experiencing a 15-hour power cut. As Sanjay said there is a challenge for 2 or 3 hours. Second again we are making sure that we have enough reserves in terms of backup for fuel which will enable us to operate through via DG. Bigger thing on the branch that Sanjay said probably we are experiencing a moment on unorganized sector to organized sectors and again within organized sector, we are the largest player by far that's helping us drive transaction and the growth over there. The strength of the business by being there over the last so many years, the team which Sanjay spoke about, the delivery capabilities which Sanjay spoke about I think it's all adding up together. It's very difficult to put finger on a one particular aspect over here to be fair. But I think all these things put together is what's driving the business. As long as the stores remains open, we are confident of the growth over there, both in revenue and profits as well.

Utkarsh Maheshwari: Because there was one particular thing which is called as your delivery which is like 56% of your total sales. The fuel cost is on us or fuel cost is on the rider part?

Vijay Jain: No, it's on us. These are our fleet, our riders.

Utkarsh Maheshwari: When we see that what kind of inflationary impact which have been, must have felt because of this? Because I mean it's a proportion; it is almost like 56% of the revenues are coming from your delivery already. Does the rise in fuel cost is going to be certainly an impact for us?

Vijay Jain: Yes. But then fuel costs are rising, all other costs which are there at the part of the store operating costs are largely fixed in nature. So, when you see a top-line growth of 40% and 50% you get a huge operating leverage out of that particular business which enables you to drive expansion. Yes, there are few lines in the P&L which would grow disproportionately but then rest of the lines, you are able to generate operating leverage as a result you can still deliver healthy margins and that's what is happening in Sri Lanka business.

Utkarsh Maheshwari: Basically, it is fair to assume that till the time we have a good win and gateway of growth coming in for Lanka then I think we should be in a better position to manage the show, right? Is that a fair assumption?

Vijay Jain: Yes.

Moderator: We take the next question from the line of Gopal Nawandhar from SBI Life Insurance.

Gopal Nawandhar: What would have been the impact of this wave 3 on ADS? Or you can give some sense in terms of how it was in January-February and now how it is in April?

Vijay Jain: Very difficult to exactly quantify because lot of factors are at play, mall impact, the territorial impact, different state getting impacted differently, different restrictions across different cities. But again, if I try and make an attempt probably around 5% odd maybe for KFC 5% to 7% maybe for KFC, Pizza Hut would be probably around 10% and again I'm trying to give you a very high-level perspective, a very approximate number over here.

Gopal Nawandhar: This proportion of the delivery take-aways and dine-in? For the last 2 years it has been more towards delivery. Do you see this changing going ahead?

Vijay Jain: We have not pushed one channel over the other. Sapphire has been always saying that we are an omni-channel player, omni-channel player. The push is across all the three channels. Why we have seen simply the dine-in being lower than pre-COVID levels is for simple reason that the operating hours are constraint or operating capacity has been constrained. There is no impact on consumer demand side. As the restrictions are coming off, as now malls are coming back, with movies coming back in multiplexes, we are seeing customers coming back to the restaurants and we are seeing dine-in coming back. It's not one channel over the other. Yes, because we had a channel on delivery and take away as well; as the digital capabilities we were able to take advantage. We were in advantageous position to probably take some market share and drive that channel as well but it was not one channel favoring the other.

Gopal Nawandhar: Lastly can you give some sense in terms of what is the kind of SSG one should expect for financial year '23 for Pizza Hut and KFC?

Vijay Jain: We would refrain giving a specific year guidance, over next 3 years we have kept saying that as long as we're able to drive revenue in the range of 20% CAGR including our new stores I think we should be quite comfortable and happy and we would continue to maintain that. I think we are on track for that.

Moderator: We take the last question from the line of Jaykumar Doshi from Kotak.

Jaykumar Doshi: There were a number of occasions when you indicated that you usually take lower price increase than the inflation both in Sri Lanka and India businesses. Just need a clarification. For a 70% gross margin business, 30% COGS is a percentage of sales. If there is 20% inflation you just need high single digit price increase to offset the absolute increase in RM. So, but in percentage terms obviously the price increase will be much lower like you mentioned in Sri Lanka you have taken 15% price increase versus 25% inflation. Is that the right understanding that percentage basis you take lower price increase than inflation yet you see at RM basket level but on an absolute basis you would try and cover the absolute increase in RM costs at all point of time?

Vijay Jain: Very difficult to say it in a formulate sense because you would do the math each time different for different brands. For example, with KFC currently 9.5% you would have tried to cover a lot of it. Pizza Hut over past 2 years we have been trying to drive value. So again, at what point in time prices will increase. But yes, most certainly we always try and at least cover the absolute increase which is bare minimum but at the same time we make sure that whether what are the other levers in the P&L so that rest of EBITDA margins we don't drop and we continue to hold and improve the restaurant EBITDA margins.

Jaykumar Doshi: Is price increase entirely your decision or do you need Yum's approval or how does it work in India because you know there are two franchises? Is it something that is uniform across the country or you have a choice not to take a price increase even if the other franchises?

Vijay Jain: With the uniform across the country there's a joint committee between us, the sister franchisee and Yum so there is joint decision making on all pricing decisions. At the end of the day, I think the overall objectives of both the franchise and Yum as a partner is all common objective. As well as with objective is common, I don't think this is a concern in terms of taking and not taking a price increase. We are quite comfortably we come out with a unanimous decision on price increase across both the brands.

Sanjay Purohit: Thank you very much ladies and gentlemen.

Moderator: Thank you. Due to time constraint, I would now like to hand the conference over to the management for closing comments. Over to you sir.

Sanjay Purohit: Thank you very much all of you all for joining. We've had a record number of participants today so I'm really grateful to all of you all for your questions. Also, I just want to repeat the story is despite the COVID disruptions in Quarter 4, we've had a very strong Quarter 4. Yes, there are inflationary pressures but we have taken price increases on both the brands. And when I look at April and May, from a transaction perspective, we continue to see a good consumer demand. From a store expansion perspective, we called out that we should be able to double our store count in 3 to 4 years and this year we should be able to again hit the number that we want. From an overall business perspective, we remain quietly confident about our prospects going forward. That's it from our side today.

Moderator: Thank you. On behalf of Sapphire Foods India Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.